

Southend-on-Sea Integrated Needs Assessment

Part B: Economic Needs

Southend-on-Sea City Council

16 September 2026

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1.0 Introduction

1.1 Southend-on-Sea City Council ('the Council') commissioned Lichfields to prepare an Integrated Needs Assessment ('INA') identifying the housing (Part A), economic ('Part B') and retail and leisure (Part C) development needs to 2045 to support the preparation of the Local Plan for the city.

1.2 This report forms INA Part B, the purpose of which is to provide evidence of the future economic development needs in relation to floorspace required for office, industrial and warehousing use. It also provides recommendations on how future Local Plan policies can be responsive to market change, support key growth sectors, and, where possible, ensure that existing viable employment premises are protected.

Scope of the Study

1.3 The study provides a review and update of the Council's economic development needs evidence to inform the Local Plan, taking account of the latest economic outlook, market trends and national planning policy and legislation.

1.4 Lichfields also prepared the previous evidence, namely the Economic Development Needs Assessment ('EDNA 2024') and the Employment Land Release Topic Paper ('Release Topic Paper 2021').

1.5 INA Part B has been prepared in line with the latest Planning Practice Guidance (PPG) and the identified methodology for determining future economic development needs. It includes consideration of economic development as defined by the National Planning Policy Framework (NPPF, December 2024), with a primary focus upon the typologies set out in the Business Use Classes as outlined below:

- **Class B2 – General industrial:** typically comprising factory and manufacturing space.
- **Class B8 – Storage and distribution:** warehouses, wholesale and distribution.
- **Class E – Commercial, business and service,** and in particular **E(g):**
 - a **Class E(g)(i):** office space;
 - b **Class E(g)(ii):** research and development space; and
 - c **Class E(g)(iii):** light industrial space.

1.6 References to 'employment space' herein refer to all E(g)/B class elements noted above.

1.7 An important consideration for any work of this type is that it is inevitably a point-in-time assessment. This study has incorporated the latest data and other evidence available at the time of preparation, primarily in early 2026. The accuracy and sources of data derived from third-party sources have not been checked or verified by Lichfields.

2.0 Functional Economic Market Area

- 2.1 This section of the report tests the validity of the South Essex Functional Economic Market Area previously identified as extending across the boundaries of Brentwood, Basildon, Castle Point, Rochford, Southend and Thurrock.
- 2.2 The analysis draws on data from the Office for National Statistics (ONS) and evidence on the market geographies included within the 2024 Southend EDNA, the INA Parts A and C and previous assessments, as well as the 2022 Essex Sector Development Strategy.
- 2.3 In light of the Secretary of State's decision to reorganise Essex into five unitary authorities¹, this section also examines the commuting and labour market interdependencies of the new South East Essex authority primarily for context purposes.

Labour Market Areas

- 2.4 Data on commuting patterns drawn from the 2011 Census can be used to define Travel to Work Areas (TTWAs) to consider the relationship between where people live and work. The ONS recommends that commuting data from Census 2021 should not be used for planning purposes because the data was impacted by the COVID-19 lockdown at the time of collection². Therefore, Census 2021 commuting data has deliberately not been included within the analysis of the FEMA. Reference has been made to the Census 2021 commuting data for completeness. On this basis, Table 2-1 and Figure 2-1 summarises several key commuting patterns as they relate to Southend and the proposed South East Essex.
- 2.5 In 2011, a total of 29,783 working residents commuted outside of the city for their employment, mainly to London in particular Westminster and Tower Hamlets, and the authorities of Rochford, Basildon, Castle Point³. In comparison, 20,683 workers commuted into the city for their employment, mainly from the nearby local authorities of Rochford, Castle Point, Basildon and Chelmsford.
- 2.6 Based on this, Southend is characterised as a net exporter of labour, with a net outflow of 9,100 workers at the time of the 2011 Census. The resident self-containment rate in Southend was 55.3%⁴. This is also very important when considering housing affordability challenges in Southend. As highlighted in INA Part A, the workplace-based affordability ratio (i.e., the ratio of median house prices to median workplace earnings) is more reflective compared to the residence-based equivalent given the context of Southend's housing market area (see more information in INA Part A, paragraphs 3.14 to 3.16).
- 2.7 For reference, Covid-19 lockdown periods affected the Census 2021 data which indicates that the resident self-containment rate for Southend increased to 79.6% due to a large rise

¹ MHCLG (2026) Letter to Essex Leaders, Available at:

https://assets.publishing.service.gov.uk/media/69c3d31393cc6e8b87a6f62f/SoS_-_Letter_to_Essex_Leaders_25.03.26.pdf

² The Office for National Statistics advises against use of the 2021 Census commuting data for planning purposes as it was collected during the period of Covid-19 national lockdown when working patterns were disrupted and while the Government furlough scheme was in operation. ONS is researching the potential use of aggregate mobile phone data, survey data and modelling approaches to produce more timely measures of travel data. Further information is available at:

[Travel to work, England and Wales - Office for National Statistics](#)

³ ONS, Census (2011)

⁴ Based on Census 2021 data, the resident self-containment rate in Southend was 79.6% with a net outflow of 3,300 workers. This highlights the impact of the Covid-19 national lockdown which resulted in a significantly higher self-containment rate and reduced net outflow from Southend.

in people working from home or with no fixed address from around 15,100 people in 2011 to 66,300 in 2021. Meanwhile, the number of people commuting into London is recorded as having fallen from around 11,800 in 2011 to 4,300 in 2021 (equivalent to a 63.8% decrease). This is likely to reflect a short-term increase in home working and a fall in the use of commuter rail services into London as a result of the Covid-19 lockdown in place at the time of the data collection, and therefore it is not considered representative of current or longer-term commuting trends.

- 2.8 Taking data recorded for Southend, Rochford and Castle Point together, in 2011 a total of 85,642 residents commuted outside of South East Essex for work, primarily to the neighbouring districts of Basildon and Chelmsford, as well as to London, in particular Westminster and Tower Hamlets. In comparison, 14,666 workers commuted into South East Essex for work, primarily from the local authorities of Basildon and Chelmsford, as well as from London, notably Havering, Redbridge and Newham.
- 2.9 As identified for Southend above, South East Essex is a net exporter of labour with a net outflow of 70,976 workers, according to the 2011 Census. The resident self-containment rate in South East Essex was 47.9%⁵.
- 2.10 On this basis, self-containment rates for both Southend and South East Essex indicate that the areas could not, on their own, be considered as contained markets in terms of commuting flows.

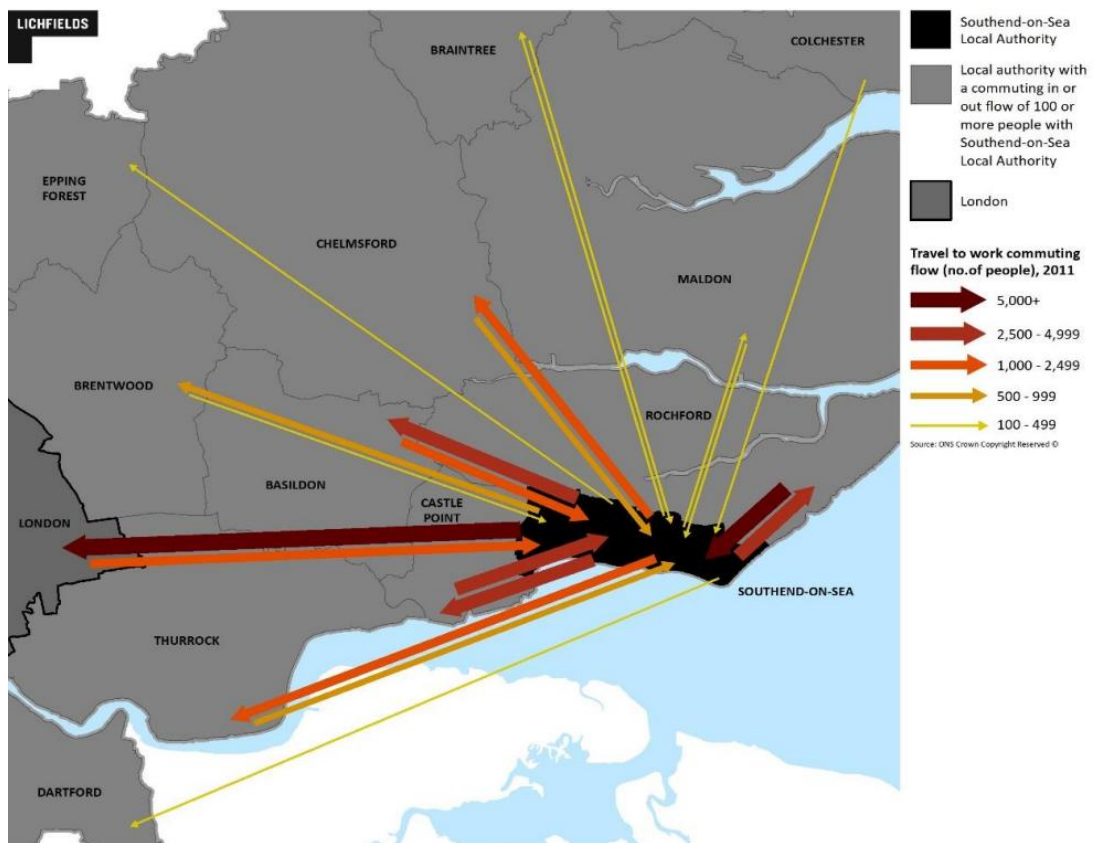
Table 2-1 Commuting data for Southend and South East Essex

Indicator	Southend	South East Essex (Southend, Rochford and Castle Point)
Total working residents (number of people living in the authority that are in work, regardless of where they work)	66,660	164,488
Total workplace workers (number of people working in jobs based in the authority)	57,560	93,512
Live and work in authority	36,877	78,846
Resident self-containment rate	55.3%	47.9%
Out-commuting workers	29,783	85,642
Top out-commuting destinations	London (11,781); Rochford (4,958); Basildon (4,407)	London (26,597); Baidon (12,699); Chelmsford (3,785)
In-commuting workers	20,683	14,666
Top in-commuting destinations	Rochford (8,466); Castle Point (4,869); Basildon (2,229)	Basildon (4,887); London (2,445); Chelmsford (1,986)
Net outflow of workers	9,100	70,976

Source: ONS, 2011 Census / Lichfields analysis

⁵ ONS, Census (2011)

Figure 2-1 Travel to work flows for Southend-on-Sea (2011)

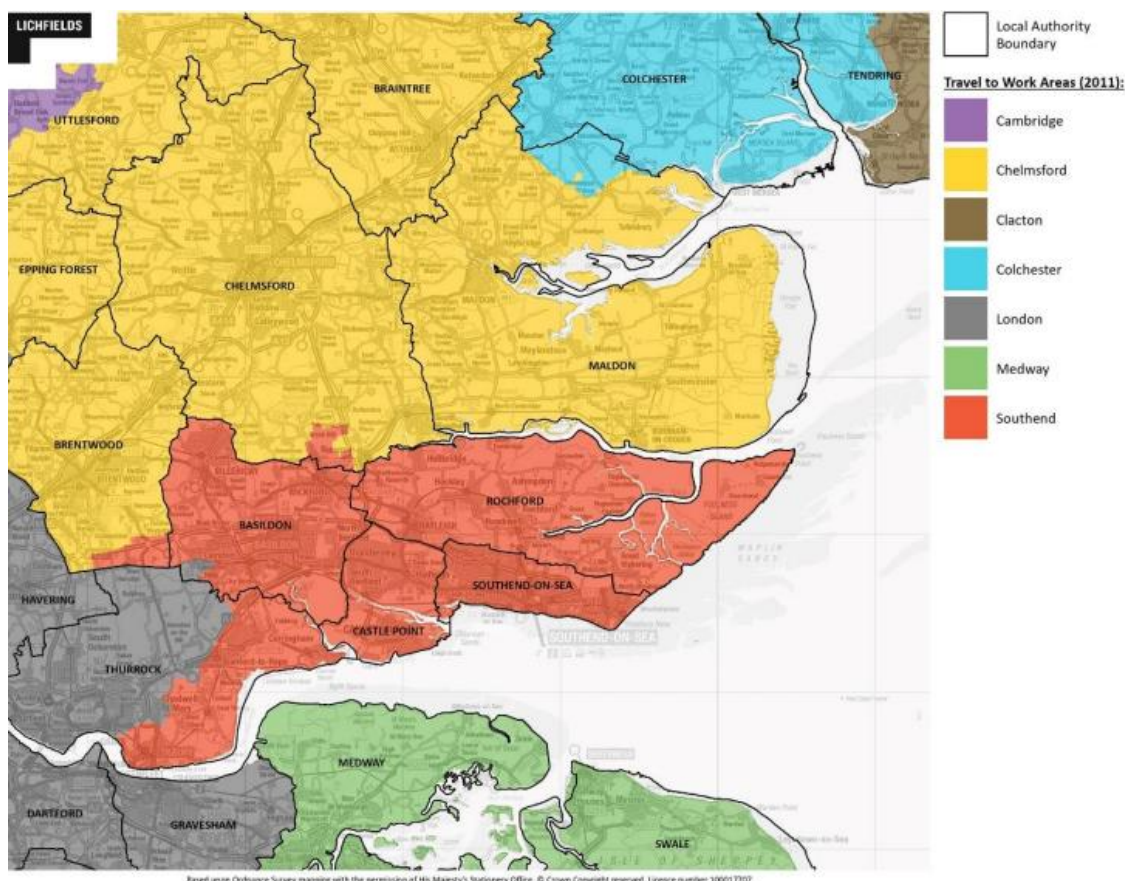


Source: ONS Census (2011) / Lichfields analysis

ONS Travel to Work Areas

- 2.11 The ONS defines labour market areas as places where most residents also work locally. Using commuting flows, it identifies Travel to Work Areas (TTWAs), which must meet three criteria: at least 75% of employed residents work within the area; at least 75% of local jobs are filled by local residents; and the area has a working population of at least 3,500. TTWAs therefore show the geography from which businesses typically recruit, though major transport links can extend them beyond local boundaries.
- 2.12 Using 2011 Census commuting data, the ONS defined 228 TTWAs across the UK in 2015. This includes a 'Southend TTWA', covering all of Southend, Rochford, Castle Point and Basildon, along with eastern Thurrock and parts of Brentwood and Chelmsford.

Figure 2-2 ONS Travel to work areas (2011)

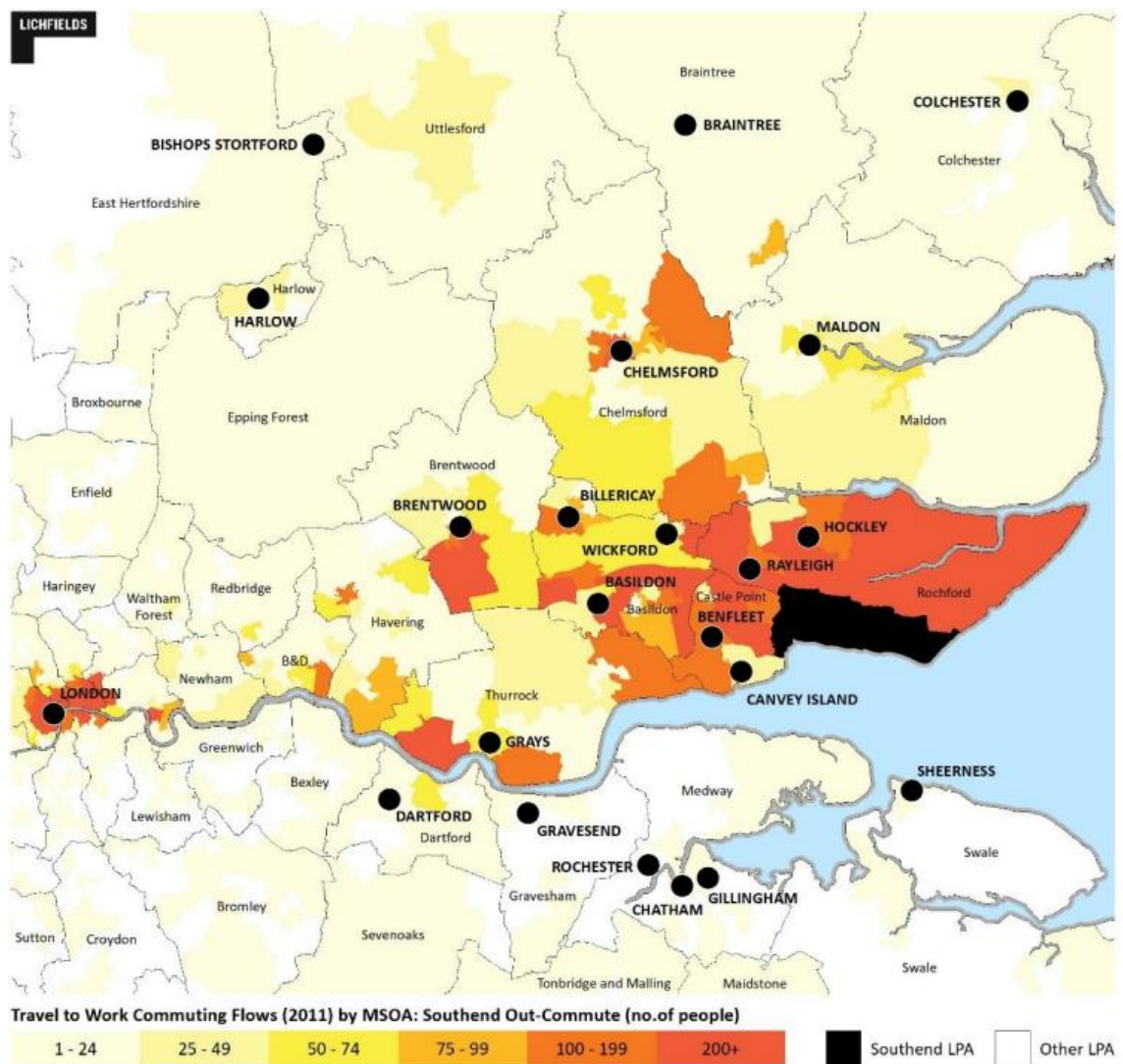


Source: ONS Census (2011) / Lichfields analysis

Southend Local Travel-to-Work Area

- 2.13 Commuting data from the 2011 Census, analysed at Middle Layer Super Output Area (MSOA) level, provides a detailed picture of Southend's travel-to-work patterns and its functional linkages with the surrounding region.
- 2.14 The main out-commuting destinations for Southend residents include MSOAs in Rochford, Basildon and Castle Point, as well as key employment centres in London such as the City of London, Westminster and Tower Hamlets. In contrast, in-commuting to Southend is more locally focused, with the largest inflows originating from MSOAs in Rochford and Castle Point, followed by those in Basildon and Chelmsford.
- 2.15 Overall, the MSA-level flows confirm the strong economic and labour market connections between Southend and South East Essex, while also highlighting significant out-commuting to central London

Figure 2-3 Out-commuting flows at MSOA level for Southend (2011)



Source: ONS Census (2011) / Lichfields analysis

Housing Market Areas

- 2.16 A Housing Market Area (HMA) is a geographical area defined by household demand and preferences across all types of housing, reflecting the functional linkages between where people live and work. HMAs are an important input when considering the spatial extent of FEMAs, given their influence on travel-to-work patterns and wider labour market flows.
- 2.17 The South Essex Housing Needs Assessment (2022) re-established that South Essex, covering the local planning authorities of Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea and Thurrock, continues to form an appropriate HMA. This is based on the area's strong levels of self-containment in house moves and commuting flows, as well as similarities in housing market characteristics. The assessment also notes that London remains a significant out-commuting destination for residents.

Transport and Connectivity

- 2.18 Transport accessibility is closely linked to the geography of FEMAs, with the strategic transport network strongly influencing commercial property, labour and housing market flows.
- 2.19 Southend is served by the A127, connecting the city to the M25 and London, and intersecting with the A130 towards Chelmsford and the A13 towards Tilbury. The City also has strong rail links, with nine train stations in proximity to Southend (alongside the London Southend Airport station just outside the City in Rochford) offering regular services, including to London Liverpool Street and London Fenchurch Street. The two main train stations are Southend Victoria and Southend Central and provide direct links to London. There are a number of smaller train stations within the City. The City also benefits from London Southend Airport, straddling the northern boundary of the City between Southend and Rochford. The airport provides significant employment opportunities across the surrounding areas, as well as a strategic national and international infrastructure link.

Retail and Consumer Catchments

- 2.20 Within the context of identifying FEMAs, it is also relevant to review existing retail and consumer market areas across the sub-region to consider the spatial area from which users of goods and services are drawn.
- 2.21 The Regulation 18 Draft Local Plan outlines the hierarchy of centre locally, with Southend as the sole 'town centre' and Westcliff-on-Sea and Leigh-on-Sea as the City's 'district centres'. Southend is the largest and the preferred location for new retail development, serving a wider catchment including Castle Point and Rochford. Information presented within the INA Part C indicates that in Southend City Centre, comparison goods account for just over 29% of units, food and drink around 27%, and convenience goods 11%. By comparison, Westcliff-on-Sea and Leigh-on-Sea function as district centres and provide convenience shopping for nearby communities.
- 2.22 The South Essex Retail Study (2017)⁶, alongside INA Part C, outline a network of centres across the region, with Basildon, Lakeside and Southend acting as the larger primary shopping destinations. Lakeside holds significant influence over shopping patterns in the area, however significant out-of-centre retail provision contributes to overlapping catchments and competition for expenditure across authorities.

Growth Sector Priorities

- 2.23 As set out in the Essex Sector Development Strategy (2022)⁷, Southend is identified as the primary growth hub within the South Essex FEMA for life sciences, med-tech and care-tech. These sectors are anchored by the Southend University Hospital and the presence of Olympus Keymed in Stock Road. These assets have interrelationships with the innovation space and facilities provided by ARU's Arise Hubs in Chelmsford and Harlow, and

⁶ South Essex Retail Study (2017) <https://localplan.southend.gov.uk/sites/localplan.southend/files/2019-02/South%20Essex%20Retail%20Study%202017%20Volume%201.pdf>

⁷ Essex Sector Development Strategy (2022)

https://www.essex.gov.uk/sites/default/files/migration_data/files/assets.ctfassets.net/knkzaf64jx5x/5a66DM8wKwZ8Hn2zuUAQ/A0/00b3d7b1eea0e4971d8dc6ea2e4ee9b9/ECC-Essex-Sector-Development-Strategy-long-form.pdf

advanced therapy and manufacturing capabilities in Braintree. These centres contribute to a wider innovation ecosystem that Southend firms and institutions interact with, supporting knowledge exchange, supply-chain linkages and access to specialist research and skills.

Summary

- 2.24 Based on the assessment of labour markets, housing markets, retail and consumer catchments, growth sector priorities and transport connectivity reinforces that South Essex – comprising Brentwood, Basildon, Castle Point, Rochford, Southend and Thurrock – is still the valid FEMA within which Southend operates (with the caveat that Brentwood might also fall within other FEMAs). However, it is noted that Southend maintains particularly strong economic interrelationships with neighbouring Rochford and Castel Point, which will form the new South East Essex Unitary Council.
- 2.25 The analysis also highlights that Southend has economic relationships extending beyond the FEMA boundary, most notably with London and the nearby centres of Chelmsford and Harlow. These wider interactions reflect long-standing commuting patterns, transport connectivity via the A127, A13 and rail lines, and sector-specific linkages within life sciences in particular. These cross-boundary dynamics situate the FEMA within a broader economic context characterised by overlapping labour markets, innovation networks and supply-chain relationships.
- 2.26 These characteristics support the classification of South Essex as a self-contained FEMA, albeit sitting within a wider economic geography shaped by interactions with London and nearby centres.

3.0

Commercial Property Market

3.1

This section provides an overview of the existing stock of employment space across Southend, as well as recent trends and changes to this stock of employment space. It then provides an overview of the local commercial property market, including recent trends in demand and supply. The analysis draws on data from the following sources:

- Latest commercial floorspace data from the Valuation Office Agency (VOA);
- Planning monitoring data on commercial floorspace from the Council;
- CoStar property market data; and
- Discussions with a number of commercial property agents currently active in the city.

Stock of Employment Space

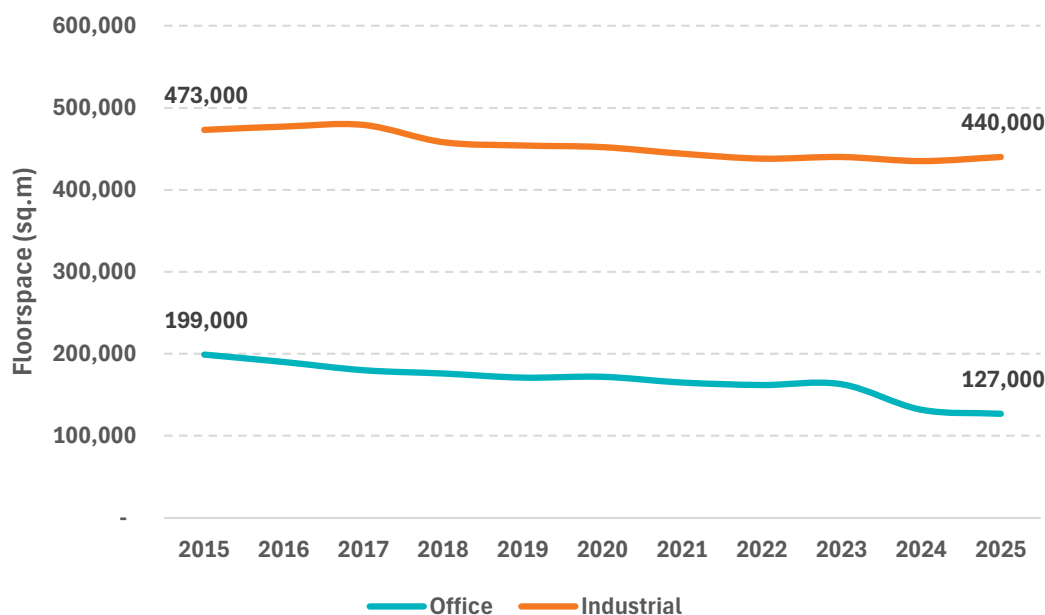
3.2

Southend contained around 567,000 sq.m of employment floorspace in 2025 according to the latest VOA data⁸. The majority of this floorspace (77.6%) was in industrial use (manufacturing and distribution), with the remaining 22.4% in office use.

3.3

VOA data suggests that the City's stock of employment floorspace decreased by 15.6% over the ten years between 2015 and 2025, compared to an increase in employment floorspace across Essex as a whole (of 2.0%) over the same period. This decrease in floorspace was primarily driven by a decrease in office floorspace of around 72,000 sq.m (equivalent to -36.2%), however, industrial floorspace also decreased by around 33,000 sq.m (-7.0%) as shown in Figure 3-1.

Figure 3-1 Change in office and industrial floorspace in Southend, 2015 to 2025



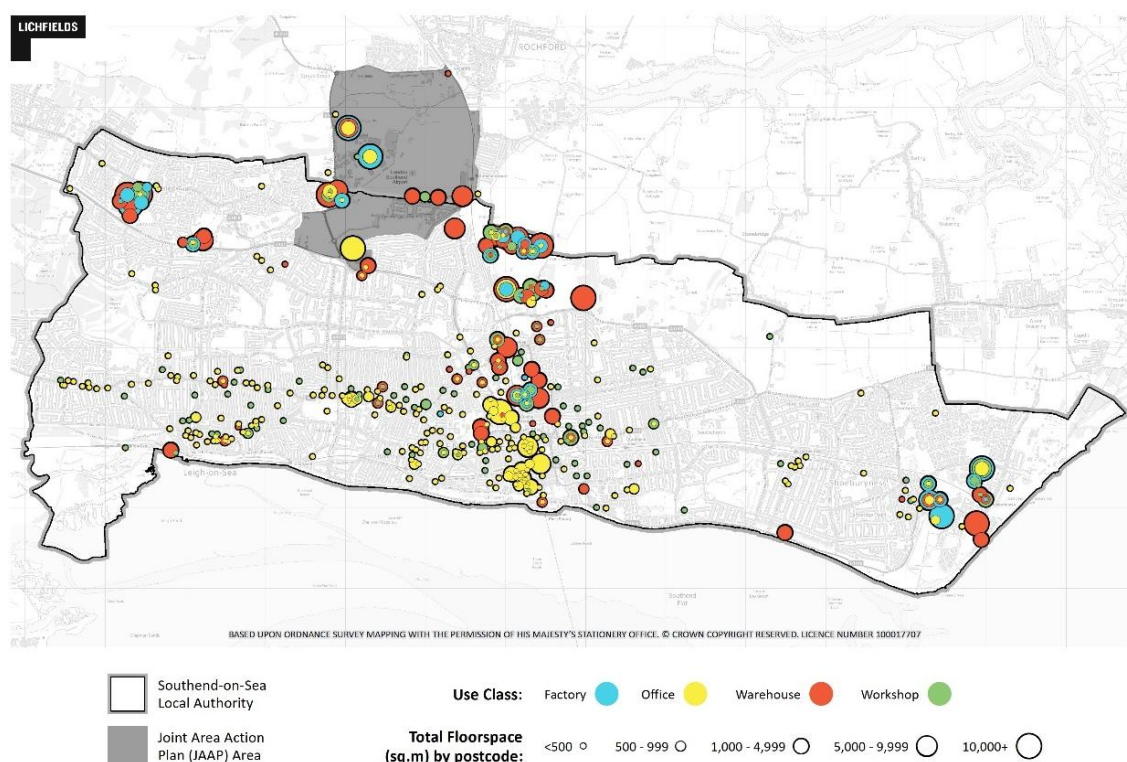
Source: VOA (2025) / Lichfields analysis

⁸ Valuation Office Agency, (2025) *Non-domestic rating: stock of properties including business floorspace (2025)*.

Spatial Distribution

- 3.4 The spatial distribution of employment floorspace in Southend is illustrated in Figure 3-2 below using the latest available data from the VOA⁹. This shows that a large proportion of employment floorspace in the City is located on key sites, including Temple Farm Industrial Estate, Progress Road, Stock Road, and Vanguard Way. There are also some large premises located at the Airport Business Park in the Joint Area Action Plan area to the north of the city. There are a few industrial or distribution premises in the city outside of the existing employment sites, although exceptions include medium-sized units located on Grainger Road industrial estate.
- 3.5 There also remains a cluster of larger office premises in Southend City Centre and along Victoria Avenue. However, the majority of offices are small in size and located across the City Centre and along the A13/London Road.

Figure 3-2 Spatial Distribution of employment floorspace across Southend (2026)



Source: VOA (2026) / Lichfields analysis

⁹ Valuation Office Agency (2026), 2026 non-domestic rating summary.

Stock Age and Quality

Office

- 3.6 Table 3-1 summaries the age and quality of the existing office stock in Southend according to the latest CoStar data¹⁰. This shows that over half (53.2%) of the office floorspace in Southend was built before 1980 and is therefore ageing. None of the offices in Southend were rated greater than 3 stars out of 5 by CoStar¹¹, and over a third (36.8%) were rated 1 or 2 stars out of 5, indicating below average quality.

Table 3-1 Age and quality of office properties in Southend

	Office Properties		Floorspace (sq.m)	
	Number	% of Total	Number	% of Total
Age of Stock				
Pre 1940s	62	30.5%	18,373	9.5%
1940s-1980s	59	29.1%	84,862	43.8%
1980s-2000s	57	28.1%	49,998	25.8%
Post 2000s	25	12.3%	40,663	21.0%
Total	203	100%	193,896	100%
CoStar Star Rating				
1-2 Stars	163	61.0%	79,973	36.8%
3 Stars	104	39.0%	137,106	63.2%
4-5 Stars	0	0.0%	0	0.0%
Total	267	100%	217,079	100%

Source: CoStar (2026) / Lichfields analysis

Industrial

- 3.7 The stock of industrial premises in Southend also lacks modern properties, with only 11.8% of the total industrial floorspace built after the year 2000. A further 22.7% of the industrial floorspace in the city was built before 1980 and is ageing. The quality of industrial premises is also generally low, with 39.1% of the floorspace rated 1 or 2 stars by CoStar and no premises were rated above 3 stars out of 5 as shown in Table 3-2.

Table 3-2 Age and quality of industrial properties in Southend

	Industrial Properties		Floorspace (sq.m)	
	Number	% of Total	Number	% of Total
Age of Stock				
Pre 1940s	5	1.7%	1,753	0.5%
1940s-1980s	84	28.4%	80,340	22.2%
1980s-2000s	169	57.1%	236,907	65.5%
Post 2000s	38	12.8%	42,695	11.8%
Total	296	100%	361,695	100%
CoStar Star Rating				

¹⁰ Of the 267 office properties recorded in the CoStar database, information on age is available for 203 properties.

¹¹ CoStar provides a national rating for commercial buildings based on the characteristics of each property type, including architectural attributes, structural specifications, and amenities.

1-2 Stars	167	49.7%	152,141	39.1%
3 Stars	169	50.3%	237,379	60.9%
4-5 Stars	0	0.0%	0	0.0%
Total	336	100%	389,520	100%

Source: CoStar (2026) / Lichfields analysis

Property Market Signals

Office

- 3.8 Information from commercial property agents (see consultee list in **Appendix 1**) and data from the CoStar commercial database indicate that demand for office space in Southend has been limited over the past decade. This reflects the generally low quality of the City's office stock, as well as the decline of the local retail market, which has made the City Centre office accommodation less desirable. It is also a reflection of the decline of the City's service sector due to wider trends in offshoring of services, including in the financial sector, which is recognised as a locally strategic sector in the Southend-on-Sea Economic Growth Strategy¹². There has been also a general shift away from retail banking presence on the high street, which had (and continues to have) an impact on the City Centre. Recent national trends regarding greater hybrid working and an emphasis on smaller, higher-quality spaces have further tempered demand within the city, with the large local office at odds with contemporary demand trends.
- 3.9 The limited demand has resulted in an oversupply of office floorspace locally, which has already been addressed through a large number of redevelopments of former offices, or conversions of office buildings to residential properties through prior approval (permitted development right) notices. Commercial property agents consider that permitted development has acted positively to remove lower quality stock from the market, which would have otherwise attracted minimal market interest.
- 3.10 Transactions for large office premises, including those over 1,000 sq.m in the city have been very rare, with exemptions coming from serviced office providers who seek to break the floorplates down into smaller units. Furthermore, it is considered that transactions for offices are sensitive to the Small Business Rate Relief (SBRR) scheme. The future of SBRR is currently uncertain, but reductions in relief provided may further increase rental costs and suppress demand for office spaces further.
- 3.11 There has been limited delivery of new office premises locally; however, the Launchpad in the Airport Business Park is an obvious exception. This was delivered through a joint venture between Southend Council and Henry Boot Developments, and is considered only to have been delivered due to the availability of public funding. Based on data from CoStar, the Launchpad is currently listed as fully occupied and reported to be performing well.

Take-Up by Size

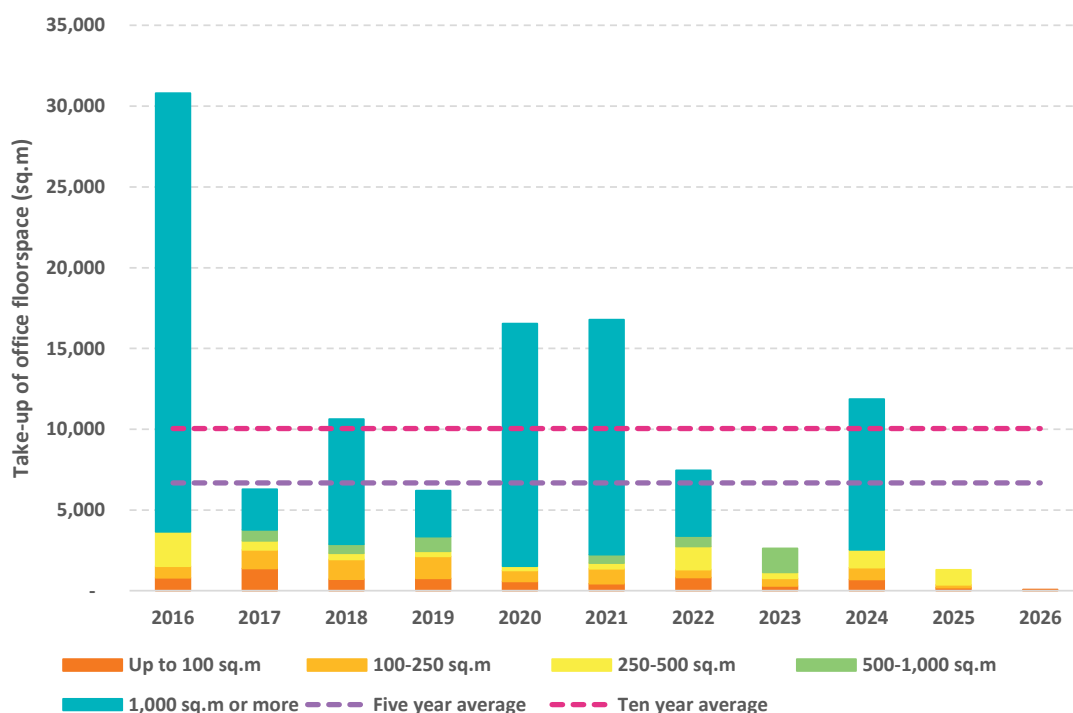
- 3.12 According to the latest CoStar property data, total office take-up in Southend over the past 10 years (2016-2026) amounted to 110,600 sq.m with a third being attributable in 2016, relating to sales at 21 Victoria Avenue and 39-43 Progress Lane (24,640 sq.m). Take-up has

¹² Southend-on-Sea City Council (2024), *Economic Growth Strategy 2024 to 2028*.

fluctuated year-on-year, with a notable peak in 2016 and a more recent decline in 2023 and 2025 (Figure 3-3)¹³.

- 3.13 Over three-quarters (75.3%) of take-up has been attributed to larger offices of 1,000 sq.m or more in size, while just 13.3% of the total take-up represented small offices of less than 250 sq.m in size, as shown in Figure 3-3 below.
- 3.14 In total 242 leases/sales were recorded from 2016 to 2026, equating to an average of 22 per year, of which 78.5% were attributed to small offices of up to 250 sq.m.
- 3.15 Take-up as recorded represents a gross figure without move-outs being included and, therefore, net absorption presented below is a more pragmatic reflection of the office activity in the city.

Figure 3-3 Office take-up by size across Southend (2016-2026)



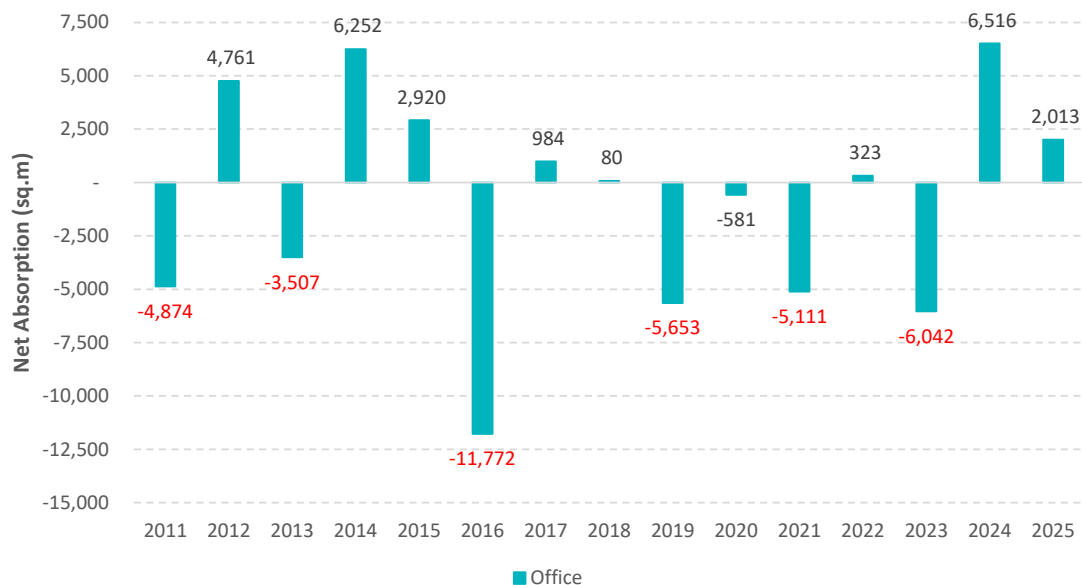
Source: CoStar (2026) / Lichfields analysis

Net Absorption

- 3.16 Net absorption is a measure of the total space occupied ('move-in'), less the total space vacated ('move-out') over a given period of time. Therefore, a positive net absorption rate indicates that there is demand for office space locally and that more space has been bought or leased than vacated. As shown in Figure 3-4, net absorption of office space in Southend has fluctuated year on year from 2011 to 2025. However, there is an overall negative trend with an overall net absorption of -13,700 sq.m, indicating low demand for floorspace. In particular, there was a large negative net-absorption in 2016 (c. -11,800 sq.m) which likely primarily relates to the conversion of Heath House and Carby House on Victoria Avenue.

¹³ Data for 2026 represents year-to-date figures and is therefore not directly comparable with data from prior full-year periods.

Figure 3-4 Net absorption of office space in Southend, 2011 to 2025



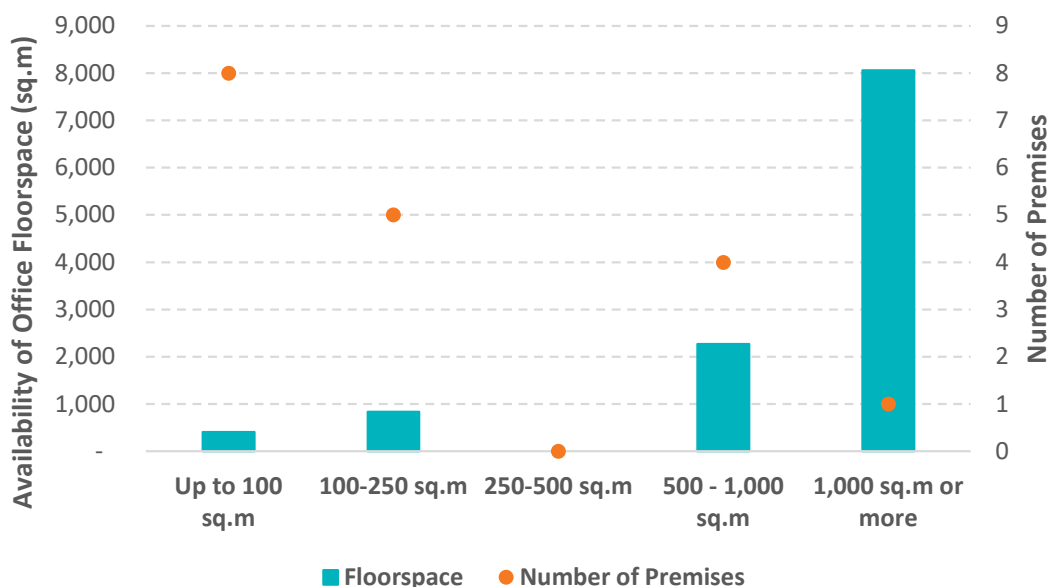
Source: CoStar (2026) / Lichfields analysis

Availability

3.17

CoStar data indicates that the current availability of office floorspace in Southend equates to 11,570 sq.m, equating to 5.3% of total office floorspace. Figure 3-5 highlights the size bands of available office floorspace in the City, indicating the mix of sizes. The large majority (72.2%) of office premises with availability are small properties with 250 sq.m or less in size.

Figure 3-5 Availability of office floorspace in Southend (2026)

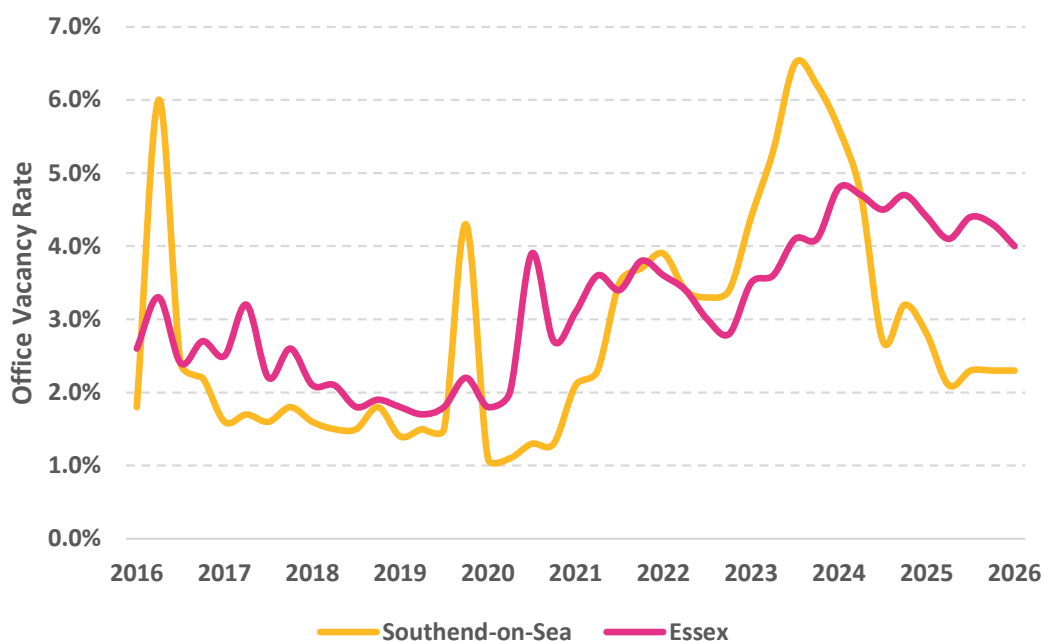


Source: CoStar (2026) / Lichfields analysis

Vacancy Trends

- 3.18 Figure 3-6 indicates the latest office vacancy trends in Southend, according to CoStar. Overall, the trend indicates generally low levels of vacancy between 2017 and 2020, although this has risen since 2021 from 2.1% to peak at 6.5% in mid-2023. Nevertheless, since 2023, vacancy rates have decreased sharply. In part, this volatility is due to the limited supply of office floorspace in the area, as shown by the availability of existing floorspace which is currently only attributed to 16 properties. On the whole, the vacancy rates in office stock in Southend from 2016 to 2026 are broadly comparable to rates recorded across Essex.

Figure 3-6 Office vacancy rates in Southend and Essex (2016-2026)

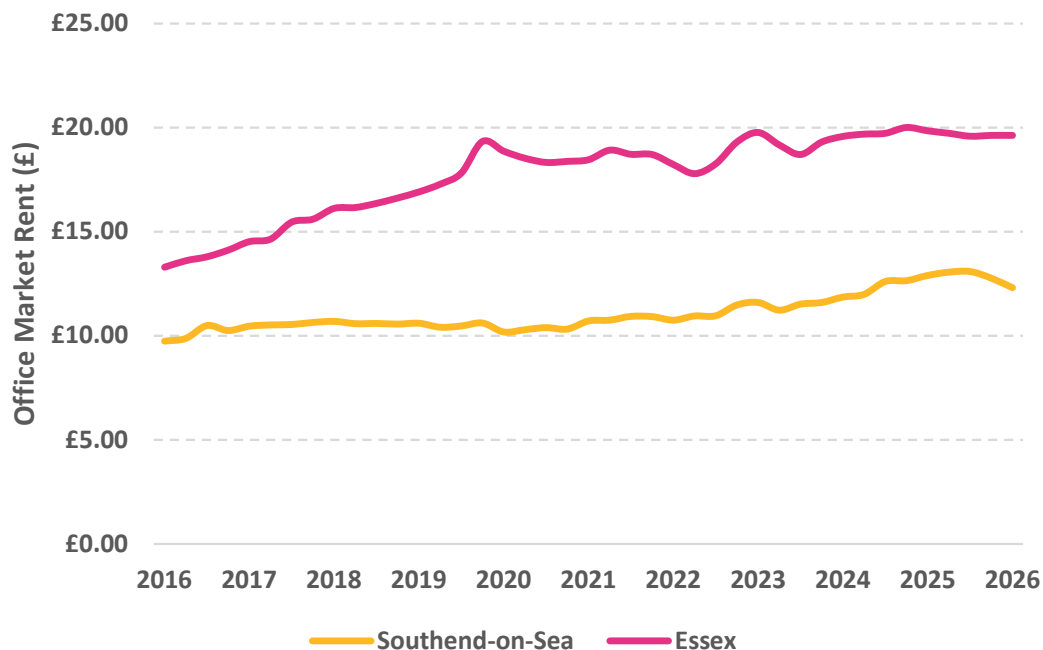


Source: CoStar (2026) / Lichfields analysis

Office Rents

- 3.19 As set out in Figure 3-7, market rents for office properties have consistently been lower in Southend than Essex over the past 10 years. In Q1 2026, the average market rent for offices was £12.30 per sqft, considerably lower than the Essex average of £19.62 per sqft.

Figure 3-7 Office market rents in Southend and Essex (2016-2026)



Source: CoStar (2026) / Lichfields analysis

Industrial

- 3.20 In contrast to the local office market, demand for industrial space in Southend has remained stable in recent years. However, despite the generally ageing and poor quality of stock in the city as identified in paragraph 3.7, the highly constrained supply of employment premises has pushed up rents and vacancy levels remain very low, sitting at 1.5% at the time of writing in early 2026. The imbalance between supply and demand has left local businesses with little choice but to occupy whatever space becomes available, or to relocate out of the city to locations that offer better connectivity and more modern accommodation.
- 3.21 Despite the upward pressure on rents resulted from supply-side constraints, demand has not reached a level sufficient to make speculative development financially viable. New space delivered at the Airport Business Park has instead come forward through a design-and-build model, with occupiers committing to pre-let agreements prior to construction. Whilst this approach has facilitated the delivery of some new units, including those now occupied by Ipeco Holdings and CAMA, the overall pace of delivery has been slow. This reflects the relatively high costs associated with developing commercial space set against the comparatively low rental values achievable in Southend, a function of its more peripheral location in the wider Essex market.
- 3.22 More competitive returns can be achieved in better-connected locations such as Basildon, where the development viability equation is consequently more favourable.
- 3.23 The industrial market in Southend is predominantly locally-facing in character, with demand driven primarily by small local businesses. Commercial market agents indicate that where there is demand for industrial premises, it is largely for smaller premises from 500 to

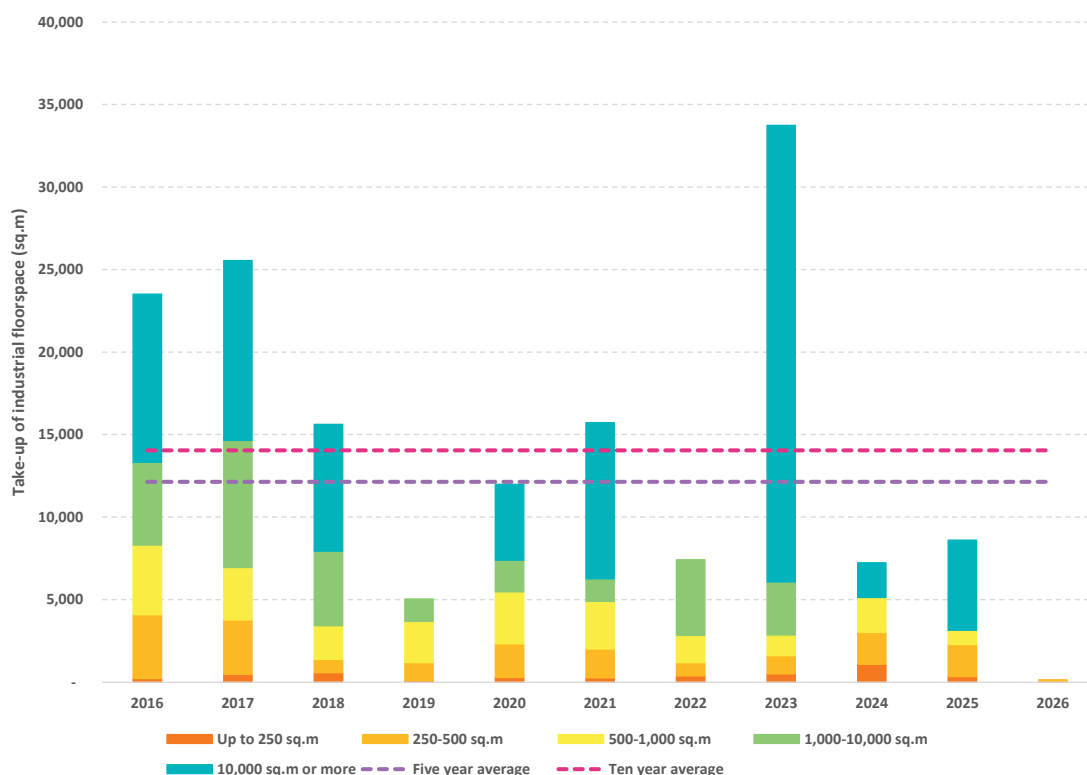
2,000 sq.ft. . The under provision of grow-on space, particularly for the 500-2,000 sq.ft risks constraining the growth of local businesses or losing them as they move outside of the City to access premises that are large enough to meet their needs. However, there is also unmet demand for units of around 5,000 sq.m to serve local businesses that have outgrown their existing premises

Take-Up by Size

3.24 Total industrial take-up in Southend over the past 10 years (2016-2026) amounted to 154,500 sq.m, according to the latest CoStar data. Approximately half of this (50.5%) was attributed to large industrial premises of 1,000 sq.m or more in size, as shown in Figure 3-8¹⁴. The total quantum of take-up has slowed since 2023, when combined industrial floorspace take-up totalled 33,733 sq.m.

3.25 In total 243 leases and 79 sales were recorded over the last 10 years, indicating an average of 22 leases per year and 7 sales per year. 86.4% of leases were attributed to small-sized industrial units of up to 500 sq.m, while 55.7% of sales were attributed to such units.

Figure 3-8 Industrial take-up by size across Southend (2016-2026)



Source: CoStar (2026) / Lichfields analysis

Net Absorption

3.26 As with offices, net absorption for industrial and storage and distribution space has fluctuated between 2011 and 2025. However, over the whole period, net absorption for industrial floorspace has been positive, albeit marginally at around 80 sq.m. Conversely,

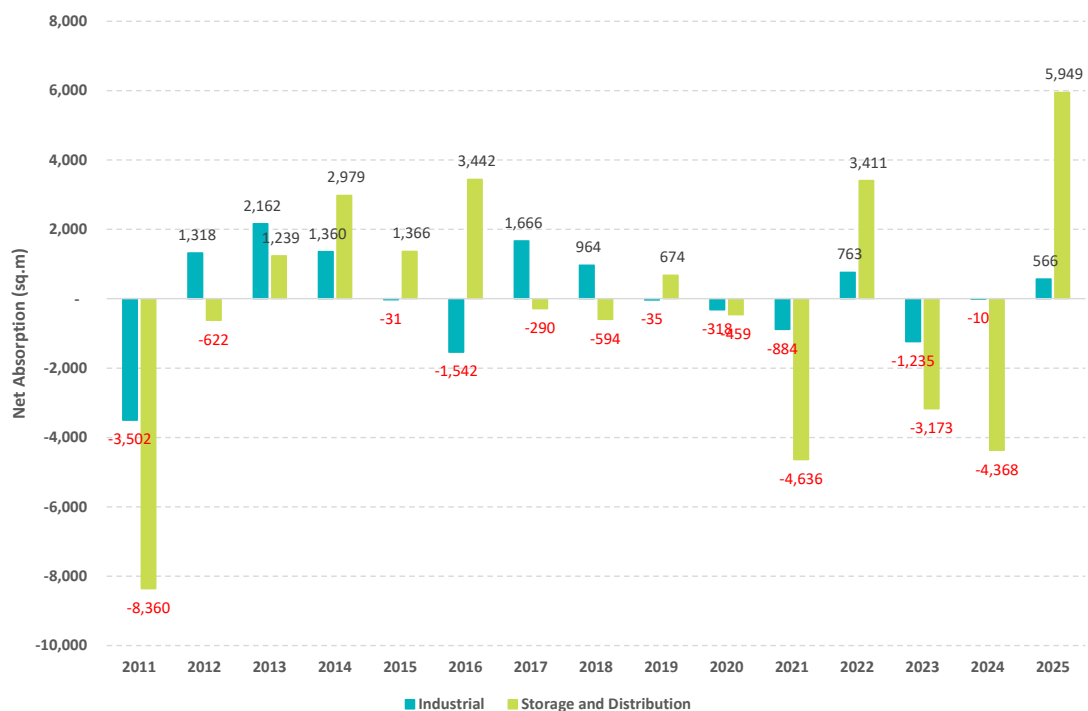
¹⁴ Data for 2026 represents year-to-date figures and is therefore not directly comparable with data from prior full-year periods.

net absorption for storage and distribution space has been negative over the same period at around -230 sq.m.

3.27

For industrial space, a negative net absorption rate of -2,200 sq.m was recorded in Southend over the past 15 years. This was driven by negative net absorption of around -3,400 sq.m for storage and distribution space, however, net absorption for general and light industrial premises was positive at around +1,200 sq.m over the same period. The negative trend for industrial premises as a whole should be read in the context of wider market intelligence presented below and from commercial property agents, which indicates that the negative net absorption rate for industrial premises is partly a function of the highly constrained supply of premises locally which has acted to limit churn and the number of transactions able to take place.

Figure 3.9 Net absorption of industrial space in Southend, 2011 to 2025



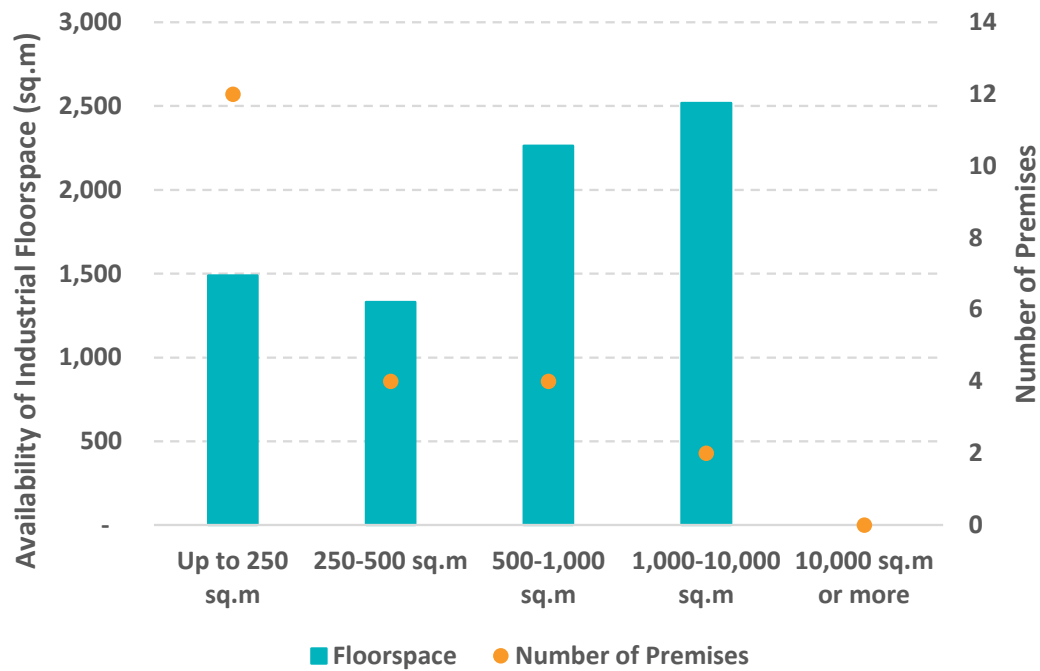
Source: CoStar (2026) / Lichfields analysis

Industrial Availability

3.28

CoStar data indicates that current availability of industrial floorspace equates to 2.0% of the City's total industrial stock, at around 7,600 sq.m. The premises with the largest amount of available space include 23 Towerfield Road with 1,295 sq.m and 1,224 sq.m at 12 Faraday Road. Figure 3-10 highlights the size bands of the available industrial floorspace across the City. Across the 22 premises with availability, 16 are small premises sized under 500 sq.m whilst only two are large-sized premises of over 1,000 sq.m.

Figure 3-10 Availability of industrial floorspace in Southend (2026)



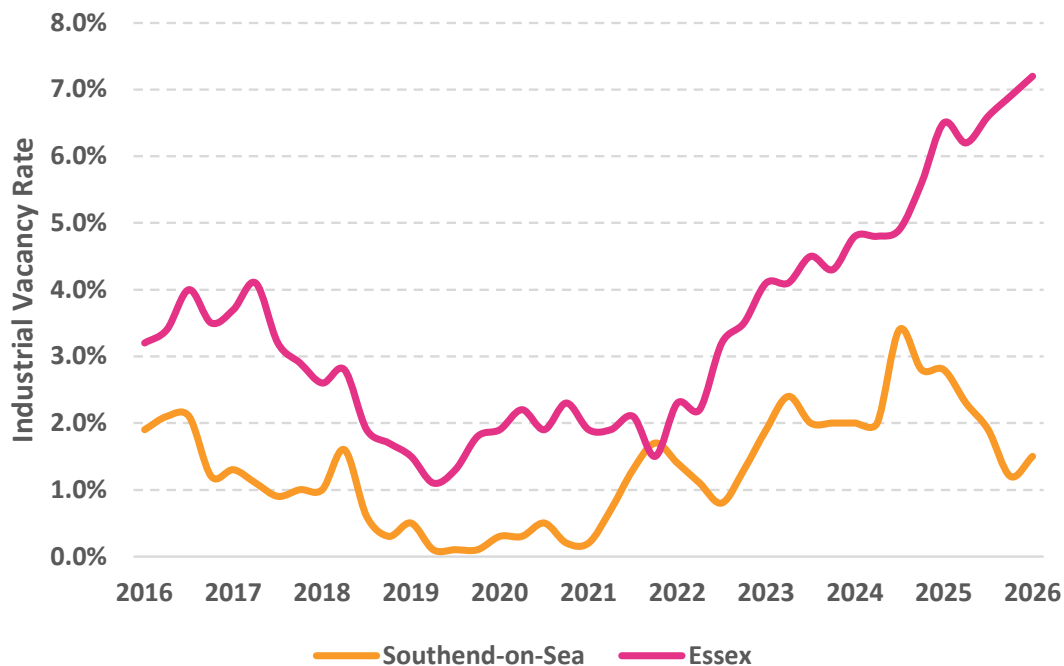
Source: CoStar (2026) / Lichfields analysis

Vacancy Trends

3.29

Figure 3-11 below illustrates recent industrial vacancy trends in Southend. Overall, vacancy levels remained relatively low between 2017 and 2021, before rising between 2022 and 2024. This upward trend reversed in 2025, with vacancy rates declining once again. By 2026, the vacancy rate stands at just 1.5%, significantly lower than the county average of 7.2%. Overall, the vacancy rates in Southend’s industrial stock from 2016 to 2026 are lower than the rates recorded across Essex.

Figure 3-11 Industrial vacancy rate across Southend and Essex (2016-2026)



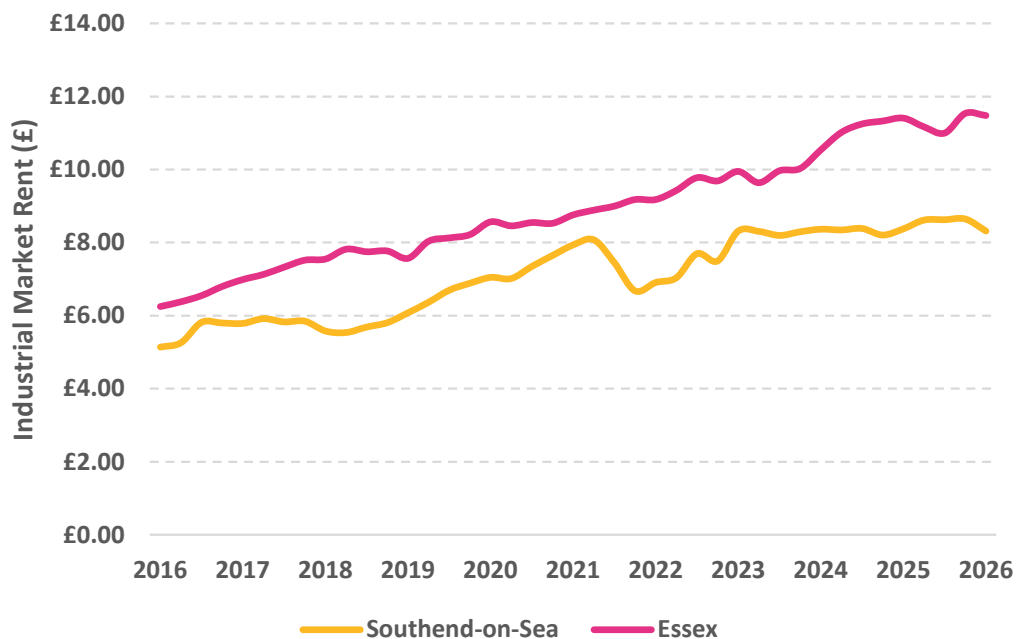
Source: CoStar (2026) / Lichfields Analysis

Industrial Rents

3.30

Industrial rents within Southend are slightly cheaper compared to Essex. Figure 3-12 shows that in Q1 2026, the market rent price for industrial floorspace was £8.32 per sqft. This is lower than the Essex average of £11.48 per sqft. Market rents have consistently been lower in Southend than in Essex over the past 10 years.

Figure 3-12 Industrial market rents across Southend and Essex (2016-2026)



Source: CoStar (2026) / Lichfields analysis

Summary

- 3.31 The commercial property market in Southend is characterised by a constrained supply and ageing stock. Total employment floorspace has declined remarkably over the past decade by 15.6%, driven primarily by significant losses of office space (36.2%), while industrial stock has also reduced more modestly (7.0%).
- 3.32 Both the stock of offices and industrial premises is characterised by older, lower-quality accommodation, with no offices or industrial premises rated above average quality by CoStar. The poor quality of stock limits the city's attractiveness to occupiers seeking modern space.
- 3.33 The office market continues to experience weak demand, negative net absorption and below-average rents compared to Essex as a whole. The market has adjusted to the low demand through the loss and conversion of poorer-quality stock, and there has been limited new space delivered, with the exception of the part Council-funded Launchpad on the Airport Business Park. Vacancy remains relatively modest in absolute terms due to the reduced size of the stock.
- 3.34 Demand for industrial space remains steady, driven mainly by local businesses and a highly constrained local supply of premises; however, this is still not enough to justify speculative development. There are very low vacancy rates of 1.5% at the time of writing. Despite upward pressure on rents arising from this imbalance, industrial rental values remain below the Essex average, constraining development viability and limiting new provision largely to pre-let or design-and-build schemes.

4.0 Future Requirements for Employment Space

- 4.1 This section considers future economic growth needs in Southend by drawing on several methodologies defined by the Planning Practice Guidance and aligned with the National Planning Policy Framework (NPPF). These scenarios are used to inform an assessment of future employment space needs for office and industrial uses over the Local Plan period from 2025 to 2045.

Methodology

- 4.2 The NPPF (December 2024) requires local authorities to:

“set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to the national industrial strategy⁴³ and any relevant Local Industrial Strategies and other local policies for economic development and regeneration” (para 86.a).

- 4.3 In this context, and having regard to the Planning Practice Guidance on preparing economic development needs assessments¹⁵, a number of potential future economic scenarios have been developed in this study to provide a framework for considering future economic growth needs and employment space requirements in Southend from 2025 to 2045. In line with the PPG, these future scenarios draw upon:

- 1 Projections of employment growth (labour demand) within the main office- and industrial/warehousing-based sectors derived from economic forecasts produced by Experian (February 2026);
- 2 Consideration of past trends in completions of employment space based on monitoring data collected by the Council, and how these trends might change in the future, as well as a sense test based on market (i.e., past net absorption) trends based on data from the commercial property database CoStar; and
- 3 Estimates of local labour supply and subsequently the supported jobs growth based on demographic, housing and commuting assumptions applied as part of the INA Part A.

- 4.4 All of these approaches have limitations, and consideration needs to be given as to how appropriate each is to the circumstances in Southend. It should also be noted that the ultimate judgement as to the level of need that the local authority should plan for is not purely quantitative, and that there will be a number of qualitative factors to consider, which will influence the employment space requirements that will need to be planned for, such as market signals.

Scenario 1A: Labour Demand Baseline Scenario

- 4.5 Employment growth forecasts for the city to 2045 were obtained from the Experian February 2026 release (the latest available at the time of writing, preceding the current Middle East war and its macroeconomic consequences). Key regional and national

¹⁵ MHCLG (2025), *Housing and economic needs assessment*. [Online] Available at: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

macroeconomic assumptions prevailing at the time, which have informed the forecast, are summarised below.

Experian Macro Economic Forecast February 2026 Summary

The UK economy showed modest resilience in late 2025, with GDP rising by 0.1% in Q4, supported by a rebound in manufacturing and steady services growth. Overall, GDP grew by 1.3% in 2025. Business sentiment and consumer confidence remained subdued but showed signs of improvement, buoyed by expectations of monetary policy easing in 2026.

Inflation continued to decline, with CPI falling to 3.0% in January 2026. Core inflation and goods inflation also eased, though services inflation remained elevated at 4.4%. The forecast assumes that inflation returns to the Bank of England's 2.0% target by summer 2026, but that oil prices will remain volatile.

Labour market conditions weakened slightly, with unemployment rising by 0.1 percentage points to 5.2% in December 2025, with the economic inactivity rate holding steady. Job vacancies increased slightly, but hiring intentions remained weak due to cost pressures and tighter financial conditions.

Business sentiment improved in early 2026, with private-sector activity growing at its fastest pace since April 2024, particularly in manufacturing. Services remained stable, while construction continued to contract despite an improved outlook. Consumer confidence held steady, with slight improvements in personal financial outlooks despite a more pessimistic view of the broader economy.

Further details are provided in **Appendix 2**.

Implied Employment Change

- 4.6 Table 4-1 summarises the employment change implied by the latest Experian forecasts by office-, industrial- and warehousing-based jobs, as well as total employment change over the Local Plan period. This includes an allowance for jobs in other sectors that typically use office, industrial or warehousing space.

Table 4-1 Forecast employment change in Southend, 2025 to 2045

Use	Number of Workforce Jobs		Change (2025-2045)
	2025	2045	
Office - E(g)(i)/(ii)	14,859	18,100	+3,241
Industrial - E(g)(iii), B2 and B8	10,297	10,729	432
Total Office, Industrial and Distribution Jobs	25,156	28,829	+3,673
Total Workforce Jobs	75,400	87,700	+12,300

Source: Experian (2026) / Lichfields analysis.

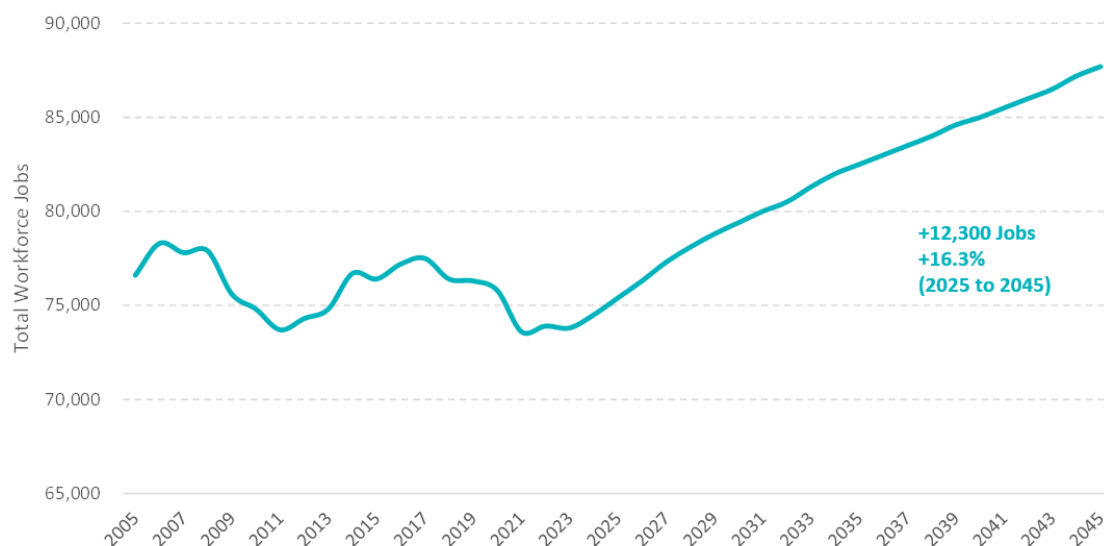
Note: Rounded figures may not sum up.

- 4.7 Under this scenario, total workforce jobs are expected to increase by 16.3% across the Local Plan period, resulting in an additional 12,300 workforce jobs between 2025 and 2045, equivalent to 615 workforce jobs per annum. Just under a third (29.9%) of all job growth is

expected to be within office-, industrial- and warehousing-based sectors (i.e. sectors that typically use classes B and E(g) space), with the office sector driving the majority of this growth.

- 4.8 Figure 4-1 below illustrates the trajectory of total job growth implied by the Experian forecast. Under this scenario, steady growth is forecast, with total employment in Southend recovering to the pre-Covid-19 pandemic position (i.e. the position in 2019) by 2026.

Figure 4-1 Forecast employment growth in Southend to 2045 (total workforce jobs)



Source: Experian (February 2026) / Lichfields analysis

- 4.9 Table 4-2 identifies the fastest growing and declining sectors in Southend in employment terms during the forecast period (2025 to 2045). Some of those sectors forecast to see the highest job growth typically fall within office-based sectors including, professional services and administrative and support services. The forecast also suggests that wider sectors (i.e. those falling outside the B/E(g) uses), such as health and education, will also play an appreciable role in driving local job growth in the future. The manufacture of non-metallic products, wholesale, and manufacture of printing and recorded media are all forecast to decline in employment terms, albeit at modest absolute change.

Table 4-2 Largest forecast growth and declining employment sectors in Southend, 2025 to 2045

Sector	Forecast Change in Workforce Jobs 2025-2045	
	No.	%
Fastest Growing Employment Sectors		
Health	+3,500	36.5%
Professional Services	+1,900	30.2%
Administrative & Supportive Services	+1,000	17.5%
Education	+1,000	12.5%
Accommodation and Food	+800	11.6%
Public Administration & Defence	+700	22.6%
Fastest Declining Employment Sectors		

Sector	Forecast Change in Workforce Jobs 2025-2045	
	No.	%
Fastest Growing Employment Sectors		
Non-Metallic Products (manufacture of)	-100	-20.0%
Wholesale	-100	-3.4%
Printing and Recorded Media (manufacture of)	-200	-50.0%

Source: Experian (February 2026) / Lichfields analysis

- 4.10 Apart from the above broad sectors, Southend's economic priorities are focused around:
- 1 The Airport and Business Park, which is an anchor not only for tourism and leisure, but also provides opportunities to unlock business development in aviation and its supply chain sectors through an enhanced and growing transport hub;
 - 2 MedTech is an ongoing strong sector in the area. There are several strongly performing medical instrument manufacturers in the locality, namely Olympus Keymed and Cantel/STERIS, which, combined with Southend University Hospital, act as 'anchor' institutions in terms of the volume of employment opportunities they provide. In addition, social care is another key sector given the high proportion of residents in the 65+ age band;
 - 3 Green technologies are associated with construction given the various regeneration schemes in the City through the "Better Southend Programme";
 - 4 Culture and creative industries are another sector that aligns with the organisational strategy to enhance the tourism and cultural offer in Southend. This links directly to the 'Destination Southend' Tourism, Culture Vision and Economic Growth strategies.
- 4.11 The growth in these priority sectors generally appears to be captured within the anticipated growth in the baseline forecast that anticipates significant growth in the relevant sectors (as presented in the table above), and on this basis, there is no need to make further growth adjustments beyond what has been implied by Experian.

Converting to Employment Space Requirements

- 4.12 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space requirements by applying the latest published job density figures for employment space, which take account of recent trends in occupancy for the different employment uses. The following average ratios have been applied:
- **Offices (E(g)(i)/(ii)):** 1 workforce job per 14.4 (GEA) sq.m;
 - **Light industrial (E(g)(iii)):** 1 workforce job per 56.4 (GEA) sq.m;
 - **General industrial (B2):** 1 workforce job per 37.8 (GEA) sq.m; and
 - **Warehousing (B8):** 1 workforce job per 70 (GEA) sq.m.
- 4.13 These assumptions are based on the latest HCA guidance on job density ratios produced in 2015¹⁶. They all relate to Gross External Area (GEA). In addition, an allowance of 8.0% is added to all positive floorspace requirements to reflect normal levels of market vacancy in employment space (Table 4-3).

¹⁶ Homes and Communities Agency (2015), *Employment Densities Guide, 3rd edition*.

Table 4-3 Net employment space requirements: Scenario 1a - Labour Demand, 2025 to 2045

Type of Space / Use Class	Net Employment Floorspace 2025 to 2045 (GEA sq.m)
Office E(g)(i)/(ii)	50,400
Industrial - E(g)(iii), B2 and B8	40,500
Total	90,900

Source: Experian (February 2026) / Lichfields analysis

Note: Rounded figures may not sum up.

- 4.14 Scenario 1 implies that a net total of 90,900 sq.m of employment floorspace is required over the new Local Plan period. The majority of the need is estimated to be for office floorspace (E(g)(i/ii)), accounting for 55.5% of the total floorspace need in the City.

Scenario 1B: Labour Demand Changing Working Patterns in Office-Based Sectors

- 4.15 Since 2020, there has been a shift towards a hybrid working pattern as a legacy of the Covid-19 pandemic, which has been closely monitored by ONS. This way of working is referred to as 'the new normal' by ONS, and it relates to more than one in four workers (28%) in Great Britain across all sectors of the economy (June 2025 data release¹⁷).
- 4.16 This is even more prominent for those workers of higher qualifications and/or more senior positions, with over 41% of those working at a hybrid pattern, while an additional 18% work only from home. Data by sector is also available (latest release 2024¹⁸), highlighting that over 42% of those working in the professional, scientific and technical sector and over 48% of those in the information and communication sector work in a hybrid pattern, while 18% and 28%, respectively, work only from home in those sectors. The effect of these patterns is less regular need for dedicated desk spaces (i.e. more shared and hot-desking) which increases the efficiency of office buildings, or no requirement for conventional office space in the case of those exclusively working from home.
- 4.17 The HCA Employment Density Guide (2015), which is typically used for preparing economic needs assessments, utilises an allowance for 'working from home at least some of the time' of 14% based on 2011 Census data. However, given the latest data, and assuming these patterns will remain the case for the Local Plan period, it seems prudent to test a scenario which reflects the latest ONS data (41% working hybrid and 18% working only from home) to consider the implication for office floorspace needs. These adjustments are set out in Table 4-4 below.

Table 4-4 Jobs require office space - Scenario 1b - Labour Demand Sense Check, 2025 to 2045

Baseline jobs growth in office sectors – Scenario 1A	3,241
Mainly work from home (ONS,2025) – 18%	-583

¹⁷ ONS (2025) Who has access to hybrid work in Great Britain?, Available at:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whohasaccesstohybridworkinggreatbritain/2025-06-11>

¹⁸ ONS (2024) Characteristics of hybrid workers, Great Britain, 2024, Available at:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/datarelatedtowhorethehybridworkersarticle>

Work on a hybrid pattern (ONS,2025) – 41%. This means that 41% of the workers will require office space 50% of their working period resulting in a further deduction of 20.5%.	-664
Jobs require office space – Scenario 1B	1,993

Source: ONS (2025) / Lichfields analysis

Note: Rounded figures may not sum up.

- 4.18 This would result in a lower anticipated employment growth in the office-based sectors to 2045 from a baseline growth estimate of +3,240 jobs to +1,990 jobs. Consequently, this would result in a more conservative requirement for office space as presented below.

Table 4-5 Net employment space requirements: Scenario 1b - Labour Demand Sense Check, 2025 to 2045

Type of Space / Use Class	Net Employment Floorspace 2025 to 2045 (GEA sq.m)
Office E(g)(i)/(ii)	31,000
Industrial - E(g)(iii), B2 and B8	40,500
Total	71,500

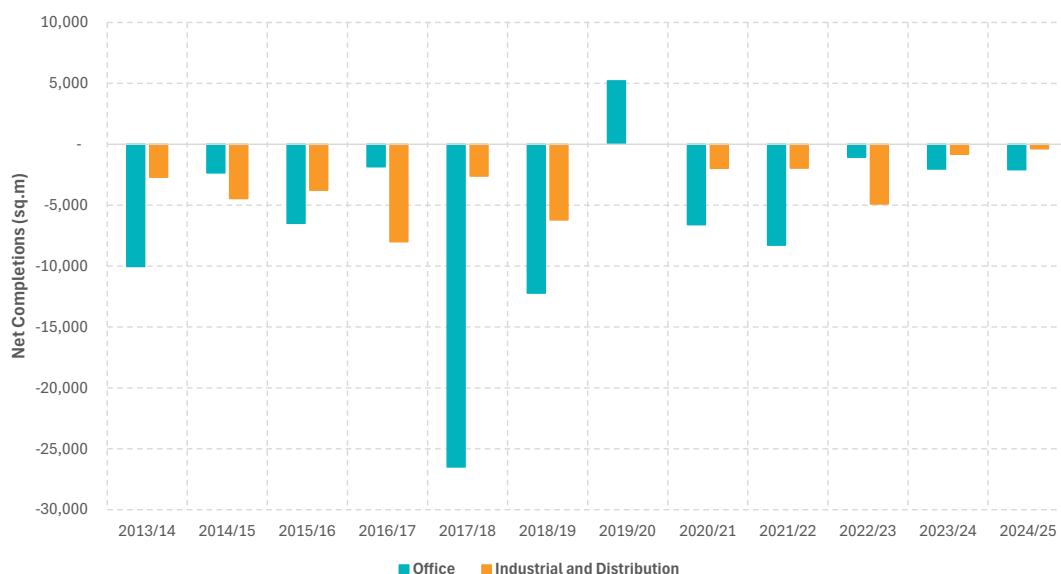
Source: Experian (February 2026) / Lichfields analysis

Note: Rounded figures may not sum up.

Scenario 2A: Past Development Rates

- 4.19 Past development rates reflect actual development patterns and provide an indication of market demand. Whilst forecasts show job growth in net terms, past trend-based analysis takes account of historic patterns of employment development and the role that recycling of sites can play in terms of supporting employment uses in an economy.
- 4.20 An analysis of monitoring data on past completions of employment space between 2013/14 and 2024/25 has been provided by Southend Council. The accuracy of this data has not been verified by Lichfields. Over this period, there was a total net loss of around 112,000 sq.m, equivalent to an average annual loss of c 9,300 sq.m. This net loss was largely driven by office floorspace (use classes E(g)(i/ii)) (-6,200 sq.m per annum); however, there was also a net loss of industrial and distribution (use classes E(g)(iii), B2 and B8) over the same period (-3,100 sqm per annum respectively). Figure 4-2 summarises the net annual completions of employment space by use class over the monitoring period.

Figure 4-2 Net completions of employment space in Southend, 2013/14 to 2024/25



Source: Southend Council (2026) / Lichfields analysis

- 4.21 One view of future growth in Southend could assume that these past development trends will carry on in the future and as presented below, these would result in a negative net requirement of -186,600 sq.m to 2045.

Table 4-6 Net employment space requirements: Scenario 2A – Past Development Rates, 2025 to 2045

Use Class	Assumed Net Annual Floorspace Change (sq.m)	Net Floorspace Requirements 2025-2045 (GEA sq.m)
Office - E(g)(i)/(ii)	-6,200	-123,740
Industrial - E(g)(iii), B2 and B8	-3,100	-62,860
Total	-9,300	-186,600

Source: Southend Council (2026) / Lichfields analysis

Note: Rounded figures may not sum up.

- 4.22 There are limitations regarding the use of past monitoring data to inform planning policy requirements. Given its small size and highly urbanised nature, the availability of land in Southend is highly constrained. Therefore, there are limited available options for delivering commercial property premises. This scenario is presented for sense-checking purposes, given the negative outcome.

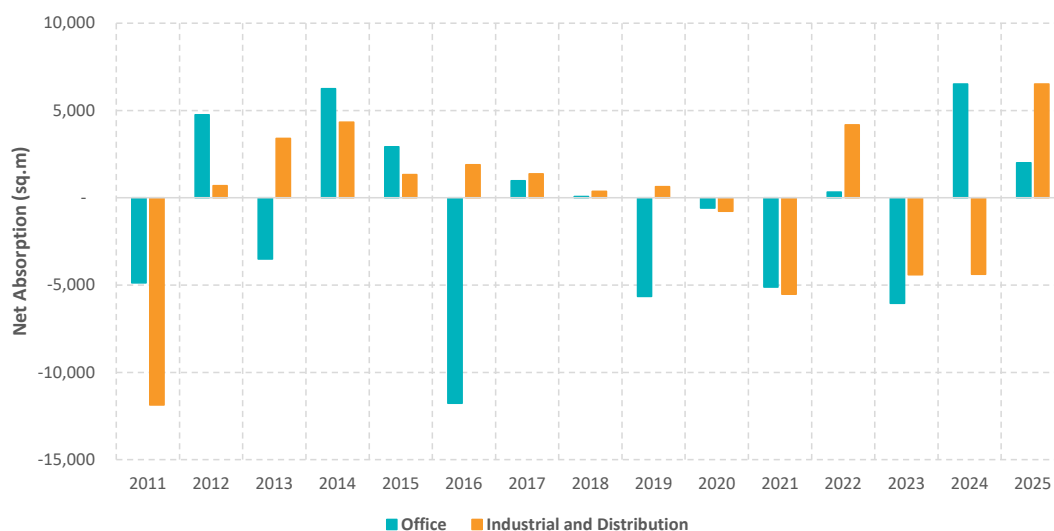
Scenario 2B: Net Absorption

- 4.23 A forecast based on market signals has also been conducted to assess future needs based on past market demand. CoStar's annual net absorption data measures the floorspace taken up, minus the floorspace vacated over a given period. This measure is considered appropriate to capture the market demand for employment floorspace and sense check the findings of Scenario 2A. This approach aligns with the PPG, particularly paragraph 031 which states, "analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies"¹⁹.

¹⁹ Planning Practice Guidance: Paragraph: 031 Reference ID: 2a-031-20190722.

- 4.24 As illustrated in Figure 4-3, net absorption across all premises types has fluctuated year on year over the past 15 years. A brief commentary on net absorption trends across Southend is also included in Section 3.0 of this report. Office premises in Southend recorded a negative net absorption of around -13,700 sq.m over the 15 years from 2011 to 2025, while industrial and distribution premises also recorded a negative net absorption of -2,200 sq.m over the same period.

Figure 4-3 Net absorption by premise type in Southend, 2011 to 2025



Source: CoStar (2026) / Lichfields analysis

- 4.25 If these recent trends in net absorption across Southend were to continue throughout the new Local Plan period, this would generate a requirement for an estimated total negative requirement of -21,200 sq.m of employment space by 2045, as summarised below.

Table 4-7 Net employment space requirements: Scenario 2B – Past Net Absorption, 2025 to 2045

Use Class	Annual Net Absorption 2011-2025 (sq.m)	Net Floorspace Requirements 2025-2045 (GEA sq.m)
Office - E(g)(i)/(ii)	-910	-18,250
Industrial - E(g)(iii), B2 and B8	-150	-2,930
Total	-1,060	-21,200

Source: CoStar (2026) / Lichfields analysis

Note: Rounded figures may not sum up.

Labour Supply Scenario 3A (490dpa) and Scenario 3B (735dpa)

- 4.26 It is also useful to consider how many jobs, and hence how much employment space, would be necessary to broadly match the forecast growth of the resident workforce in Southend over the period to 2045. This approach estimates the number of new jobs needed to match the future supply of working-age, economically active population in the city, and how much employment space would be needed to accommodate the office, industrial and distribution components of these jobs.

- 4.27 The INA Part A provides estimates of local labour supply and subsequently the supported jobs growth based on demographic, housing and commuting assumptions. The INA Part A includes two scenarios, one based on the delivery of 490 dwellings per annum (dpa), and a second based on a higher delivery rate of 735 dpa. A total increase in workforce jobs of 3,879 and 9,442 jobs is forecast in these two scenarios, respectively.
- 4.28 The sector mix of these jobs is based on the apportionment within the Experian baseline forecast (Scenario 1A), and the density and plot ratio assumptions used to convert employment growth to floorspace requirements are the same as those presented in paragraph 4.12. We have then applied the hybrid working patterns to the office job-based sectors as per Scenario 1B. Table 4-8 presents the jobs and floorspace requirement for each scenario by type of space between 2025 and 2045.

Table 4-8 Net Employment and Floorspace Requirements: Scenarios 3A and 3B – Labour Supply including hybrid working, 2025 to 2045

Type of Space/Use Class	Scenario 3A: Labour Supply 490 dpa		Scenario 3B: Labour Supply 735 dpa	
	Workforce Jobs	Employment Floorspace (GEA sq.m)	Workforce Jobs	Employment Floorspace (GEA sq.m)
Office - E(g)(i)/(ii) based on Scenario 1A	1,020	-	2,490	-
Office - E(g)(i)/(ii) based on Scenario 1B, including the impact of hybrid-working	630	9,780	1,530	23,800
Industrial - E(g)(iii), B2 and B8	140	12,630	330	30,750
Total Office, Industrial and Distribution Space		22,410		54,550

Source: Lichfields analysis (2026)

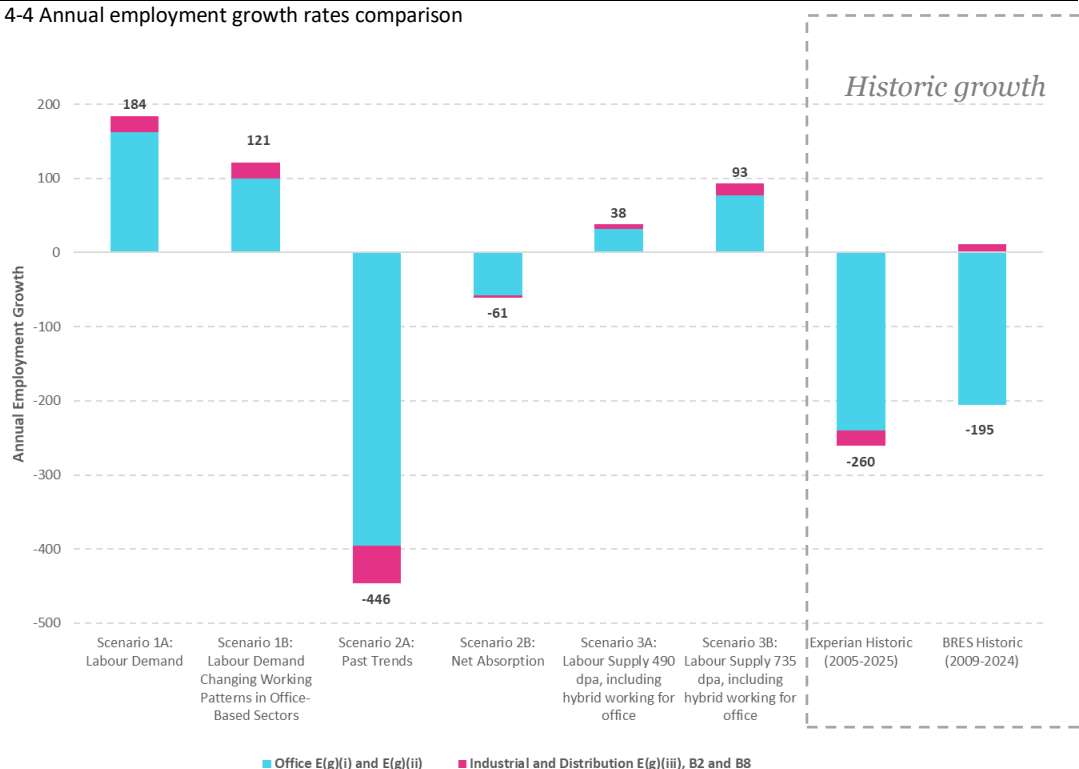
Note: Rounded figures may not sum up.

Employment Growth Comparisons

- 4.29 Given the range of potential requirements implied by these different scenarios, it is important to test how reasonable each scenario appears against other factors and how sensitive they are to different assumptions. Therefore, it is useful to compare the employment growth implied by the above scenarios against the historic employment growth in Southend by Experian for 2005 to 2025 (i.e., a period equivalent to the length of the forthcoming Local Plan period, as well as the latest available BRES data (2009 to 2024)).
- 4.30 Figure 4-4 shows the annual jobs growth per scenario. The lowest estimate is Scenario 2A: Past Development Rates, which estimates a loss of 446 employment jobs per annum over the Local Plan period. The highest growth estimate is based on Scenario 1A: Labour Demand and implies an annual growth of 184 jobs, while the lowest is the growth implied by Scenario 2A: Past Trends of -446 jobs per annum. The historic trends from Experian (2005 to 2025) and BRES (2009 to 2024) both imply a negative historic trend (of -260 and -195 jobs per annum, respectively). It appears that Scenario 1B: Labour Demand Changing

Working Patterns in Office-Based Sectors of 121 jobs per annum and Scenario 3B Labour Supply (735 dpa) are balancing better the rest of the scenarios.

Figure 4-4 Annual employment growth rates comparison



Source: Experian (2026) / Southend Council (2026) / CoStar (2026) / Lichfields analysis

4.31

Table 4-9 below summarises the employment growth associated with each scenario tested in this assessment for the 2025 to 2045 Plan period.

Table 4-9 Employment Growth by Scenario, 2025 to 2045

Type of Space/Use Class	Scenario 1A– Labour Demand	Scenario 1B– Labour Demand Changing Working Patterns in Office-Based Sectors	Scenario 2A – Past Development Rates	Scenario 2B Net Absorption	Scenario 3A – Labour Supply 490 dpa	Scenario 3B – Labour Supply 735 dpa
Office - E(g)(i)/(ii)	3,241	1,993	-7,906	-1,166	629	1,530
Industrial - E(g)(iii), B2 and B8	432	432	-1,007	-48	136	331
Sub-total	3,673	2,425	- 8,913	-1,214	765	1,862
Non-employment uses	8,627	8,627	n/a	n/a	3,114	7,580
Total	12,300	11,052	n/a	n/a	3,879	9,442

Source: Lichfields analysis based on scenario sources

Net to Gross Employment Requirements

4.32 Drawing together the results from each of the future economic scenarios, Table 4-10 summarises the net employment floorspace requirements between 2025 to 2045.

Table 4-10 Net floorspace requirements in Southend, 2025 to 2040 (sq.m)

Type of Space/Use Class	Scenario 1A – Labour Demand	Scenario 1B – Labour Demand Changing Working Patterns in Office-Based Sectors	Scenario 2A – Past Development Rates	Scenario 2B – Past Net Absorption	Scenario 3A – Labour Supply 490 dpa	Scenario 3B – Labour Supply 735 dpa
Office - E(g)(i)/(ii)	50,400	31,000	-123,740	-18,250	9,780	23,800
Industrial - E(g)(iii), B2 and B8	40,500	40,500	-62,860	-2,930	12,630	30,750
Total	90,900	71,500	-186,600	-21,200	22,410	54,550

Source: Experian (2026) / Southend Council (2026) / CoStar (2026) / Lichfields analysis

Note: Rounded figures may not sum up.

Safety Margin

4.33 To estimate the overall requirement of employment floorspace that should be planned for in allocating sites, and to give some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.

4.34 There is a need to ensure a reasonable, but not over-generous, additional allowance that provides for some flexibility but avoids over-provision of land through policy. However, it also needs to reflect that there may be potential delays in some of the city's development sites coming forward for development.

4.35 It is usually acceptable to use two years of net take-up to include flexibility of provision. However, in the case where this is negative, it would produce a negative margin. Therefore, an allowance equivalent to two-year average gross take-up between 2013/14 and 2024/25 has been applied. Table 4-11 presents the margin applied in this assessment, drawing on the floorspace completions monitoring data.

Table 4-11 Safety margin allowance (sq.m)

Type of Space/Use Class	Annual Net Completions	Annual Gross Completions	Safety Margin
Office - E(g)(i)/(ii)	-6,187	900	1,800
Industrial - E(g)(iii), B2 and B8	-3,143	1,005	2,010
Total	-9,330	1,905	3,810

Source: Southend Council (2026)

Future release of employment land

- 4.36 To translate the net requirement of employment space into a gross requirement, an allowance is typically made for the replacement of losses of existing employment space that may be developed for other, non-employment uses. This allowance ensures that sufficient space is re-provided to account for employment space that is anticipated to be lost in Southend.
- 4.37 There are typically four approaches to calculate the level of this allowance, including:
- 1 Forecast the quantity of floorspace that will be lost in future and assume that a proportion of this space will need to be replaced. The issue here is that there is no definitive way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the Council needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past;
 - 2 Make an overall adjustment to the preferred scenario to give an allowance for replacement. This is a simple approach but is likely to rely on making a fairly broad assumption;
 - 3 Monitor the loss of employment space through regular reviews in the Local Plan thereby avoiding the need to make assumptions about the future loss of employment space. If these periodic reviews indicate a loss of high quality, occupied floorspace and vacancy rates continue to be low, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some years to come forward; and
 - 4 As part of the employment evidence the Council undertakes a qualitative assessment of existing employment sites, to identify those which could be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment the employment land calculation can develop different scenarios to illustrate possible futures, and plan for new sites accordingly.
- 4.38 The fourth approach, in which the Council specifically identifies employment sites and areas that may be lost to other uses, is generally the most robust way of dealing with losses. This is the approach that has been adopted by the Council.
- 4.39 In the Employment Sites Release Topic Paper (2021), three employment sites, namely Grainer Road, Prince Close and Terminal Close (totalling cumulatively 11,800 sq.m^[1]) were identified for release. However, the Council (as of 2026) has confirmed that since the publication of the Topic Paper, there have been no further discussions or representations received from the landowners or any other interested parties at Grainer Road and Terminal Close in relation to potential redevelopment of those sites. On this basis, there is no certainty that they will come forward for redevelopment and accordingly the loss allowance applied relates only to Prince Close, which equates to 230 sq.m^[2] of industrial space.
- 4.40 The corollary is that the Council will need to ensure that the safeguarded land functions adequately and its economic activity is not jeopardised by any unexpected change of use to

^[1] Southend (2026)

^[2] Southend (2026)

non-compatible uses, including in particular housing. This is even more prominent now that much of the older and obsolete stock has already gone from prior approvals since 2013. Therefore, an Article 4 Direction mechanism should be introduced in those employment areas and sites that perform well, to ensure their long-term role in the local economy can be managed through the planning system.

- 4.41 On this basis, Table 4-12 presents the gross employment requirement to 2045, taking into account the allowances defined above.

Table 4-12 Gross floorspace requirements in Southend, 2025 to 2045 (sq.m)

Type of Space/Use Class	Scenario 1A– Labour Demand	Scenario 1B– Labour Demand Changing Working Patterns in Office-Based Sectors	Scenario 2A – Past Development Rates	Scenario 2B – Net Absorption	Scenario 3A – Labour Supply 490 dpa	Scenario 3B – Labour Supply 735 dpa
Office - E(g)(i)/(ii)	52,200	32,800	-121,900	-16,455	11,580	25,600
Industrial - E(g)(iii), B2 and B8	42,700	42,700	-60,600	-700	14,870	33,000
Total	94,900	75,500	-182,600	-17,200	26,500	58,600

Source: Experian (2026) / Southend Council (2026) / CoStar (2026) / Lichfields analysis

Note, figures have been rounded and may not sum.

- 4.42 The above floorspace requirements can be translated to land requirements by applying appropriate plot ratio assumptions, which for the purposes of the assessment include 1.5 for office (where 70% is expected in the City Centre with a plot ratio of 2.0 and the remaining 30% in out-of-centre business parks with an assumed plot ratio of 0.4) and 0.4 for industrial and warehousing developments. Table 4-13 presents the indicative land requirements.

Table 4-13 Gross land requirements in Southend, 2025 to 2045 (ha)

Type of Space/Use Class	Scenario 1A– Labour Demand	Scenario 1B– Labour Demand Changing Working Patterns in Office-Based Sectors	Scenario 2A – Past Development Rates	Scenario 2B Net Absorption	Scenario 3A – Labour Supply 490 dpa	Scenario 3B – Labour Supply 735 dpa
Office - E(g)(i)/(ii)	5.7	3.6	-13.4	-1.8	1.3	2.9
Industrial - E(g)(iii), B2 and B8	10.7	10.7	-15.2	-0.2	3.7	8.3
Total	16.4	14.3	-28.6	-2.0	5.0	11.1

Source: Experian (2026) / Southend Council (2026) / CoStar (2026) / Lichfields analysis

Summary

- 4.43 In interpreting the outputs of this section, it is important to recognise that there are inevitably uncertainties and limitations related to modelling assumptions under any of the future growth scenarios considered in this assessment. As explained above, there are some inherent limitations to the use of local level economic projections, particularly within the context of significant economic uncertainty at both macro and local level. Employment forecasts are regularly updated, and the resulting employment outputs will change between 2025 and 2045 in Southend.
- 4.44 This assessment considers six different scenarios of future employment space requirements in the city based on approaches that reflect forecast economic growth, past development trends, and potential housing growth factors. The overall gross employment floorspace requirements range from a negative need of -182,600 sq.m (-28.6 ha) to a positive need of 94,900 sq.m (16.4 ha) between 2025 and 2045. S

5.0 Conclusions

- 5.1 This section draws together the findings of the Integrated Needs Assessment Part B: Economic Needs and considers potential policy approaches that the emerging Southend Local Plan should consider in dealing with accommodating the space requirements for office, industrial and warehousing use to 2045.

Functional Economic Market Area

- 5.2 The evidence tests the validity of the South Essex Functional Economic Market Area extending across the boundaries of Brentwood, Basildon, Castle Point, Rochford, Southend and Thurrock.
- 5.3 The analysis draws on data from the Office for National Statistics (ONS) and evidence on the market geographies included within the 2024 Southend EDNA, the INA Parts A and C (and previous needs evidence across the South Essex) and the 2022 Essex Sector Development Strategy.
- 5.4 According to the latest labour market trends, commuting data, housing market dynamics, retail and consumer catchments, growth sector priorities and transport connectivity, this assessment reinforces that South Essex is still the valid FEMA within which Southend operates.
- 5.5 It should, however, be highlighted that Southend's economic relationships extend also beyond the FEMA boundary, most notably with London and the nearby centres of Chelmsford and Harlow. These wider interactions reflect long-standing commuting patterns, transport connectivity via the A127, A13 and rail lines, and sector-specific linkages within life sciences in particular. These cross-boundary dynamics situate the FEMA within a broader economic context characterised by overlapping labour markets, innovation networks and supply-chain relationships.
- 5.6 In light of the Secretary of State's decision to reorganise Essex into five unitary authorities, the evidence also examined the self-containment of the proposed South East Essex authority, comprising Southend, Rochford and Castle Point. Indeed, these councils appear to have strong commuting flows amongst their administrative areas; however, there is no indication of a self-contained labour market area. This is reasonable given the links existed across the whole of South Essex as well as with London and other key centres in Essex.

Property Market Dynamics

- 5.7 The commercial property market in Southend is characterised by a constrained supply and an ageing and declining stock. The city has seen significant losses of office space (by -36.2%), while industrial stock has also been reduced by 7.0% since 2015.
- 5.8 Apart from the poor supply, the demand is very modest which makes speculative development unlikely. In particular, the office market continues to experience negative net absorption rates and below-average rents compared to Essex as a whole. The loss of obsolete office stock has been perceived as positive across the market as it addressed some of the structurally high vacancy rates that existed previously. Market demand is weak and

primarily focused on the provision of small, flexible office units. The latest new stock is provided by a Council-funded scheme, namely the Launchpad in the Airport Business Park.

- 5.9 The demand for industrial space is characterised by better rental growth rates; however, activity is constrained, and there are no market conditions to support speculative industrial investment currently. Any new industrial provision would, under the current market dynamic, come on a pre-let or design-and-build basis, with developers showing patience for better market yields.
- 5.10 Future demand in the industrial and logistics sectors will more likely relate to the increasing population of the area and consequently to the need for space to accommodate last-mile and smaller-scale warehousing to serve the population, alongside flexible and hybrid industrial/warehousing space for SMEs. In relation to this, one of the most successful examples in recent years is the Seedbed Business Centre in Vanguard Way, which provides small flexible business space of up to 190 sq.m per unit. This type of provision of flexible workspace is what is perceived as being on demand in the area.

Future economic development needs

- 5.11 The scenarios considered herein indicate the broad scale and type of growth arising from different PPG-compliant approaches to modelling the city's future employment space requirements. The overall employment floorspace requirements related to these six different scenarios range from -182,600 sq.m to 94,900 sq.m during the plan period 2025 to 2045, which implies, indicatively, from a surplus of 28.6 ha to a need for 16.4 ha of employment land.
- 5.12 In the context of the NPPF and PPG, the Council's policy approach should aim to plan positively to meet Southend's employment space needs, so the city's economy is not constrained, but recognising the supply constraints that the area is experiencing and the competing pressures from other land uses.
- 5.13 The future employment potential of Southend will be influenced by a number of factors. In particular, there is currently reported to be some shortage of available industrial land and floorspace to meet the indigenous growth requirements of the commercial market, as well as to enable the necessary level of churn and upgrading of existing sites required to sustain a functioning industrial and warehousing property market.
- 5.14 Southend has seen a significant contraction of its office space as legacy large office buildings have been vacated over the past few decades and subsequently have been converted and redeveloped. This process has largely helped to 'right-size' the stock to some degree by removing older, outdated space. Demand for office space is fairly modest and locally based, but there is interest in small, flexible accommodation.
- 5.15 In addition, there is a need to consider the changing working patterns that we have been experiencing since the COVID-19 pandemic, and the establishment of the new norms of hybrid working patterns, particularly amongst people of higher qualifications, more senior positions and primarily in office-based sectors.
- 5.16 Southend is a very constrained area where employment land has seen significant losses in recent years; however, the planning requirements should be in line with a positive plan-making process and should not overlook any potential opportunities for growth. In

addition, the Council should consider introducing an Article 4 Direction to those well-performing areas to ensure that there will be no future loss and secure their future prosperity and economic function.

- 5.17 The Council should support the most efficient distribution of land and accommodate all the increasing needs appropriately. In this regard, the analysis has assessed the consequences of the forecast housing need as estimated by INA Part A with particular emphasis on the highest delivery housing rate of 735 dpa (Labour Supply Scenario 3B).
- 5.18 The Council should accommodate at a minimum the economic needs of 58,600 sq.m aligned with the planned housing delivery target of 735 dpa, with the opportunity to increase the target up to 75,500 sq.m aligned with the labour demand Scenario 1B. The past take-up and net absorption (Scenarios 2A and 2B) have been discounted as they result in negative requirements, which, aligned with NPPF Paragraph 36, do not provide an appropriate basis for future planning.
- 5.19 Synthesising the quantitative analysis and the qualitative factors, it is recommended that:
- In terms of **office space requirements, a balanced approach would be to plan for around 25,600 sq.m (around 2.9 ha)**, reflecting Scenario 3B (labour supply, 735 dpa, including hybrid working patterns adjustment) estimates, which comprise the most balanced figure across the six scenarios tested herein. This is also close (albeit slightly lower) than the requirement identified by Scenario 1B Labour Demand Changing Working Patterns in Office-Based Sectors. Although the office market is relatively weak and very localised currently, the Plan should provide for the long-term and seek to accommodate a modest scale of future growth to help encourage and sustain a diversified economy and allow local service sectors to grow.
 - Regarding **industrial (including light industrial) and distribution space requirements, it is estimated that the combined figure should be between 33,000 sq.m (around 8.3 ha) and 42,700 sq.m (10.7 ha)**, with the upper scale allowing for some further flexibility in the market. The lower level is identified from Scenario 3B Labour Supply (735 dpa), while the upper range is relevant to Scenarios 1A and 1B (labour demand).
- 5.20 Cumulatively, these would result in a recommended requirement of **58,600 sq.m (11.2 ha) to 68,300 sq.m (13.6 ha)**, of which most should be provided for industrial and warehousing and the remaining for office space.

Appendix 1 List of Property Agencies consulted

- 1.1 Dedman Gray – 8 April 2026
- 1.2 Ayers and Cruiks – 15 April 2026

Appendix 2 Experian Data Guide (February 2026)

Data Guide

UK Regional Planning Service

February 2026



Our main subscription website:

<https://www.experian.co.uk/business/business-information/market-intelligence/economic-services/>

Data Guide

UK Regional Planning Service

February 2026

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Executive summary

This document outlines the current variable coverage in the February 2026 version of the UK Regional Planning Service, and the methodology behind the history and forecast.

[Appendix A](#) includes a glossary of terms.

[Appendix B](#) includes our definitions of the sectors.

[Appendix C](#) has the geography definitions.

[Appendix D](#) contains the most common Frequently Asked Questions

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1 Variable Coverage

To avoid implying spurious accuracy, we round all county and local series to the nearest tenth of a unit. This means that people or job counts are now to the nearest 100 people or jobs and money counts are to the nearest £100,000, and rates are now to the nearest 0.1 percentage points. Forecasts for series with very small levels may appear to be volatile when growth rates are considered. We therefore recommend viewing series with small values in levels not growth rates or considering growth rates over longer intervals than annually. Very small levels have been set to zero as they are essentially statistical artefacts.

Figure 1.1: Variable coverage in the RPS

- ✓ indicates that the variable is available in both the search query tool and the xls files.
- Xls indicates that the variable is available in the xls but not the search query tool.
- UK monthly forecast indicates that the variable is not produced as part of the RPS but can be found in the monthly UK macro forecast on our website.

Variable	UK	Region	County & Local Authority
PRODUCTION			
Gross Domestic Product (GDP)	UK monthly forecast		
GDP by component of demand	UK monthly forecast		
Gross Value Added (GVA)	✓	✓	✓
GVA by sectors	✓	✓	✓
LABOUR MARKET			
Employees by sector	✓	✓	✓
Self-employed by sector	✓	✓	✓
Government Trainees by sector	xls	xls	
Her Majesties Forces Total	xls	xls	
FTE Employment by sector	✓	✓	✓
Total ILO Employment – Residence based & Workplace based	✓	✓	✓
ILO Unemployment	✓	✓	✓
Unemployment rate	✓	✓	✓
Labour Force	xls	xls	Upon request
Activity Rate	xls	xls	Upon request
Inactivity Rate	xls	xls	Upon request
DEMOGRAPHICS			
Population:			
Total, Adult (16+)	✓	✓	✓
Age bands:			
0-15, State Working age, State retirement 16-64, 65+	✓	✓	✓
Population by single- or 5-year age band	Upon request	Upon request	Upon request
HOUSEHOLDS			
Nominal disposable Income	✓	✓	✓
Real disposable income	✓	✓	✓
Nominal income by component	xls	xls	Upon request
Nominal consumer spending	✓	✓	✓
Real consumer spending	✓	✓	✓
Consumer spending by COICOP category	Upon request	Upon request	
Cost of Living Index	✓	✓	
House price Index	✓	✓	
Hours worked	Upon request	Upon request	Upon request

Please note we are no longer publishing Claimant Count for Regional and Local Areas. This is due to the fact that complete data is no longer available due to the shift to Universal Credit.

2 Historical Endpoints

Figure 1.2: Last historic data point

Variable	UK	Region	County & Local Authority
Gross Value Added	2025Q3	2023Q4	2023Q4
GVA by sectors	2025Q3	2023Q4	2023Q4
Labour market variables	2025Q2	2025Q2	All 2023Q4 except ILO 2025Q2
Income	2025Q2	2023Q4	2022Q4
Consumer spending	2025Q2	2024Q4	2022Q4

The historical endpoint represents the last time-period for which we apply our processes to collect, calculate or derive data, details of which can be found in **Chapter 3: Methodology**. All time-periods that are in the past but follow the historical endpoint are Experian Economics' estimates.

We have not used any regional data published after November 2025 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

Population

The population data provided in the current RPS release is based on recent releases from the Office for National Statistics (ONS). We have used the 2023 mid-year estimates for the period covering 1997-2023. Population projections beyond 2023 for Scotland, Wales and Northern Ireland are based on the 2022-based national population projections (NPP), whereas figures for England and the regional division of England reflect the 2022-based sub-national population projections (SNPP). Further information on population changes is available in [section 4.4 Population](#).

UK forecast

This forecast is consistent with an Experian Economics' December 2025 macroeconomic forecast. We explore this further in [section 4](#).

3 Methodology

3.1 UK Methodology

The approach for the regional planning service takes the UK variables as exogenous, imposed from the monthly UK forecast.

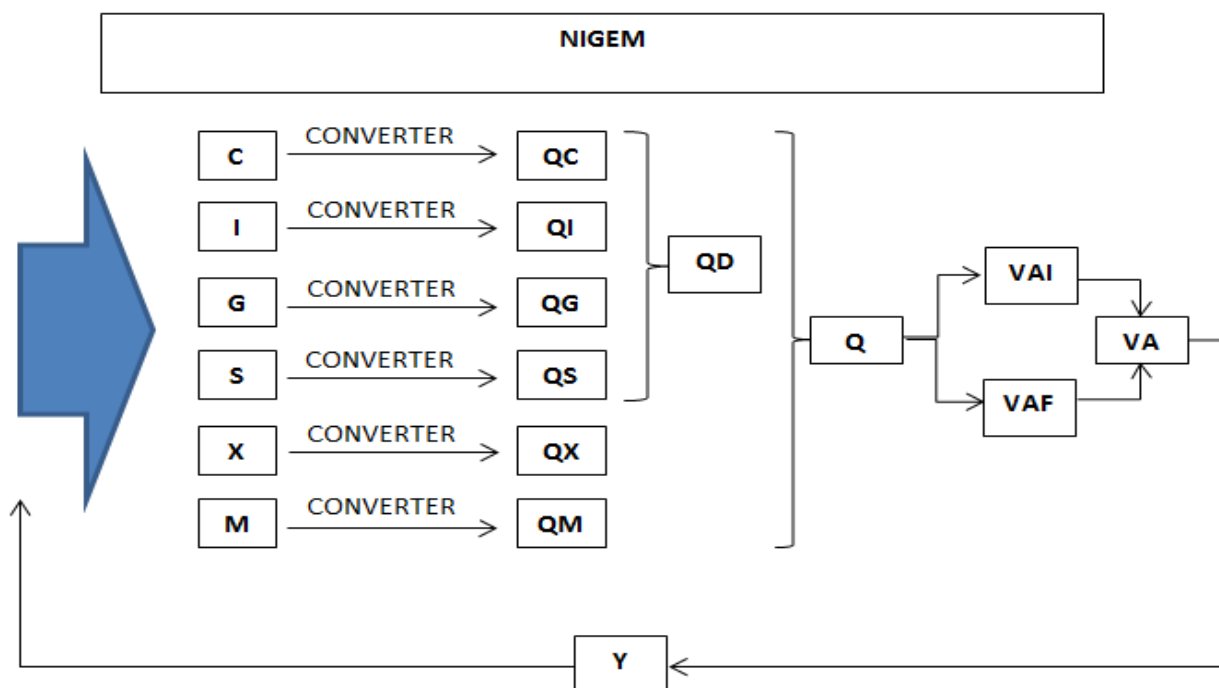
To produce the UK forecast we use a heavily customised version of the National Institute of Social & Economic Research's (NISER) model called NIGEM to provide our core macroeconomic forecast.

NIGEM is a general equilibrium model of the UK and World economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment based on the UK National Accounts published by the Office of National Statistics.

To split this core forecast out into industries and sub-sectors we have a Sectoral Model which expands on the forecasts from the core NIGEM model.

We disaggregate total consumption (C), investment (I), government spending (G), stocks (S), exports (X) and imports (M) from NiGEM to a finer level of detail. This provides a highly detailed model of demand (Q) for industry GVA in the UK economy. Using convertors derived from the ONS Supply and Use Tables, we convert demand into intermediate (VAI), and final (VAF) value added for each sector. This provides a comprehensive view of how value added is distributed across sectors. The growth rate of total value added (VA) for each industry determines its GVA (Y) growth rate. GVA is constrained to forecast total GVA from NiGEM. This Input-Output based model is iterative and captures intra-industry demand.

The industry GVA forecast is used together with wage forecasts to forecast employment by sector (E).



3.2 Regional Methodology

3.2.1 History

All economic history used in the RPS is derived from official statistics published by the UK's ONS. Our approach is to use existing statistics in the form they are published to the greatest extent possible. However, this is subject to the following exceptions:

- where there is a lag between an update of aggregate data and the corresponding disaggregation, the disaggregate data is constrained to match the latest aggregates;
- where ONS data is not published at quarterly frequency (for instance it is only annual data), we use a consistent methodology (described below) to construct quarterly data;
- where ONS data is not published at the geography required or in the detail required, we use a consistent methodology to add the necessary data, ensuring that it constrains to published data at a higher level of geography or detail;
- on occasion, where ONS data is internally inconsistent we apply techniques to remove these inconsistencies.

The most timely and reliable data at the regional level is the workforce jobs series, published on a quarterly frequency by the ONS. There have been revisions to estimates of Workforce Jobs going back several years caused by benchmarking to the latest estimates from the annual Business Register and Employment Survey (BRES), updating seasonal factors and taking on board late information.

Employee jobs, self-employed jobs and government trainees are published at the level of the SIC 2007 Section providing us with 22 sectors.¹ In order to disaggregate this Section-level data to 2-digit sectors from which we can construct the Experian 38 sectors we use official survey data:

- In the case of employee jobs, we use the Annual Business Inquiry (ABI) and Business Register & Employment Survey (BRES). These annual surveys are not updated after being published – further the methodology has changed over the lifetime of these surveys. We apply a principled set of rules to derive consistent employee job shares within the sections from the surveys.
- The current release uses the November 2024 BRES, which provides data up to 2023. Pre-2010 we have made a working-owners adjustment, based on an overlapping year published by NOMIS in February 2013, in line with their recommended techniques for dealing with discontinuities. There are revisions in the latest BRES data both at the regional and local level. More noticeable changes are seen at the local level, please see the local methodology for more details.
- In the case of self-employed jobs, we use data from the Labour Force Survey (LFS).

Workforce jobs measure is the sum of employee jobs, self-employed jobs, government trainees and Her Majesty's Forces (who are assigned at the sector level to Public Administration and Defence).

To estimate full-time equivalent employment (FTE), we use data on hours worked in each sector and region derived from the Annual Survey of Hours and Earnings (ASHE). ASHE is also used to derive wage data for each region and sector.² We also use, for this purpose, compensation of employee data from the regional accounts.

¹ The ONS has ceased publishing official 2-digit employee jobs data for the regions. The approach we have taken is consistent with the approach recommended by the ONS to derive 2-digit estimates.

² We do not routinely publish sector level wage forecasts; however, it is available on request.

Previously, regional gross value-added data (GVA), was only measured on an income basis and published annually in current prices. As of March 2020, we included the ONS balanced estimate of GVA, a new measure derived by balancing the income and production approaches to calculating GVA. The data is published in greater detail than the previous income-based estimates - which were only published at a section level - and so map more directly to Experian's 38 sectors.

Historical data for UK GDP and GVA in the current release are consistent with the October 2025 Blue Book release. The current base year is set at 2023 prices.

The ONS released its revised regional level GVA data in October 2025 (original release was April 2025), which has been used as the main source for the regional level data in the February 2026 run. The latest release includes data up to 2023 and is in 2022 prices. This release is not consistent with the latest Blue Book (released October 2025). In order to minimise inconsistencies, we have adjusted the regional data by applying an internal rebasing to the series to make it more aligned with the latest UK series. Notable revisions compared to the earlier release are observed in sector level data, whereas aggregate values (totals) have been revised by a much smaller margin. For purposes of keeping data as close as possible to the original official source, the regional totals published with this round of the RPS are aligned to the UK total (consistent with the Blue Book) by making minimal corrections, while more extensive adjustments have been applied to the sector-level regional data. Key concepts we have considered while making the adjustments include the relations between the different territorial levels, implications of aggregations and measurements of the data series. Generally, the outcome provides regional profiles that are in 2023 prices and aim to better reflect latest UK GVA data as per the October 2025 Blue Book release.

The data is then made quarterly using workforce jobs data, before being aggregated to produce a regional total.

Income is published in the regional accounts on an annual basis with a full breakdown of income sources and deductions. Previously official sources included income from Non-Profit Institutions Serving Households (NPISH) in the household income data due to lack of credible information to split these. Since March 2019, the ONS has improved their data accuracy by providing income data that is 'households' only, which we have used, thereby excluding NPISH from our income estimates.

Income sources are:

- compensation of employee - wages and salaries *plus* employers' social contributions
- self-employment income
- net property income - made up of property income received *less* income paid
- transfers from the state (i.e., benefits and pensions)
- other transfers

Income deductions are:

- taxes
- social contributions
- transfers to others

The sum of income sources *less* income deductions constitute disposable income. To convert this annual data to quarterly jobs we use (depending on the component) employee jobs, self-employee jobs or the UK quarterly pattern. We constrain these quarterly series to the official UK published data. Real disposable income is obtained by deflating disposable income by the consumer price deflator.

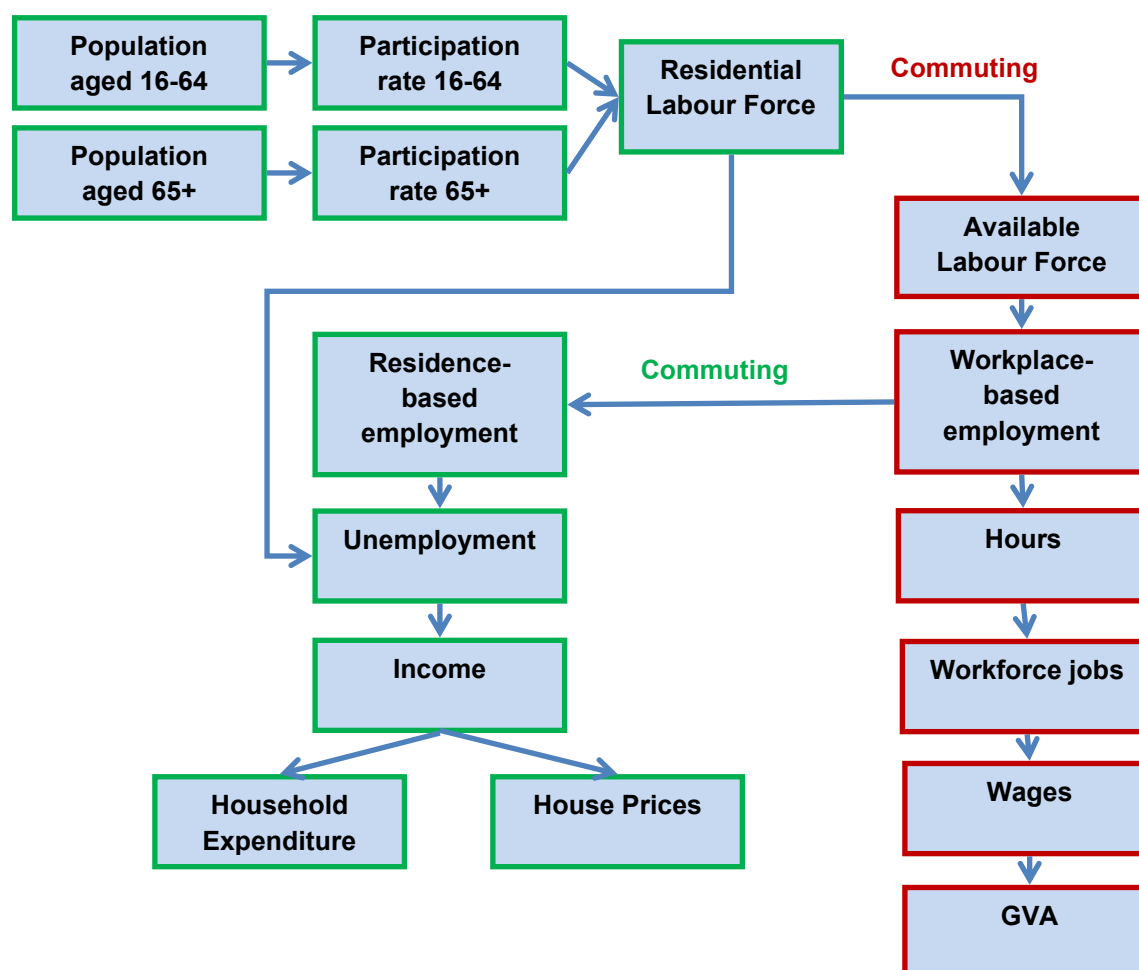
Household spending is derived by sharing out UK nominal expenditure using regional shares of expenditure reported in the Living Costs and Food Survey by type of expenditure. Nominal regional spending is deflated by

published UK deflators and then aggregated to produce a regional total. This again implicitly creates a regional cost of living measure which we also publish.

Population data has been updated to include the mid-2023 population estimates. Population projections beyond 2023 for Scotland, Wales and Northern Ireland are based on the 2022-based national population projections (NPP) published by the Office for National Statistics (ONS). For England and the regional division of England we have used the most recent publication of the 2022-based sub-national population projections (SNPP). Due to the revision in the figures for England between the two releases, the UK population figures from the NPP were revised to reflect the numbers for Scotland, Wales and Northern Ireland from the 2022 NPP and the England figures as per the 2022 SNPP.

3.2.2 Forecast

The regional model is sequential. Each variable is dependent only on variables earlier in the sequence and not variables later in the sequence. Variables are either workplace-based (**red outlined boxes**) or residence-based (**green-outlined boxes**.) Workplace-based and residence-based variables are linked by commuting relationships derived from the 2011 Census.



The population – split into two age ranges – is taken from the National and Sub-National Population Projections. We forecast participation rates for these age bands separately as they are subject to different trends. The total residential labour force is the sum of the labour force aged 16-64 and 65-plus. The aggregate participation rate is determined by two factors:

- The participation rate of the two age bands; and
- The share of each of the two age bands in the adult population.

The participation rate for those aged 16-64 is expected to increase gradually throughout the forecasting period. The rate for those aged 65 and over will grow strongly due to factors such as increasing life expectancy and rising state pension ages.

At the UK level, the share of the adult population aged 65 and over is projected to rise steadily over the next twenty years. There is, however, variation across regions, as the steepest increase is projected for Northern Ireland. These factors combine to produce substantial variation in the labour force forecasts for different regions.

Commuting flows are used to derive the available labour force for a region. This is:

Workers Resident in the Region – Workers Commuting Out + Workers Commuting In

In the case of Greater London, the South East and the East of England, these flows lead to a substantial difference between the residential labour force and the available labour force. The effect is still present but less pronounced in other regions.

The available labour force is one of the drivers in forecasting workplace-based employment. The other drivers include the industry mix and the performance of industries at the UK level. If industries with a high share in the region are performing well at the UK level, this will benefit the region.

The workplace-based employment is converted back into residence-based employment. This is:

Workplace-based Employment – Workers Living Elsewhere + Residents Working Elsewhere

From this point, residence and workplace-based variables are solved in parallel with residence-based variables dependent on residence-based employment and workplace-based variables dependent on workplace-based employment.

The residential labour force and residence-based employment are used to calculate unemployment. Residential income is driven by employment; and itself drives house price and household expenditure forecasts.

Workplace-based employment drives aggregate hours worked, wages and GVA. These aggregate variables feed into the detailed part of the model, which produces forecasts for each industry:



In each case, we forecast shares of the region within the UK industry. We then share out the UK industry data subject to the constraint of the total that has already been determined and the UK total.

3.3 Local Methodology

3.3.1 History

As at the regional level, all local economic history used in the RPS is derived from official statistics published by the ONS. Our approach to using this data is identical to that given above at [3.2.1](#). However, data at the local level is more likely to be incomplete³ or inconsistent⁴ than is the case at the regional level. For this reason, there is greater call for the application of techniques to construct missing data and to remove inconsistencies than is the case at the regional level.

In all cases, local area data in a particular region is constrained to match the regional total for the same variable. This has two advantages:

- Local data is made consistent with regional data of the same vintage.
- Where local data has been estimated or constructed, the regional data ensure that the estimates together are consistent with more reliable data.

The ONS do not publish a workforce jobs series at the local level. Accordingly, we construct workforce jobs series for each local area using BRES/ABI in the same way that BRES is used at the regional level to disaggregate section estimates. The BRES share for a particular industry of a local area in its parent region is used to disaggregate the regional workforce jobs series for that industry. As BRES is a survey, the figures over time for a particular local area industry combination can be volatile⁵. Further, certain years' results may be withheld to prevent disclosure of confidential data. Accordingly, to obtain sensible data it is necessary for us to smooth out this volatility and to interpolate over the gaps. The latest BRES data at the local level contains revisions as part of the standard data publication process.

At the local level, the most timely and comprehensive data are Annual Population Survey (APS) for residence and workplace-based employment and unemployment data⁶. These data are obtained directly from NOMIS and then constrained to the national numbers.

Since June 2016, we have applied a moving average procedure to smooth the Annual Population Survey data which has resulted in revisions to our historical data.

As with regional GVA, the availability of data at the local authority level has been improved with the move to a balanced estimate of GVA. Sub-regional measures of GVA were previously only produced in current prices, at a NUTS2 and NUTS3 level. As of March 2020, the balanced estimate of GVA has been incorporated into the RPS which is now provided at a local authority level, in both current and constant prices.

The local level GVA data that was used in the current run was released by the ONS in April 2025 and revised in October 2025, based on 2022 prices, including data up to 2023. Analogical to the regional GVA data, as the release is not consistent with the October 2025 release of the Blue Book, we have applied an internal rebasing and adjustment to the series that align the local level data with the latest UK and the adjusted regional data.

³ For some local areas, publication of certain data by the ONS is restricted because to do so would effectively disclose individual responses to ONS data-collection surveys (e.g., if there are only one or two firms in a certain industry in a particular locality.)

⁴ In some cases, sample sizes in ONS data-collection surveys at the local level are very small. This leads to data of comparatively poor quality and relatively high volatility.

⁵ The volatility represents sampling variability rather than actual volatility in the population data.

⁶ In line with ONS guidelines, we use the official model-based estimates of local unemployment that are more accurate than survey data which suffers from volatility.

The level of industrial detail of the data varies across sub-regional geographical levels. NUTS2 data has the greatest level of industry disaggregation with a full breakdown of SIC sections. With each subsequent geographic level, the degree of disaggregation in the official data decreases. To provide local area forecasts at the 38-sector level, the data was fully disaggregated at each geographical level.

In the case of NUTS3 current prices, the data is disaggregated using the industry shares in the corresponding NUTS2 and then constrained to that parent region. For local authorities that do not constitute fully a NUTS3, disaggregation takes place using local authority workforce jobs data at the industry level.

In the case of Chain Volume Measure (CVM) GVA; where data is needed to be further disaggregated, implied deflators of the parent geography - NUTS2 in the case of a NUTS3 and NUTS3 in the case of a local authority - are used to deflate the nominal estimates. Due to excessive volatility in the raw GVA data, it is necessary to smooth the local authority estimates and constrain to the parent region. In some cases, this led to some magnitude of difference from the published ONS figures.

The inclusion of these new official statistics has led to noticeable historical revisions across the 38 sector forecasts, however, as is the case at the regional level, the data now provides a more accurate measure of historical activity in each local authority.

No estimates of household spending are provided at the local level. Household spending is, therefore, derived by using the share of local disposable income in regional disposable income.

We have not used any local data published after November 2025 for this round of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

3.3.2 Forecast

The local authority model is run separately for the local authorities in each region and takes the regional forecast as given. Accordingly, as with local history, local forecasts are constrained to the regional forecasts of the parent region.

Our local model is based on the resolution of demand and supply for labour, and it takes into account commuting between local areas within a region and across the regional boundary. The properties of the model are these:

- When unemployment is low, labour supply growth is the key determinant of growth.
- When unemployment is high, growth in demand for labour is the key determinant of growth.
- As unemployment decreases,
 - Labour supply growth becomes relatively more important
 - Growth in demand for labour becomes relatively less important
- An area's workplace employment growth depends on labour supply not only in the area but also
 - Labour supply growth in other local areas in the region from which it has historically drawn inward commuters.
 - Its historic share of incoming workers across the regional boundary.
- An area's residence-based employment growth depends on demand for labour not only in the area but also
 - Growth in demand for labour in other local areas in the region to which it has historically supplied commuters.
 - Its historic share of outgoing workers commuting across the regional boundary.
- Workplace based employment drives GVA growth.
- Residence based employment drives Income and, accordingly, spending growth.

The starting point is an estimate of the growth in the participation rate of those aged 16-64 and 65-plus in a local area. These are used to derive labour force growth.

In parallel, demand for labour is estimated. This is done at the industry level by linking job growth⁷ in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level. The effect of this is:

- Demand for jobs at the local level is fastest in those industries which are performing best at the regional level.
- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

The supply and demand for labour is then resolved in the following way:

- Total demand⁸ for jobs for each local area is converted into demand for workers according to the historic ratio between jobs and workers into that local area.
- The inflow and outflow of workers across the regional boundary is shared out between local areas according to their historic commuting patterns leading to an adjustment in
 - The remaining demand for labour for a local area (*inflow*)
 - The remaining available labour for a local area (*outflow*)
- Workplace demands for workers are converted into residence-based demands according to historic commuting patterns.
 - If unemployment is sufficiently high, these demands are satisfied out of the growth in the labour supply and the pool of available (unemployed) workers.
 - If unemployment is sufficiently low, these demands can only be satisfied out of the growth in the labour supply.
 - If unemployment is above its lower bound but not too high, a proportion of demands are satisfied out of the pool of available workers and the rest are satisfied out of the growth in the labour supply.
 - The model makes short-term adjustments in the labour supply in response to demand conditions to reflect the economic reality that
 - When demand is high, the participation rate rises as potential workers are drawn into the labour force by the relatively buoyant conditions;
 - When demand is low, the participation rate declines as disillusioned workers leave the labour force because of the poor job market conditions;
 - The unemployment rate, accordingly, behaves as expected.
- The satisfied residence supply for labour is converted back into workplace demands and workplace-based employment is calculated for each local area. This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

The consequence of this is that:

- Local areas with high demand may not see all demand satisfied if there is insufficient labour supply available to meet those needs. Job growth will, accordingly, be slower.
- Local areas with high labour supply may not see higher growth in residence employment if there is insufficient demand for labour to use it up.

GVA growth is then forecast based on growth in workplace-based employment according to equations, which link GVA growth to workplace-based employment. Income is forecast by component based on residence-based

⁷ Separately for employee jobs, self-employee jobs, government trainee jobs and Her Majesty's Forces.

⁸ i.e. all industries and job types aggregated.

employment (in the case of compensation for employees or self-employment), unemployment (in the case of benefits) and population in any other case. Spending depends on income by component.

4 Key changes since October 2025 RPS

The February 2026 RPS forecast is consistent with the Experian December 2025 UK macro forecast.

4.1 UK Economy

4.1.1 UK history

Since our March 2022 release, ONS have expanded their Supply and Use Tables (SUT) framework to current prices and previous year's prices. This not only reflects a wider range of annual surveys and administrative information for which estimates are based on, but also records the correct concept of GVA rather than turnover as a proxy indicator. At the industry level, the current price and volume relationship is now preserved, enabling new double deflated annual GVA volume estimates. There has been a modest revision to overall current price and volume GDP. However, there are larger revisions at the industry level such as stronger volume growth in the manufacturing sector. The telecommunication services deflator has also improved, resulting in higher gross value-added volume growth.

For more details on these changes, please see the [Impact of Blue Book 2021 changes on current price and volume estimates of gross domestic product](#) release by the ONS.

4.1.2 UK outlook – December 2025

Forecast locked 04.12.2025

UK economic activity showed signs of stagnation in Q3 2025, with GDP rising by just 0.1%, a further slowdown from the 0.3% rise registered in Q2. Since then, business sentiment and consumer confidence have remained weak, reflecting fears in the run-up to the Autumn Budget. While the Budget introduced a range of tax increases and structural changes, it also confirmed key measures such as maintaining the current corporation tax rate and implementing permanent business rates reform. These announcements provide businesses with greater clarity to plan future investment and operational decisions.

The 0.1% quarterly growth in GDP for Q3 2025 was led by an expansion in services (+0.2%) and construction (+0.1%) offset partially by a 0.5% decline in production. Annually, GDP rose by 1.3% in Q3 2025.

In October, the UK inflation rate eased 0.2pps to 3.6%, while core CPI slid to 3.4%. Goods and services inflation both eased from September to October. A smaller October increase in the Ofgem cap than last year was the main downward contributor, while food prices were the main offsetting upward contributor. Positively, inflation is expected to have peaked at 3.8% in the Autumn.

However, the UK labour market has weakened in the three months to September 2025, with the unemployment rate rising by 0.2pps to 5.0%, low by historical standards but above pre-pandemic levels. While economic inactivity remained at 21.0%, job vacancies edged up in the three months to October, rising by 2,000 to 723,000. However, this figure remains well below pre-pandemic levels, with declines recorded across half of all sectors.

The cooling labour market and a modest weakening in hiring intentions continue to reflect efforts to offset higher staffing costs following April's increases in employers' National Insurance contributions (NICs) and the uplift in the minimum wage. Wages continue to grow, with nominal regular earnings rising by 4.6% and total pay by 4.8% in the three months to September 2025. After adjusting for inflation, real earnings growth went up for

regular pay by just 0.5% and total pay by 0.7%, underscoring the effect of persistent cost-of-living pressures on purchasing power.

Amid a neutral to slightly positive financial market reaction to the Autumn Budget, easing inflation profile and weakening labour market, a Bank Rate cut in the December MPC vote is probable. Although further rate cuts thereafter will be limited and gradual.

Business sentiment weakened in November, with the UK S&P Flash Composite PMI falling to 50.5 from 52.2, signalling a slowing expansion in activity. The services PMI fell to 50.5 from 52.3 amid slowing input costs, while the manufacturing PMI rose to 50.3 from 49.7, pushing manufacturing into expansion territory for the first time in a year.

UK consumer confidence deteriorated slightly in November with all the sub-indices declining. The GfK headline index fell by two points to -19, with overall sentiment remaining negative. Expectations regarding personal finances over the year ahead eased by two points to +1. Respondents remain much more pessimistic regarding the economy, with the forward-looking measure falling by two points, to -32. Major purchase intentions fell by three points to -15, reflecting uncertainty and concern around the Autumn Budget.

February 2026 RPS forecast (2023 prices). Previous forecast, October 2025 RPS forecast (2022 prices), in grey.

UK	2021	2022	2023	2024	2025	2026	2027-31	2032-45
GDP	8.5%	5.1%	0.3%	1.1%	1.4%	1.0%	1.6%	1.8%
<i>growth</i>	8.6%	4.8%	0.4%	1.1%	1.4%	1.3%	1.6%	1.8%
Workforce Jobs	0.4%	2.4%	1.4%	1.0%	0.4%	0.8%	0.9%	0.6%
<i>growth</i>	0.4%	2.4%	1.4%	1.0%	1.0%	0.7%	0.9%	0.6%
Unemployment rate	4.5%	3.8%	4.0%	4.3%	4.8%	5.1%	4.5%	4.0%
	4.5%	3.8%	4.0%	4.3%	4.7%	4.9%	4.4%	4.0%
Real Income	1.5%	-2.4%	0.8%	4.4%	1.3%	0.5%	1.2%	2.1%
<i>growth</i>	1.3%	-1.9%	2.4%	4.2%	1.6%	0.3%	1.4%	2.1%
Spending Volumes	7.3%	7.6%	-0.4%	-0.2%	0.9%	1.0%	1.6%	1.8%
<i>growth</i>	7.2%	7.4%	0.5%	0.6%	0.9%	1.2%	1.6%	1.8%
House price	8.1%	9.3%	0.3%	0.8%	3.1%	2.1%	4.0%	4.0%
<i>growth</i>	8.1%	9.4%	0.3%	1.1%	3.1%	2.5%	4.0%	4.0%

4.1.2.1 Gross Domestic Product

Data from the ONS shows that UK GDP grew by 0.1% in Q3 2025, marking a further slowdown from 0.3% in Q2 and 0.7% in Q1. Growth remains modest, with services and construction providing small positive contributions, while production contracted sharply.

Services output rose by 0.2% in Q3, down from 0.4% in Q2. Business-facing services increased by 0.3%, whereas consumer-facing services fell by 0.1%. The strongest contributor was arts, entertainment and recreation, up 3.5%, driven by creative activities (+12.5%). Real estate (+0.3%) and public administration (+0.8%) also supported growth. However, professional, scientific and technical activities declined by 0.6%, and accommodation and food services fell by 0.4%.

Construction output edged up by 0.1% in Q3, a sharp deceleration from 1.0% in Q2. Repair and maintenance grew by 0.6%, led by private housing (+2.9%), while new work fell by 0.2%, mainly due to weakness in private housing new work (-1.9%).

Production output fell by 0.5% in Q3, following a 0.8% decline in Q2. Manufacturing dropped 0.8%, with transport equipment down 4.5% and motor vehicle output plunging 10.3%, partly due to a cyber incident and plant restructuring. Mining and quarrying fell 1.5%, while electricity and water supply posted small gains (+0.7% and +0.6%, respectively). Compared with Q3 2024, production is 0.9% lower.

Monthly data underlines the weakness. GDP fell by 0.1% in September, following flat growth in August and a 0.1% fall in July. Production slumped 2.0% in September, its largest monthly drop since January 2021, while services and construction both grew by 0.2%.

At its 6th November meeting, the Bank of England's Monetary Policy Committee (MPC) voted 5–4 to keep the Bank Rate at 4.0%. Looking ahead to its 18th December meeting, markets expect a rate cut as weakening pay and economic growth are weighed against current above target inflation.

Meanwhile, UK gilt yields have eased somewhat since our last edition, with the 10-year benchmark falling to around 4.4%, its lowest level since July. The move reflects growing expectations of earlier monetary easing, reinforced by dovish Bank of England signals and softer-than-anticipated inflation data. Global risk aversion has further supported demand for safe assets, while fiscal tightening measures announced in the Autumn Budget have helped offset concerns about sticky price pressures and a widening public deficit.

Lower gilt yields reduce funding costs for lenders, which could translate into more competitive mortgage rates. This may provide some support to housing demand and construction activity, although the extent will depend on broader economic conditions and policy signals.

Amidst inflationary pressures, weak wage growth and international instability, we have revised our GDP growth forecast for 2025 down slightly to 1.4%. We expect growth to slow to 1.0% in 2026 as real income increases are squeezed, before a strengthening to 1.5% in 2027. The forecast in the mid-term has been revised down to reflect the impact of the income tax band freeze extension and salary sacrifice scheme taxation on household budgets and business investment.

4.1.2.2 Labour Market

According to the latest figures from the ONS, the UK labour market continued to weaken in the three months to September 2025. During this period, the UK unemployment rate (aged 16 and over) rose by 0.2 percentage points to 5.0%. This is higher than the pre-pandemic rate but remains relatively low by historical standards.

The employment rate fell to 75.0%, marking a 0.1 percentage point decline from the previous quarter and a 0.1 percentage point increase compared with a year earlier. Economic inactivity was recorded at 21.0%, unchanged on the quarter and slightly lower than a year ago.

UK job vacancies were broadly stable on the quarter, with a small increase of 2,000 to 723,000 in the August to October 2025 period, with declines in half of the 18 industry sectors. Vacancies are now 72,000 (9.1%) below the pre-pandemic January to March 2020 level.

A weakening in hiring intentions, together with a sustained rise in unemployment, was driven partly by business concerns surrounding the Autumn Budget. With a large minimum wage and tax increase announced at the Budget, businesses can expect continued challenges to their hiring intentions in the months and years ahead.

We maintain our unemployment rate forecast of 4.8% for 2025 and a higher 5.1% in 2026, with a slight easing to 5.0% in 2027 as interest rate changes take effect.

While the labour market weakens, wage growth remains positive but has moderated. In the July to September 2025 period, annual nominal wage growth in average weekly earnings fell to 4.8% for total pay, down from 5.0% in the previous quarter. Regular pay growth (excluding bonuses) eased to 4.6%, compared with 4.7% in the preceding period. Adjusted for inflation, real wage growth was 0.7% for total pay and 0.5% for regular pay.

Across sectors, public sector pay growth accelerated to 6.6%, while private sector pay growth slowed to 4.2%. The highest wage growth after the public sector was recorded in wholesaling, retailing, hotels and restaurants, whereas finance and business services continued to see the weakest growth.

The rise in employers' NICs payments from 6 April is likely to continue dampening pay growth in the short term as businesses strive to offset increased costs. The lowest-paid workers continue to see strong real wage growth following the rise in national minimum and living wages but could also face higher job losses, given the disproportionate increase in costs experienced by businesses in lower-paying sectors following the NICs change. Meanwhile, middle to higher-income earners will continue to experience squeezed pay growth. Real household disposable income growth is projected to ease to 1.3% in 2025 and 0.5% in 2026.

4.1.2.3 Consumer Price Inflation

The Consumer Prices Index (CPI) 12-month rate eased to 3.6% in October, down from 3.8% in September. The core CPI rate, which excludes energy, food, alcohol and tobacco, also fell slightly to 3.4%, compared with 3.5% in September. Goods inflation declined to 2.6% from 2.9%, while services inflation moderated to 4.5% from 4.7%.

The largest downward contribution to the change in the annual CPI rate came from housing and household services, reflecting lower increases in gas and electricity prices following the October Ofgem price cap adjustment. The main offsetting upward contribution came from food and non-alcoholic beverages, where the annual rate rose to 4.9%, up from 4.5% in September. Transport prices increased by 3.8% in the year to October, unchanged from September, with upward effects from motor fuels and downward effects from air fares.

Inflation is likely to have peaked. In the following months, inflation is projected to ease, closing in on the Bank of England's 2% target by mid-2026.

This anticipated easing is supported by a weakening labour market. Nominal total pay growth slowed to 4.8% in the year to July–September, down from 5.0% in the previous rolling quarter and well below the mid-2023 peak of 8.4%. Regular pay growth (excluding bonuses) stood at 4.6%. In real terms, adjusted for CPIH, total pay grew by 0.7% and regular pay by 0.5%.

Job vacancies were broadly unchanged on the quarter, with early estimates suggesting 723,000 vacancies in August–October, still significantly below pre-pandemic levels. The unemployment rate rose to 5.0% in the three months to September, compared with 4.8% in the previous quarter, while the employment rate for those aged 16 to 64 fell slightly to 75.0%.

Inflationary pressures from goods prices are expected to ease going into next year. Our baseline scenario assumes oil prices will remain volatile around a flat trend, although there remain clear upside risks linked to conflict in the Middle East.

Balancing a weakening labour market, slowing pay growth and subdued output expansion against above-target inflation, we continue to expect a further easing in monetary policy. The base rate is now expected to be cut in December 2025, with further cuts expected in 2026.

4.1.2.4 Trade

The UK's trade deficit widened by £2.8bn to £5.6bn in the three months to September 2025. A larger goods deficit outweighed gains in services, despite a slight increase in the services surplus.

The goods deficit rose by £3.0bn to £59.6bn. Goods exports fell by £0.7bn (0.7%) while imports increased by £2.3bn (1.5%). Exports to non-EU countries declined by £0.7bn (1.5%) whereas exports to the EU were broadly unchanged. Imports from the EU rose by £1.3bn (1.6%) and imports from non-EU countries increased by £1.0bn (1.5%).

The services surplus grew by £0.2bn to £54.0bn, supported by a £0.3bn (0.2%) rise in exports, while imports edged up by £0.1bn (0.1%). Monthly data for September show goods exports fell by £1.7bn (5.5%) and imports decreased by £1.0bn (2.0%). Exports to non-EU countries dropped by £1.3bn (8.0%) and exports to the EU fell by £0.4bn (2.7%). Imports from the EU declined by £0.9bn (3.3%) and imports from non-EU countries slipped by £0.1bn (0.5%).

Exports of goods to the United States fell sharply by £0.5bn (11.4%) in September to their lowest level since January 2022. This was driven by reduced car exports and lower chemical shipments. Imports from the US rose by £0.2bn (5.3%), mainly due to higher fuel and chemical imports. The UK–US tariff agreement introduced in June continues to provide limited relief, as most UK exports remain subject to the 10% blanket tariff imposed in April.

Global trade tensions remain a significant risk to the UK outlook. Amid a volatile trade environment and continued tariffs imposed on goods imported to the United States, the potential for retaliation in trade around the world persists. Higher input costs could squeeze margins and prolong production delays, particularly in automotive, electronics and machinery sectors.

These pressures risk feeding through to UK export prices, reducing competitiveness in global markets. More broadly, rising protectionism and retaliatory measures threaten to weaken global demand, constrain investment flows and weigh on UK growth prospects.

4.1.2.5 Public finances

UK government borrowing totalled £17.4bn in October, £3.0bn above the Office for Budget Responsibility (OBR) March 2025 forecast. This was the third-highest October borrowing since monthly records began in 1993, after those of 2024 and 2020. The net debt-to-GDP ratio was provisionally estimated at 94.5% at the end of October 2025, 0.2 percentage points lower than a year earlier, though still at historically high levels.

Borrowing in the financial year to October 2025 reached £116.8bn, £9.0bn (8.4%) more than the same period in 2024 and £9.9bn above the OBR forecast of £106.9bn. This was the second-highest April-to-October

borrowing on record, excluding only the 2020 pandemic period. Within this, the current budget deficit was £83.9bn, up £7.4bn annually, while public sector net investment rose by £1.6bn to £32.9bn.

Central government net investment in October was £12.1bn, £0.3bn lower than a year earlier. The interest payable on central government debt was £8.4bn, down £0.9bn from October 2024, including £2.6bn of capital uplift linked to movements in the Retail Prices Index (RPI).

Central government's current receipts in the financial year to October were £609.6bn, £42.5bn higher than a year ago. Tax receipts contributed £24.3bn of this increase, including £12.8bn more from Income Tax, £4.9bn from VAT and £3.6bn from Corporation Tax.

Current expenditure was provisionally estimated at £649.9bn, £51.2bn higher than the same period a year ago. Departmental spending on goods and services rose by £21.4bn to £267.8bn, driven by pay awards and inflation. Interest payable on debt increased by £13.3bn to £67.7bn, largely reflecting index-linked gilts that fluctuate with RPI movements. Net social benefits rose by £11.5bn to £190.4bn, while payments to support the day-to-day running of local government increased by £1.7bn to £89.6bn.

4.1.2.6 Upside Risks

Ukraine-Russia peace deal:

The end of the conflict and the possible lifting of curbs on Russian gas and oil exports to Europe remains the most significant upside risk to the forecast. This would provide renewed downward pressure on inflation and allow interest rates to drop back more swiftly.

Labour force:

The inactivity rate has moderated in recent quarters, though remains higher than the pre-pandemic rate. 'Back to work' policies and an easing in long-term sickness could see the labour force expand more quickly than projected, buoying growth in the medium to long term. Government plans to reduce the NHS waiting-list backlog could help.

New trade deals:

The recently announced deals on trade with the US, India and the EU are encouraging, though will have a negligible impact on growth. The former leaves tariffs on imports of UK goods at a higher rate than when the latest US Presidency began. A broadening in the EU deal which was limited in its coverage represents a significant upside risk.

Savings ratio:

The savings ratio dropped back slightly in Q1 2025, but increased once more in Q2, having trended up since mid-2022. If consumer confidence improves against a backdrop of easing inflation and interest rates, this could support a strengthening in consumer spending as savings are deployed.

Monetary Policy:

Bank of England rate setters are treading a line between tackling above-target inflation and offering support for a weak economy. A swifter easing of interest rates than in the base case would support output expansion.

4.1.2.7 Downside Risks

Conflict reignition:

The Gaza ceasefire remains fragile. A key downside risk to the UK economy, should the conflict reignite, is that one or more major oil-producing nations could reduce supply as a political response. This would drive up global oil prices and trigger renewed inflationary pressures domestically.

Trump Tariffs:

Escalating trade tensions globally remain a significant downside risk to the UK economic outlook. At the time of writing, an agreement has been reached to reduce tariffs on US imports from China from 57% to 47%, but the possibility of future retaliation persists. Higher input costs could squeeze margins and prolong production delays, particularly in sectors such as automotive, electronics, and machinery.

Fiscal tightening:

Gilt yields remain elevated, raising the cost of servicing government debt. While tax rises announced in the Autumn Budget show a widening in the fiscal headroom to £22bn, these are backloaded, while spending increases are frontloaded. A renewed rise in the gilt yield could result in further tax rises, or spending cuts, damaging growth.

Autumn Budget fiscal drag:

The extension of the income tax and National Insurance threshold freeze until 2031, combined with new measures such as the EV pay-per-mile tax and the cap on NI relief for salary sacrifice pensions, could weigh on household disposable incomes and business costs. This raises the risk of weaker consumer spending and investment over the medium term, amplifying downside pressure on GDP growth.

4.1.3 UK latest outlook – February 2026

Forecast locked 24.02.2026

UK economic activity showed modest resilience through the Autumn with GDP rising 0.1% in Q4 2025, supported by steady services growth and a rebound in manufacturing. Business sentiment and consumer confidence remain subdued, though are showing signs of improvement as monetary policy is expected to ease further in 2026.

Office for National Statistics (ONS) data showed a 0.1% increase in GDP in Q4 2025, driven by a 1.2% rise in production output. This was offset by a steep 2.1% fall in construction output, which has continued its pattern of slowing growth since May and posted its weakest reading since March 2023. Services, meanwhile, showed no growth in Q4. Putting together the Q4 growth figure with 0.7% growth in Q1, 0.2% in Q2 and 0.1% in Q3, GDP is estimated to have grown by 1.3% in 2025.

Meanwhile, CPI inflation was recorded at 3.0% in January, marking a 0.4pp decrease on December, with core CPI falling 0.1pps to 3.1%. January's fall in inflation reflected a large decline in goods inflation, dropping 0.6pps to 1.6%, while services inflation remained high at 4.4% (falling just 0.1pp). Transport prices, which grew by 2.7% in the year to January (down 1.3pps from December) was the main downward contributor to inflation in January, reflecting lower fuel prices at petrol stations. Inflation is believed to have peaked in Autumn 2025 at 3.8% and is expected to return to the Bank of England's 2% target in the summer. Although inflation is on a downward trajectory, it remains above target, suggesting that any further monetary easing is likely to proceed cautiously.

The UK labour market weakened in the three months to December 2025, with the unemployment rate rising by 0.1pps from the previous rolling three-month period to 5.2%. While low by historical standards, unemployment remains above pre-pandemic levels. Economic inactivity remained stable at 20.8%, while job vacancies

increased by 2,000 (0.3%) in the three months to January 2026 and appear to be broadly flat in the last 6 consecutive rolling three-month periods.

Despite stabilising in recent months, hiring intentions remain weak and below pre-pandemic levels, reflecting continued employer caution. Hiring momentum had already softened through 2024 amid weaker demand and tighter financial conditions, while cost pressures since April 2025, including a rise in employers' National Insurance contributions (NICs), reinforced this hiring restraint to offset staffing costs. Looking ahead, the prospect of further National Living Wage increases from April 2026 is likely to weigh particularly on labour-intensive services. Pay growth between the public and private sectors has also continued to diverge, at 7.2% and 3.4% respectively in November, with the latter posing the weakest growth since the pandemic.

Positively, business sentiment strengthened in February, the flash UK PMI points to private-sector activity growing at its fastest pace since April 2024, displaying a reading of 53.9 (where a reading above 50 indicates expansion and a reading below 50 indicates contraction). Manufacturing strengthened and services remained broadly stable on the month, supporting broader momentum, although job losses persist and cost pressures have picked up. Conversely, construction continues to contract despite improved outlooks.

UK consumer confidence remained broadly stable in January. The GfK headline index rose by one point, but sentiment remained negative, at -16. Expectations for the general economic outlook fell by two points to -31, while views on personal finances over the next year improved to -3, up three points from December though still in negative territory.

4.2 Regional Forecast

In addition to changes in the UK history, which our regional data is constrained to, changes in the regional history can be traced back to the latest quarterly data (October 2025 RPS endpoint in brackets):

- Regional Workforce Jobs – 2025 Q2 (2025 Q1)
- ILO Data – 2025 Q2 (2025 Q1)
- Business Register and Employment Survey (BRES) – 2023 (2023)
- Annual Survey of Hours and Earnings (ASHE) – 2025 (2024)

Also note that the historical processing and forecasting have been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

February 2026 RPS forecast. Previous forecast (October 2025) in grey.

Regional forecast 2025-45	EM	ET	GL	NE	NI	NW	SC	SE	SW	WA	WM	YH
GVA	1.6%	1.8%	2.0%	1.3%	1.2%	1.4%	1.3%	1.9%	1.7%	1.4%	1.5%	1.5%
<i>growth</i>	1.6%	1.8%	2.1%	1.3%	1.2%	1.5%	1.3%	1.9%	1.8%	1.4%	1.5%	1.5%
Workforce Jobs	0.8%	0.7%	1.0%	0.5%	0.3%	0.5%	0.2%	0.8%	0.8%	0.4%	0.6%	0.5%
<i>growth</i>	0.8%	0.7%	1.0%	0.5%	0.3%	0.5%	0.2%	0.9%	0.8%	0.4%	0.6%	0.5%
Unemployment rate	4.1%	3.6%	5.3%	5.6%	3.3%	4.8%	3.8%	3.4%	3.1%	4.1%	4.9%	4.5%
	4.1%	3.6%	5.2%	5.5%	3.4%	4.8%	3.8%	3.4%	3.1%	4.1%	4.8%	4.4%
Real income	1.7%	2.2%	2.1%	1.1%	1.6%	1.4%	1.4%	2.1%	1.8%	1.4%	1.5%	1.5%
<i>growth</i>	1.6%	2.1%	2.1%	1.2%	1.6%	1.4%	1.5%	2.1%	1.8%	1.4%	1.5%	1.5%
Spending volumes	1.6%	1.9%	1.9%	1.2%	1.6%	1.6%	1.3%	1.9%	1.5%	1.2%	1.5%	1.5%
<i>growth</i>	1.6%	1.9%	1.9%	1.2%	1.6%	1.6%	1.3%	1.9%	1.5%	1.2%	1.6%	1.5%
House price	3.9%	3.9%	3.7%	3.9%	4.0%	4.0%	3.9%	4.1%	4.0%	3.7%	3.8%	3.6%
<i>growth</i>	3.9%	4.0%	3.9%	4.0%	3.9%	3.9%	3.9%	4.2%	4.0%	3.7%	3.7%	3.6%

4.3 Local Forecast

In addition to revisions at the regional and the UK level to which our local data is constrained to, changes to the local history can be traced back to the following new quarterly data (June 2025 RPS endpoint in brackets):

- APS/LFS data for – 2025 Q2 (2025 Q1)
- Business Register and Employment Survey (BRES) – 2023 (2023)
- Annual Survey of Hours and Earnings (ASHE) – 2025 (2024)

Also note, that the historical processing and forecasting has been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

For more information about how the history is constructed refer to section [3.2.1](#) for regions and section [3.3.1](#) for local authorities.

4.4 Population

Population data has been updated to include the mid-2023 population estimates. Population projections beyond 2023 for Scotland, Wales and Northern Ireland are based on the 2022-based national population projections (NPP) published by the Office for National Statistics (ONS). For England and the regional division of England we have used the most recent publication of the 2022-based sub-national population projections (SNPP). Due to the revision in the figures for England between the two releases, the UK population figures from the NPP were revised to reflect the numbers for Scotland, Wales and Northern Ireland from the 2022 NPP and the England figures as per the 2022 SNPP.

Compared to the 2018-based national projections, the ONS now anticipates considerably stronger population growth except in Northern Ireland. Over the next 10 years, births are expected to fall below deaths across the board. However, positive net migration will boost population numbers in Scotland and Wales, and especially in England. In contrast, net migration in Northern Ireland is projected to be much weaker, albeit still positive, and the total population is expected to begin declining from 2034 onwards.

We publish the following breakdown of population: school age (ages 0-15), state working age, state retirement age, adult population (16 and over) and total. Beginning in the March 2015 RPS, we also publish both the population aged 16-64 and 65 and over. Although their respective participation rates are not published, they can be derived. Our overall participation rate is based on a ratio of the total labour force to the entire adult population (not only the working age population).

5 A note from the ONS on volatility

A change in methodology behind the ONS employment surveys has produced widespread volatility in the historical data, particularly from 2010.

The following is an explanation directly from the ONS, please see [section 3](#) for more information on how we deal with volatility in the official data:

“A fundamental redevelopment of Workforce Jobs sources, classifications, methods and systems was recently undertaken and is explained clearly in the article ‘Revisions to Workforce Jobs’ (Barford 2010). One of the key changes highlighted in this article was the replacement of a matched-pairs estimator with a point-in-time ratio estimator, ONS’s standard method. This change was aimed at removing the bias caused by the matched-pairs method. A matched-pairs method tends to underestimate change over time, as it excludes the births and deaths of businesses in the sample. In essence, only those businesses sampled in two consecutive periods are used to produce estimates of change. This bias used to cause large revisions when the short-term employment surveys series were benchmarked retrospectively to Business Register Employment Survey (BRES) estimates. BRES is an annual survey which selects a larger sample and also uses a point-in-time ratio estimator. The point-in-time estimator includes all sampled businesses in each and every period, which reduces the bias over-time. The trade-off is an increase in volatility caused by the inclusion of the rotated part of the sample for small and medium sized businesses. Sample rotation spreads the administrative burden; ensuring businesses are selected for a limited number of periods.

Unfortunately, the volatility of regional estimates at an industry level has been far greater than anyone anticipated and in general has been met unfavourably by users, particularly those that are interested in regional data. There are a number of instances, for example, whereby businesses have been ‘rotated in’ to a particular region and served to distort the level of jobs for a particular industry, usually for a period of 5 quarters, which is the time a rotated business remains in the sample of the STES.”

Regional employment is the most timely and only source of quarterly data at this level of geography and is used to derive the quarterly profile of other variables in our regional models. Therefore, this volatility is reflected in output as well as employment. Please see [section 3](#) for more information on how we deal with volatility in the official data.

Appendix A...Glossary of terms

Glossary of terms

Gross Domestic Product (GDP) Total work done in an economy in a period measured in one of three ways:

- Output Measure: Output of all goods and services less inputs
- Income Measure: Income earned by all parts of the economy
- Demand Measure: Demand for goods and services comprised of
 - Expenditure by Households, NPISH and Government
 - Investment (Gross Fixed Capital Formation) by business and Government
 - Changes in Inventories and Acquisitions less disposals of valuables
 - Exports less imports

GDP is measured in market prices: this means that the prices used to convert output of goods and services into money include taxes and subsidies by the government. Distributors' margins are credited to the industry producing the goods and services not to the distribution industry.

Gross Value Added (GVA) GVA is identical to GDP except that it is measured in basic prices. These prices do not include taxes and subsidies imposed by the government. Distributors' margins are credited to the distribution industry. GVA for an industry is described by either of the following identities:

- GVA is identical to output of the industry less inputs of the industry
- GVA is identical to the sum of
 - Compensation of Employees in the industry
 - Gross Operating Surplus (i.e. profit) earned by capital in the industry

When looking at GVA for an industry, it is important to realise that it only includes the output of that industry (i.e. the value added by that industry.) For example, retailing GVA only includes the value added by retailers (e.g. customer service etc).

GVA in the RPS is measured by the place where the work is done (workplace based) and not where the worker resides.

Current Price / Chain Volume Measure (CVM) Data where the unit of measurement is money are available either in Current Price (or Nominal) terms or CVM (or Real) terms. The distinction is important because the buying power of money changes over time. For current price data, no adjustment is made for this fact. CVM data adjusts all figures in a time series to be consistent with the buying power of money in a given year (the reference year). Current Price data, thus, measures values while CVM data measures volumes. For example, Current Price GDP is the money value of production in a given period while CVM GDP is the amount of production. For years before the reference year, CVM data is not additive (thus the sum of GVA for all sectors will not equal total GVA.) In all other years, CVM data is additive.

Productivity A measure of efficiency calculated by estimating output per unit of input

Workforce Jobs A count of the total number of jobs in the UK, a region or industry. It is comprised of

- Employee Jobs: The number of jobs where the occupant is an employee.
- Self-employee Jobs: The number of jobs where the occupant is self-employed
- Government-Sponsored Trainees: The number of jobs where the occupant is on a government training scheme.

- Her Majesty's Forces: The number of jobs in the armed forces (part of Public Administration & Defence).

Workforce jobs and all its components count jobs and not people. This means that where a person has two or more jobs they are counted once for each job that they have. This can be contrasted with the ILO employment measures. Another consequence of counting jobs is that Workforce Jobs is based on the place of work not the residence of the worker

Full Time Equivalent Employment: Our definition is based on total hours worked and is as follows:

$$\text{FTE} = (\text{HOURS}) \text{ divided by } (37.8 \times 13)$$

Here a constant yardstick of full-time employment for all industries, regions and industry-region based on thirteen working weeks in a quarter at 37.8 hours a week. 37.8 hours is the average hours worked by a full-time worker in the UK between 1990 and 2009.

ILO Employment The International Labour Organisation (ILO) provides an international standard method of measuring employment. In the UK this is implemented by means of a survey known as the Labour Force Survey (LFS) or Annual Population Survey (APS). It is a people count based on the main job that a person has. Employment comprises:

- Employees: People whose main job is as an employee.
- Self-employed: People whose main job is as a self-employed person.
- Government-Sponsored Trainees: People whose main job is on a government training scheme.
- Unpaid Family Workers: People whose main job is as an unpaid worker in a business owned by their own family.

There are two measures:

- Residence based, which depends on the place of residence of the worker (irrespective of where they work.)
- Workplace based, which depends on the place of work of the worker (irrespective of where they reside.)

The ILO Employment reported is based on the entire population in work ages 16+.

ILO Unemployment The International Labour Organisation (ILO) definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.

ILO unemployment is only available on a place of residence basis and is based on the entire unemployed population ages 16+.

Labour Force / Economically Active The sum of ILO Unemployment and ILO Employment. That is all people who are in work or who are looking for a work. A person who is in the labour force is said to be Economically Active.

The Labour Force includes the entire Economically Active population ages 16+.

Economically Inactive A person who is not economically active. The principal categories are retirees, students, children, long-term sick or disabled, homemakers and carers. This does not include school-aged people.

Claimant Count Unemployment Measures the number of people who are claiming Jobseekers' Allowance (JSA). This is always less than ILO Unemployment because not everyone who is ILO unemployed is eligible to claim JSA and not all who are eligible claim. Particular important cases are:

- People whose partners work more than 16 hours a week – they cannot claim JSA but may be ILO unemployed.
- People who are past state retirement age – they cannot claim JSA but may be ILO unemployed.

Extra Region In addition to the 9 English regions and the nations of Scotland, Wales and Northern Ireland, the UK's economic boundary includes the continental shelf and UK government operations abroad (i.e. embassies and HMF abroad). The ONS does not assign income or GVA attributable to these sources to any region or nation. Therefore, the sum of regional Income or GVA does not equal the UK. This also impacts on two industries Extraction & Mining and Public Administration & Defence.

School Age Population Population aged 0-15.

Working Age Population Population above the age of 15 but below the current state retirement age for their gender.

Retirement Age Population The population above state retirement age. The precise retirement date depends on date of birth and, for those born before 6th November 1953, on gender. At present, there is a phased equalisation in progress. After 6th November 2018, both men and women will retire at 65. This will rise to 66 between 6th March 2019 and 6th September 2020 and 67 between 6th April 2026 and 6th March 2027. Our forecasts take account of these changes to retirement legislation.

Adult (16+) Population Number of all people aged 16 and above.

Household Consumer Spending The accounts relate to consumption expenditure by UK resident households, either in the UK or the rest of the world. Spending by non-residents in the UK is excluded from the total

Household consumption includes goods and services received by households as income in kind, in lieu of cash, imputed rent for the provision of owner-occupied housing services and consumption of own production

For national accounting purposes, households are individuals or groups of people sharing living accommodation

Household Disposable Income Household disposable income is the total payment to households (from wages, interest, property income and dividends) less taxes, social security, council payments and interest

Cost of living index Regional consumer spending deflator. Gives an indication of how the value of consumer spending has grown in comparison to the volume.

NUTS (Nomenclature of Territorial Units for Statistics) A European Union standard for classifying the subdivisions of member states. In the case of the UK, the English regions and the three nations are classified as NUTS1. The next level – NUTS2 – typically consists of aggregations of local authorities in the same region. The level below that, NUTS3 consists either of single local authorities or a small aggregation of local authorities in the same NUTS2. In Scotland, some local authorities are divided between NUTS3. NUTS4 and NUTS5 also exist but are not used in the RPS.

Appendix B...Sector definitions

Sector definitions

Experian 38-sector	SIC-2007 division	Falls within Experian 12-sector
Agriculture, Forestry & Fishing	01 Crop and animal production, hunting and related service activities	Agriculture, Forestry & Fishing
	02 Forestry and logging	
	03 Fishing and aquaculture	
Extraction & Mining	06 Extraction of crude petroleum and natural gas	Extraction & Mining
	05 Mining of coal and lignite	
	07 Mining of metal ores	
	08 Other mining and quarrying	
	09 Mining support service activities	
Food, Drink & Tobacco	10 Manufacture of food products	Manufacturing
	11 Manufacture of beverages	
	12 Manufacture of tobacco products	
Textiles & Clothing	13 Manufacture of textiles	
	14 Manufacture of wearing apparel	
	15 Manufacture of leather and related products	
Wood & Paper	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	
	17 Manufacture of paper and paper products	
Printing and Reproduction of Recorded Media	18 Printing and reproduction of recorded media	
Fuel Refining	19 Manufacture of coke and refined petroleum products	
Chemicals	20 Manufacture of chemicals and chemical products	
Pharmaceuticals	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Rubber, Plastic and Other Non-Metallic Mineral Products	22 Manufacture of rubber and plastic products	
	23 Manufacture of other non-metallic mineral products	
Metal Products	24 Manufacture of basic metals	
	25 Manufacture of fabricated metal products, except machinery and equipment	
Computer & Electronic Products	26 Manufacture of computer, electronic and optical products	
	27 Manufacture of electrical equipment	
Machinery & Equipment	28 Manufacture of machinery and equipment n.e.c.	
Transport Equipment	29 Manufacture of motor vehicles, trailers, and semi-trailers	
	30 Manufacture of other transport equipment	
Other Manufacturing	31 Manufacture of furniture	
	32 Other manufacturing	

	33 Repair and installation of machinery and equipment	
Utilities	35 Electricity, gas, steam, and air conditioning supply	Utilities
	36 Water collection, treatment, and supply	
	37 Sewerage	
	38 Waste collection, treatment, and disposal activities; materials recovery	
	39 Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the clean-up of contaminated buildings and sites, soil, surface, or ground water.	
Construction of Buildings	41 Construction of buildings	Construction
Civil Engineering	42 Civil engineering	
Specialised Construction Activities	43 Specialised construction activities	
Wholesale	45 Wholesale and retail trade and repair of motor vehicles and motorcycles	Wholesale & Retail
	46 Wholesale trade, except of motor vehicles and motorcycles	
Retail	47 Retail trade, except of motor vehicles and motorcycles	
Land Transport, Storage & Post	49 Land transport and transport via pipelines	Transport & Storage
	52 Warehousing and support activities for transportation	
	53 Postal and courier activities	
Air & Water Transport	50 Water transport	
	51 Air transport	
Accommodation & Food Services	55 Accommodation	Accommodation, Food Services & Recreation
	56 Food and beverage service activities	
Recreation	90 Creative, arts and entertainment activities	
	91 Libraries, archives, museums, and other cultural activities	
	92 Gambling and betting activities	
	93 Sports activities and amusement and recreation activities	
Media Activities	58 Publishing activities	Information & communication
	59 Motion picture, video and television programme production, sound recording and music publishing activities	
	60 Programming and broadcasting activities	
Telecoms	61 Telecommunications	
Computing & Information Services	62 Computer programming, consultancy, and related activities	
	63 Information service activities	
Finance	64 Financial service activities, except insurance and pension funding	Finance & Insurance
	66 Activities auxiliary to financial services and insurance activities	
Insurance & Pensions	65 Insurance, reinsurance, and pension funding, except compulsory social security	

Real Estate	68 Real estate activities	Professional & Other Private Services
Professional Services	69 Legal and accounting activities	
	70 Activities of head offices; management consultancy activities	
	71 Architectural and engineering activities; technical testing and analysis	
	72 Scientific research and development	
	73 Advertising and market research	
	74 Other professional, scientific, and technical activities	
	75 Veterinary activities	
Administrative & Supportive Service Activities	77 Rental and leasing activities	
	78 Employment activities	
	79 Travel agency, tour operator and other reservation service and related activities	
	80 Security and investigation activities	
	81 Services to buildings and landscape activities	
	82 Office administrative, office support and other business support activities	
Other Private Services	94 Activities of membership organisations	
	95 Repair of computers and personal and household goods	
	96 Other personal service activities	
	97 Activities of households as employers of domestic personnel	
	98 Undifferentiated goods- and services-producing activities of private households for own use	
Public Administration & Defence	84 Public administration and defence; compulsory social security	Public Services
	99 Activities of extraterritorial organisations and bodies	
Education	85 Education	
Health	86 Human health activities	
Residential Care & Social Work	87 Residential care activities	
	88 Social work activities without accommodation	

Appendix C...Geography definitions

We forecast at the following geographic breakdowns:

- UK
- Regions (12)
- Counties (64)
- Local authorities, post-2023 boundaries (317+33 London boroughs)

Appendix D...FAQ's

- Why does Experian's history for variable x differ from another source / raw survey data?

There are several possible reasons.

- The first is a vintage mismatch. The ONS frequently revises its economic data in order to take account of new information or improved methodology. The date at which Experian has taken data for the current RPS is given in the body of this guide. Another source may have used earlier or later data.
 - The second relates to data processing. As explained in the body of this guide, it is sometimes necessary at the regional level and (particularly) at the local level to process or construct data. Our approach to doing this is explained in the body of this guide. We apply consistent methodologies to process the data. Other sources may carry this out in different ways. When compared against the raw source, our data may differ because, for example:
 - It has been constrained to other sources.
 - It has been converted into CVM data or quarterly data.
 - It has been made consistent with other data or a later vintage of data.
 - The third relates to raw survey data. Raw survey data is often volatile and does not consider information outside the survey. Official statistics and our data are constructed from the raw survey data to take into account volatility, sampling issues and all available data sources.
- Why does Experian's job history differ from the *ABI* or *BRES*?
 - The ABI/BRES are surveys taken from a particular year; they are not updated.
 - ABI/BRES is a source for ONS' workforce jobs, but it is not the only source.
 - BRES does not include government supported trainees, HM forces jobs and every self-employed small business. As a result, BRES's employment numbers (mainly consisting of total employees and working owners e.g. sole traders) would be lower than the ONS's workforce jobs.
 - Experian's workforce job history is designed to be consistent with the latest available ONS workforce jobs estimates, which includes a broad range of jobs (i.e. employee jobs, self-employment jobs, government supported trainees and HM forces).
 - Raw survey is often incomplete and suffers from sampling variability, which does not represent true volatility in the underlying population data. This must be removed to ensure high quality data.
 - How often are data updated?
 - We always use the latest available data at the cut-off date for history.
 - New GVA data is available from the ONS
 - At the UK Level, three times a quarter.
 - At the Regional and Local level, annually (normally in December.)
 - New Expenditure data is available from the ONS at the UK level twice a quarter.
 - New LFS Employment data is available from the ONS once a quarter.
 - New Workforce Jobs data is available from the ONS once a quarter.
 - New BRES is published once a year (normally in December.)
 - New Income data is available from the ONS
 - At the UK level, once a quarter.
 - At the Regional and Local level, once a year (normally in April.)
 - Population projections are published once every two years.
 - New mid-year population estimates are published annually.
 - New LCFS is published annually.

- How do revisions to historical data affect your history and forecasts?
 - As explained above, we always take into account the latest historical data.
 - The monthly UK macro forecast is updated after each ONS revision of GDP for a quarter.
 - The RPS is based on a particular UK macro forecast and includes the latest available regional and local data.
 - Forecasts are updated to be consistent with the latest historical data. While this will typically only affect the short-to-medium term, there are times when the long-run is necessarily affected. This will usually be when there has been a substantial revision to history.
- How are past growth trends captured in the forecasts?
 - All our models are econometric models.
 - An econometric model is a model estimated on historical data.
 - The coefficients (i.e. interactions) in the model embed historical relationships between variables and historical growth rates in a variable.
 - Where we believe that the forecast relationships may differ from history, we make appropriate adjustments to the forecast. This may be the case, for example, where an area has been substantially redeveloped in recent years.
- How are industry/regional/local developments and policies reflected in forecasts?
 - If past developments and policies are reflected in model inputs (for example population) or in history, then they will be automatically captured by the model.
 - Our forecasts are policy-neutral in the sense that in our baseline assumes that sufficient projects, infrastructure, jobs etc. will be provided to meet the needs of the population in the long term. Thus although the project may not be explicitly included, an assumption that a project of its nature may have been included in the baseline.
 - It is important to realise that many developments or policies may not be sufficiently large enough to affect growth rates or may be implicitly included in the forecast from a higher level of aggregation.
 - We are able to make appropriate adjustments to the forecast to take into account certain large projects.
 - At the industry level we can consider announced developments in that industry which are large enough to affect the growth in the industry at the national, regional, or local level (as the case may be).
 - At the regional and local, we have considered announced developments or policies which are large enough to affect growth at the regional or local level. The local model, in particular, has the facility to take into account the impact of additional population or jobs in a particular area.
 - The final forecast will show the net effect of the adjustment, after the effects of population constraints, job cannibalisation, commuting patterns etc.
- How does population relate to the employment forecasts?
 - This is discussed in detail in the methodology section above for the regions and the locals.
 - It is important to remember that employment is forecast on both a residence and workplace basis.
 - Residence based employment depends on local population (labour supply) growth but also on demand for work throughout the region and across the regional boundary.
 - Workplace based employment depends on labour supply throughout the region and across the regional boundary.

- What is working age?
 - The definition of working age used based on the state pension age.
 - As the state pension age for men and women changes in line with announced policy, the working age population will change to take this into account.
 - The key changes to the state pension age that have been announced are:
 - A gradual equality in state pension age for men and women.
 - A gradual rise in state pension age for both men and women to 67 (and 68 after the forecast horizon.)
- What is the participation rate / economic activity rate?
 - The participation rate or economic activity rate is the proportion of the population who are either employed or seeking employment (i.e. unemployed.)
 - The participation rate used in our models is based on the entire adult population (16+). This differs from earlier versions of our models which used only the working age population.
 - The participation rate is an endogenous variable in all our models. It is not a fixed assumption.
- What assumptions have been made regarding commuting in the local model?
 - Commuting in the local model is based on estimates given by the ONS.
 - These are based on the Census 2011.
 - Commuting assumptions are fixed over the forecast.
 - However, the outcome for commuting may differ from the assumption because (for example) there is insufficient demand or supply for labour to provide as many workers as possible across a particular commuting relationship.
- How is Full-Time Equivalent employment derived?
 - This is based on the total hours worked (please see the glossary.)
 - The relationship between FTEs and hours is fixed by definition.
 - In different industries, the hours worked per job will differ.
 - Historical data for this is taken from ASHE (please see the body of the guide.)
 - The forecast considers changing trends in hours per job. This will necessarily alter the relationship between Full-Time Equivalent employment and jobs.
- How does the weighting of different factors change over the forecast period?
 - There is no fixed rule about the changes in this time.
 - The coefficients of the econometric equations are fixed over time.
 - However, at the local level population growth becomes more important as unemployment decreases.
- Are any automation and artificial intelligence (AI) assumptions considered in the labour market forecast period?
 - The labour force size is an independent variable in the employment forecast, alongside lagged employment and total hours worked (and lagged total hours worked).
 - The coefficients of the econometric equations are fixed over time.
 - Total hours worked is dependent on Gross Domestic Product (reflecting the strength (or not) of the economy), and labour augmenting technical progress.
 - The latter considers the impact of automation and artificial intelligence on hours and highlights a negative coefficient.

Appendix E...About us



Our economic forecasting expertise

Experian Economics is a leading provider of global, national, regional and local economic forecasts and analysis to the commercial and public sectors. Our foresight helps organisations predict the future of their markets, identify new business opportunities, quantify risk and make informed decisions.

Experian Market Intelligence Group

Would you like to understand how your credit portfolio compares to your peers and how it is likely to be impacted by changes in lending policy, market competition and the economy in the future? Our experts in economics, credit risk, construction, market analysis and portfolio benchmarking combine to provide an in-depth understanding of the market and economic context in which you manage your business both now and in the future.

How we can help you

01

An independent unbiased view of the market based upon quantitative analysis of data.

02

Benchmark your portfolio against your peers, both now and forecast into the future.

03

Provide economic forecasts specific to your sector.

04

Develop accurate business case(s) for entry into new markets.

05

Assess future market risk and predict potential economic pressures – at a granular level.

06

Highlight future revenue opportunities.

07

Meet regulatory requirements for stress testing and loss forecasting.

Experian helps organisations understand the market, economy and future changes in household and business finances.

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