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## QUARTERLY ECONOMIC REPORT

January - March 2025





**TUDOR PRICE**  
Chief Executive

Kent Invicta Chamber of Commerce



GET INVOLVED



## The QES Q1 2025 report for Kent presents a complex economic landscape characterized by ongoing challenges alongside areas of resilience.

Domestic sales and orders continue to experience a downturn, with the service sector facing more significant impacts than manufacturing. Export sales and orders have notably decreased; while manufacturing demonstrates resilience, the service sector encounters steep declines.

Employment levels have seen slight improvement, yet future expectations remain pessimistic. Recruitment activity has diminished, and the challenge of finding suitable staff persists.

Inflation and taxation concerns are escalating due to rising labour and utility costs affecting businesses.

Despite a marginal improvement in cashflow, it remains negative. Investment in plant and equipment has declined, reflecting a cautious financial outlook.

Business confidence exhibits a minor recovery, with turnover and profitability expectations showing modest enhancement. Nevertheless, the decline in investment in plant and equipment underscores a careful financial approach.

The QES underscores the persistent challenges faced by businesses. The recent imposition of US tariffs introduces uncertainty in global trade, potentially increasing costs and limiting market access for local enterprises [1] [2]. This unpredictability can influence business decision-making and overall economic confidence.

As the year progresses, we will continue to represent your interests to local and national government. We look forward to supporting and collaborating with you to maximise opportunities and address challenges.

**Tudor Price**

*Chief Executive, Kent Invicta Chamber of Commerce*

**WHERE  
BUSINESS  
BELONGS**  
BE IN GOOD COMPANY

### ABOUT THE QUARTERLY ECONOMIC SURVEY (QES)

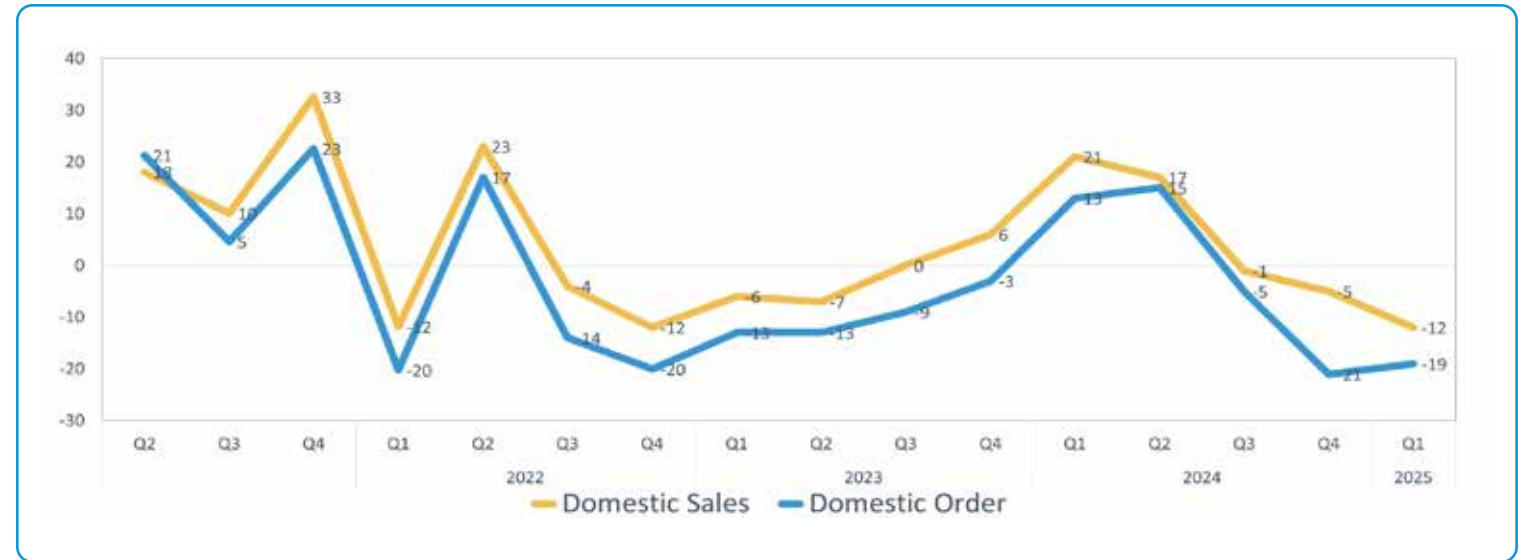
Kent Invicta is one of six Chambers in the South East that are accredited by the British Chambers of Commerce (BCC). It regularly contributes to 30%-50% of the South East's responses to the Quarterly Economic Survey, the largest UK survey of its kind, which is administered on behalf of the BCC by every accredited Chamber.

The questionnaire, honed over many years to gather a wealth of information, takes only about 3 minutes for a business Proprietor / Managing Director / Chief Executive, to complete.

For further information: To get full data or any further clarification please contact Lucy Druesne - [lucy@kentinvictachamber.co.uk](mailto:lucy@kentinvictachamber.co.uk)



## DOMESTIC DEMAND



The decline of the past two quarter in domestic orders has continued but domestic order have risen by 2%. Despite this, 29% of businesses reported an increase in UK sales, but 41% reported a decrease, resulting in a net balance of -12%. Domestic orders have risen for 27% of businesses but declined for 46%, resulting in a net balance of -19%, which is up from -21% last month.

Continuing the trend from the last two quarters, the Service sector's figures are more impacted, especially in the Manufacturing sector, with a net balance of domestic sales at -21%, compared to 14%.

This trend echoes in Domestic orders which continue their downward trend for the service sector, which shows a net balance of -25% compared to the manufacturing sector which showed a net balance of 0%, with 43% increasing their orders and the same number decreasing their orders.

*"Consumer confidence has significantly decreased. Corporate clients have reduced their spending. Business rates are about to treble on the 1st April, Employee National Insurance has resulted in making a new staff member redundant. Energy costs have increased along with fuel prices. There is no feel good factor."*

Kent Service Sector





**-13%**

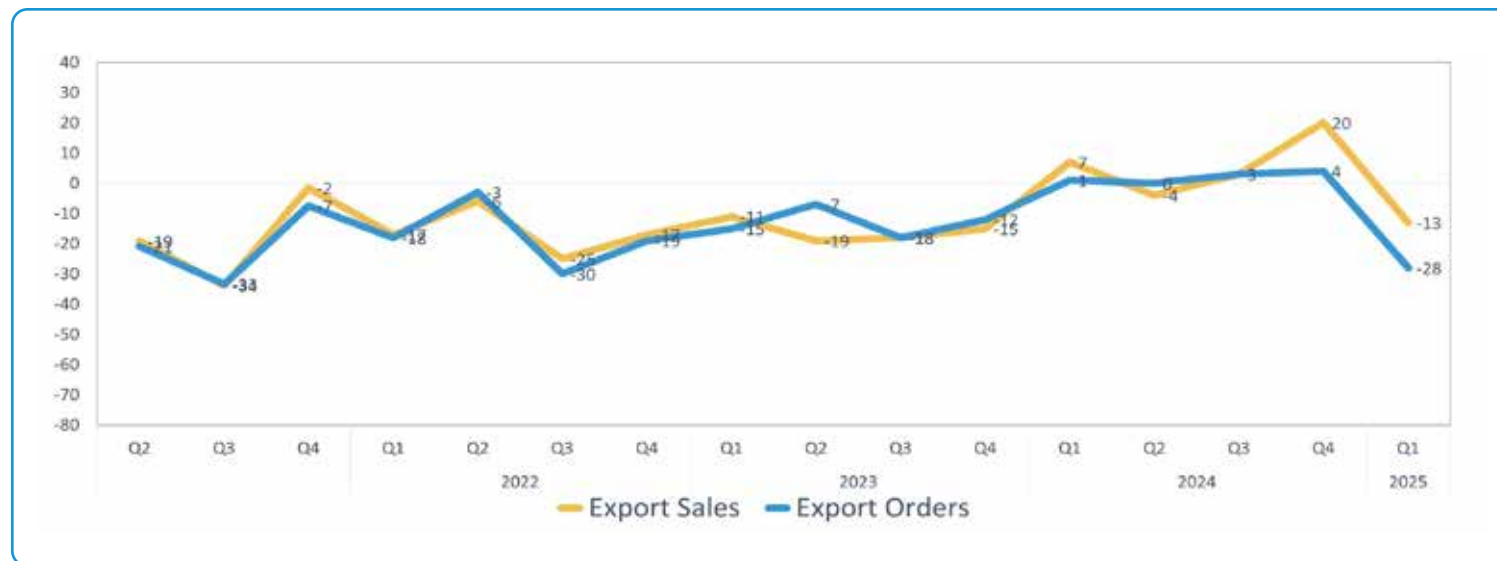
is the net balance of **export sales** for Kent Businesses in the last quarter



**-28%**

is the net balance of **export orders** for Kent Businesses in the last quarter

## EXPORT DEMAND



Export demand and orders have bucked the trend since the past two quarters' growth with a considerable drop in figures.

The net balance for export sales is -13% for this quarter, which has decreased from last quarter's net balance of 20%.

17% of firms reported an increase in export sales, 30% reported a decrease, resulting in the overall net balance of -13%. It's notable that Manufacturing showed positive net figures, with a net growth of 17% this quarter. Service sector growth was down considerably to a net figure of -23%, down from 38% last quarter.

For export orders, the net balance is down considerably, from 3% last quarter to -28% this quarter. Only 5% of firms reported an increase in export orders, at the same time 33% reported a decrease as well, with 62% recording no change.

*"Brexit still an issue with no help, with customs or advice trading in Europe."*

Professional Services Kent Business

# LABOUR MARKET



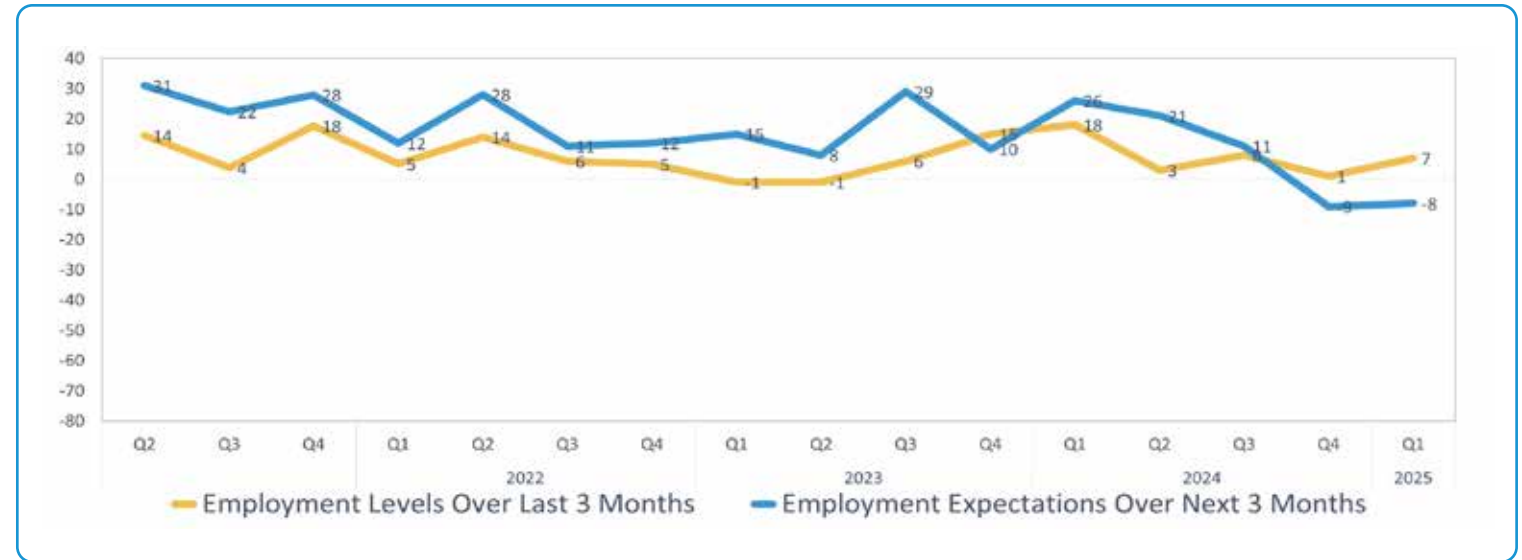
**-8%**

is the net balance of **Employment Expectation** for Kent Businesses in coming quarter



**7%**

is the net balance of **Employment Levels** for Kent Businesses in the last quarter



The unemployment rate in Kent currently is 3.8%.

The reported employment levels over the last three months increased from 1% last quarter to 7% this quarter and reported employment expectations show a -8% net figure up by 1% from last month.

22% of firms said that the employment levels of the firm increased in the last three months, with 15% reporting a decrease.

12% of firms said that they expected their workforce to increase in size over the coming three months, but more companies expected their staffing levels to drop from last quarter, with 20% of respondents reporting this, though this is 6% down from last quarters figure of 26% reporting a decrease.

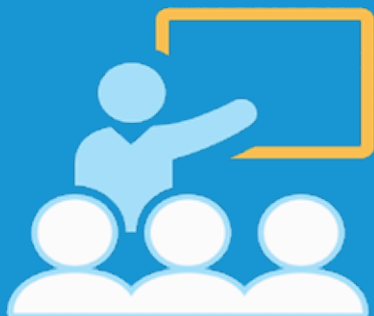
*"Things are positive, but salaries for professionals are high and finding well qualified individuals is extremely difficult."*

Kent Construction and Engineering Business



45%

of Kent businesses reported that they had looked to **recruit** in the last quarter



-16%

is the net balance of **Investment in Training** for Kent Businesses in the last quarter.

## RECRUITMENT AND TRAINING



The firms who have attempted to recruit staff over the past 3 months are down from 72% last quarter to 45%. This continues to be in line with the Manufacturing and Service sector who this quarter reported comparable levels of active recruitment, showing figures of 40% and 46% respectively.

Business investment in training has increased slightly this quarter, from -17% net last quarter to -16% net this quarter. This compares similarly to the Manufacturing and Service sectors, which show net figures of -14% and -17% respectively.

*"The increase in minimum wage levels has put increasing pressure on the need to raise prices, in a market that is not willing to pay more. The constant rise in minimum wage rates devalues more experienced employees' salaries. They also mean that we will have to consider how we fund training (which we have always fully funded until now) because we have to pay such a lot to staff who have absolutely no knowledge or experience and on top of that offer full training packages. We simply will not be able to afford to do it and will have to find other ways of managing it, which will be less beneficial to us and to the staff."*

Kent Service Sector Business





53%

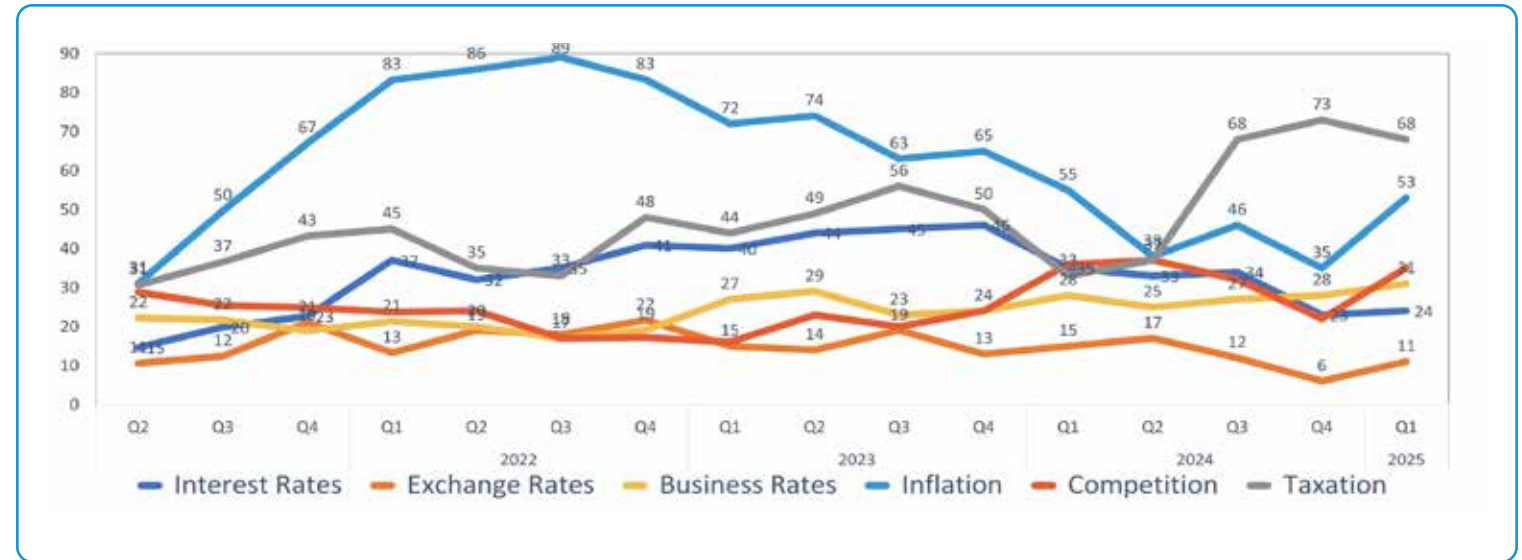
of Kent Businesses reported that **inflation** is more of a concern to business than 3 months ago



68%

of Kent Businesses reported that **corporate tax** is more of a concern to business than 3 months ago

## INFLATIONARY PRESSURES



Whilst Inflation concerns are down from Q3 2022, there has been an 18% increase in concern from businesses in this area. 68% of firms say Tax is a growing concern for them, down from 73% last quarter. 24% of businesses are concerned about Interest rates.

The proportion of businesses are worried about competition which has increased from last quarter to 31%. Concerns about business rates were an issue for 31% of respondents which is consistent with the figures reported for the past nine quarters.

Exchange rates was the issue with the least amount of concern with just 11% of respondents reporting this, though this is up from 6% last month.

*"The rise in the minimum wage will have a major impact. Also, gas and electricity prices are at the moment at an all-time high. For the hospitality industry a reduction in the VAT to 12 1/2% for food only would be a major benefit, unfortunately this does not seem likely and we will no doubt see more closures of public houses in this coming quarter."*

Kent Transport and Logistic Business



79%

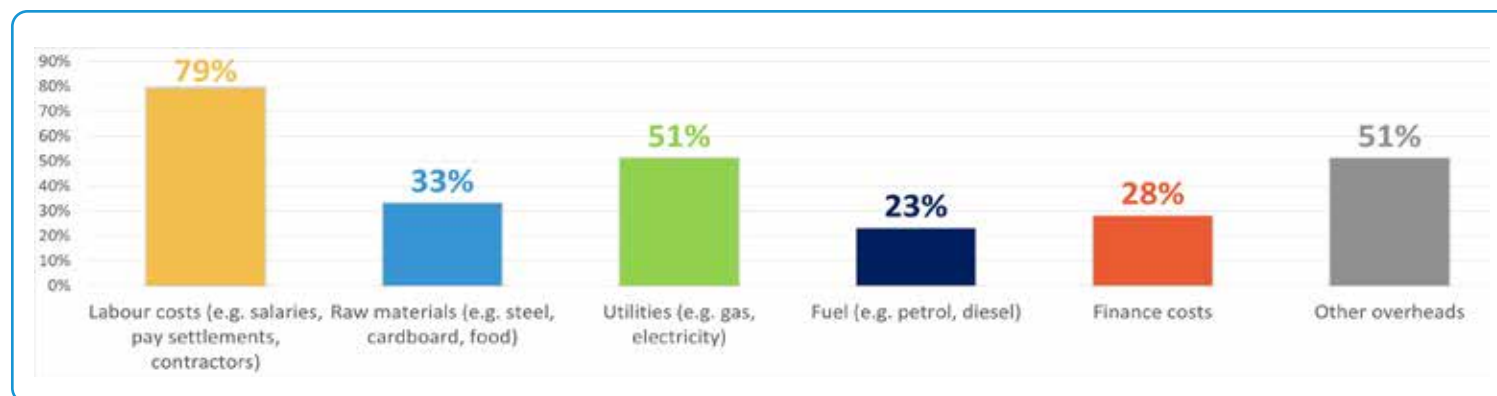
of Kent businesses reported an **increase** in their utility's costs last quarter



51%

of Kent businesses reported an **increase** in their labour costs

## BUSINESS COSTS



Consistent with the last four quarters, labour costs, utilities remain and other overheads the main price pressure. This is then followed by raw materials costs, then finance costs and then fuel costs, consistent with the figures of the last three quarters.

The number of businesses reporting Labour cost as an increased cost was 79%, which was down from 80% last quarter.

Utility costs had 51% of businesses reporting this as an increased cost, up 5% from last quarter.

Other overhead costs were cited by 9% more businesses from last quarter, which was at 51%.

Companies reporting Raw materials as a cost decrease from 38% last quarter to 33% this quarter.

Finance costs were up 2% from last quarter with 28% reporting this as increasing.

Fuel costs were reported by 7% more businesses than last quarter as being an issue with 28% respondents citing this.

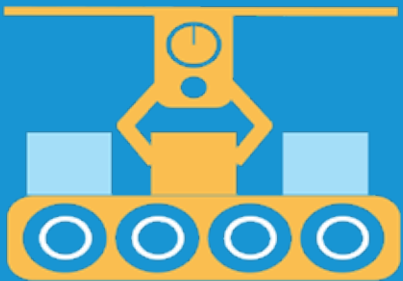
*"The market seems stable but we're growing through expansion and business wins. NI increase inevitably adds to costs, but we've been experiencing increasing costs from all directions for the last 5 years so should be manageable. And hopefully some of the excessive salary demands will start to come down."*

Kent Professional Service Sector Business



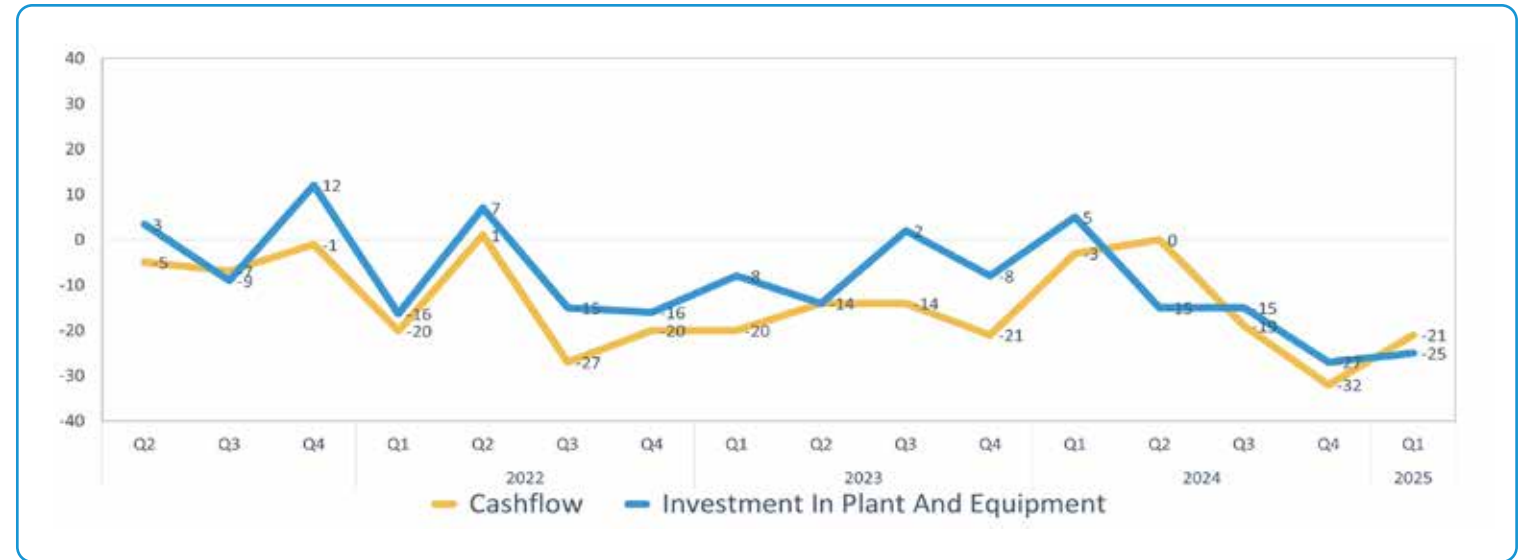


**-21%** is the net balance of **Cashflow** for Kent Businesses in the last quarter



**-25%** is the net balance of **Investment in Plant and Equipment** for Kent Businesses in the last quarter

## CASHFLOW AND INVESTMENT



Cash flow in the past three months has risen from last quarter, ending a downward trend for the past two quarters.

19% say their cash flow has improved over the last 3 months, 40% say it remained the same and 40% say it has worsened. The Service sector is reporting similar figures, but with only 13% posting improved cashflow and 47% stating that it remained the same. The Manufacturing sector reported more businesses improving their cashflow than on average, with 21% and increase, with 38% stating it remained the same.

34% of respondents reported a drop in investment in plant and equipment this quarter. 57% of the firms reported either remained constant and 9% increased investment in plant and equipment, which is consistent with last quarter.



9%

is the net balance of Kent Businesses who expect their **turnover** to improve



-20%

is the net balance of Kent Businesses who expect their **profitability** to improve

## BUSINESS CONFIDENCE



Business confidence has risen after the drop from Q2 2024. The recovery comes from last quarter which posted the lowest profitability expectations in 3 years.

The net balance of businesses' profitability expectation in the next year increased from -36% to -20, showing some levels of recovery. The manufacturing sector, however, reported higher levels of businesses expecting their profits to decrease, with 53% expecting their profitability to drop and 27% expecting an increase, giving a net value of -26%.

Turnover expectations rose slightly from 5% last quarter down to 9%, showing a slight recovery. 41% of respondents reporting an expectation of turnover increase for their business and 32% expecting a decrease. These figures are the same for both the Service and Manufacturing sectors.

*"Corporate confidence has decreased, and customers are not spending as much, coupled with increased Business Rates and energy costs, plus fuel costs."*

Kent Public sector, education, health, social work or voluntary Business

# Q1

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## CONTACT US

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## USEFUL LINKS

Register your interest to participate in a future QES survey: [www.kentinvictachamber.co.uk/qes](http://www.kentinvictachamber.co.uk/qes)  
Local Skills Improvement Plan (LSIP): [www.kentemployersskillsplan.org](http://www.kentemployersskillsplan.org)  
Kent & Medway Growth Hub: [www.kentandmedwaygrowthhub.org.uk](http://www.kentandmedwaygrowthhub.org.uk)

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