Q3

QUARTERLY ECONOMIC REPORT

July - September 2025

British Chambers of Commerce Accredited

KENT INVICTA CHAMBER OF COMMERCE

TUDOR PRICE
Chief Executive
Kent Invicta Chamber of Commerce

GET INVOLVED

A Quarter of Cautious Optimism Amid Persistent Challenges

As we reflect on the third quarter of 2025, Kent's business community continues to demonstrate remarkable adaptability in the face of ongoing economic pressures. This period has seen a modest recovery in domestic sales and orders, with net balances improving to –3% and –12% respectively, signaling a tentative return of confidence among local firms.

Export demand, while still subdued, has shown signs of stabilisation, and employment expectations have strengthened, rising to a net balance of 9%.

However, inflationary pressures and concerns over corporate tax have intensified, with 59% and 69% of businesses respectively reporting these as growing challenges. Labour costs and overheads continue to rise, and investment in training has declined, particularly in the service sector.

Despite these headwinds, business confidence has rebounded after the dip in Q2, with 20% of firms expecting turnover to improve in the coming year. This resilience is a testament to the ingenuity and determination of Kent's business leaders, who remain committed to growth even as uncertainty persists.

The Chamber stands firm in its commitment to advocate for our members, amplify their concerns, and work collaboratively with stakeholders to ensure Kent's economy remains vibrant, competitive, and inclusive.

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

Take a look at the national Quarterly Economic Survey:

www.britishchambers.org.uk/insights-unit/quarterly-economic-survey

DOMESTIC DEMAND

-3% is the net balance of **domestic sales** for Kent Businesses in the last quarter

-12% is the net balance of **domestic orders** for Kent Businesses in the last quarter

The continued rise in Domestic Sales from last month has continued, with a 6% rise this quarter and domestic orders have also increased by 10% from last quarter.

29% of businesses reported an increase in UK sales, but 32% reporting a decrease, resulting in a net balance of –3%.

Domestic orders have risen for 27% of businesses but declined for 39%, resulting in a net balance of –12%, which is up from –22% last month.

The Manufacturing sector has shown a recovery this Quarter from last quarters drop off in domestic sales but are showing parity between businesses increasing sales and decreasing sales. This is the second time in the past 3 quarters that this sector has been more impacted than the Service Sector, which only had a –5% net figure for domestic sales.

This is trend continues for Domestic orders, which returned a –12% net figure for Manufacturing in the quarter compared to a –19% for the service sector.

"Corporate businesses are nervous about spending money on events. The market uncertainty is having a major effect. Meanwhile costs to run the business are increasing."

Events Management Service Business

EXPORT DEMAND

-19% is the net balance of **export sales** for Kent Businesses in the last quarter

-24% is the net balance of **export orders** for Kent Businesses in the last quarter

Export demand and orders have abated the large drop off which began in the 1st quarter rising considerably.

The net balance for export sales is -19% for this quarter, which has increased from the previous 2 quarters drop, and are up by 9% from last quarter.

19% of firms reported an increase in export sales and 38% reported a decrease.

The Manufacturing Sector showed a negative net figure, with an alarming net growth of -75% this quarter. Service sector growth was up from last quarter's figure of -19% with a +5% growth in sales.

For export orders, the net balance is up, from -44% last quarter to –24% this quarter. 16% of firms reported an increase in export orders, at the same time 40% reported a decrease as well, with 44% recording no change.

"My business is B-B serving clients in the UK and abroad. The business develops assets for clients who are mainly small businesses. The hostility of this government to small businesses is severely damaging confidence and afflicts my business. Foreign clients to whom we export services are disinclined to invest in the UK when the economy is not growing, stealth taxes increasing and unions increasingly disruptive."

Professional Sector Service Business

LABOUR MARKET

9% is the net balance of **Employment Expectation** for Kent Businesses in coming quarter

12% is the net balance of **Employment Levels** for Kent Businesses in the last quarter

The unemployment rate in Kent currently is 3.4%.

The reported employment levels over the last three months remained the same as last quarter at 12% this quarter and reported employment expectations show a 9% net figure up by 5% from last month.

26% of firms said that the employment levels of the firm increased in the last three months, with 14% reporting a decrease.

23% of firms said that they expected their workforce to increase in size over the coming three months and fewer companies expect their staffing levels to drop, with 14% of respondents reporting this.

RECRUITMENT AND TRAINING

48% of Kent businesses reported that they had looked to **recruit** in the last quarter

-10% is the net balance of **Investment in Training** for Kent Businesses in the last quarter.

The firms who have attempted to recruit staff over the past 3 months increase 3% from last quarter with 48% of respondents responding positively.

Service sector showed a lower level of recruitment within the last 3 months, with only 37% of businesses responding positively compared to 74% of Manufacturing businesses.

Business investment in training has decreased this quarter, from -4% net last quarter to -10% net this quarter. The Service sector showed net figures of –23%, down from last quarter. Manufacturing businesses returned a 16% net figure with 42% of businesses both increasing and 26% decreasing investment and 32% remaining constant over the past 3 month.

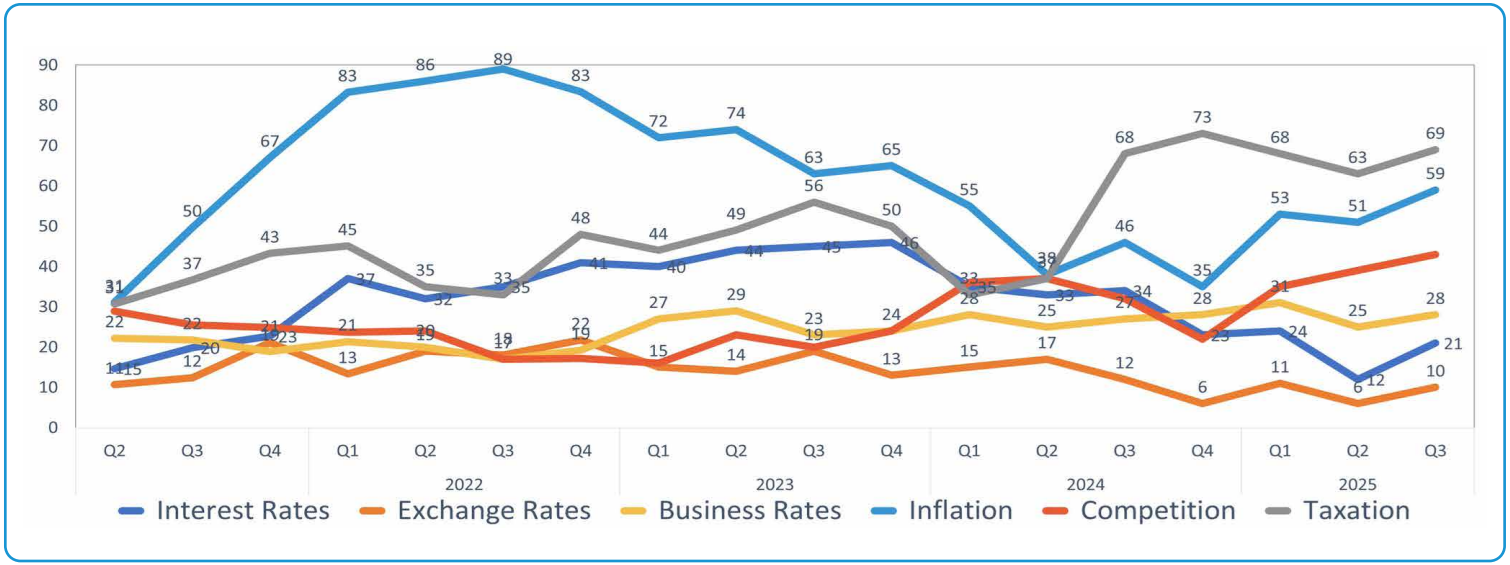
"Employers NI is a problem and will slow down recruitment along with the minimum wage costs."

Professional Service Business

INFLATIONARY PRESSURES

59% of Kent Businesses reported that **inflation** is more of a concern to business than 3 months ago

69% of Kent Businesses reported that **corporate tax** is more of a concern to business than 3 months ago



Inflation concerns are up slightly the from last quarter, there has been an 8% increase in concern from businesses in this area. 69% of firms say Tax is a growing concern for them up from 63% last quarter.

21% of businesses are concerned about Interest rates, an issue which has gone up from only 12% of businesses last quarter.

The proportion of businesses are worried about competition has increased from last quarters figure of 39% to 42%.

Concerns about business rates were an issue for 28% of respondents. This issue has been consistently around this figure since 2021.

Exchange rates was the issue with the least amount of concern with just 10% of respondents reporting this, though this is up from 6% last month.

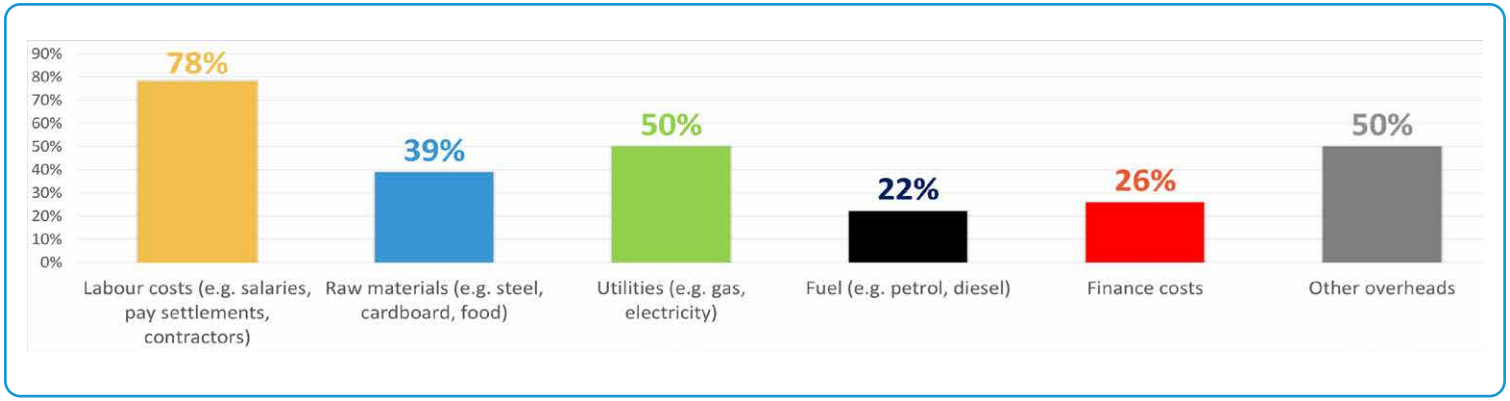
"The hospitality industry is desperate for help a reduction of VAT on food confirmed on the premises would greatly help reducing it to around 12 1/2% even 15% would be a help."

Hospitality and Leisure Sector Business

BUSINESS COSTS

50% of Kent businesses reported an **increase** in their overheads

78% of Kent businesses reported an **increase** in their labour 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 5 quarters.

The number of businesses reporting Labour cost as an increased cost was 78%, which was down from 72% last quarter, continuing a downward trend from 3 quarters ago.

Utility costs were reported by 50% of businesses as an increased cost, up 5% from last quarter.

Other overhead costs are down 1% from last quarter, in which 50% businesses were concerned about this area.

Companies reporting Raw materials as a cost concern increased slightly from 32% last quarter to 39% this quarter.

Finance costs were up 3% from last quarter with 26% reporting this as increasing.

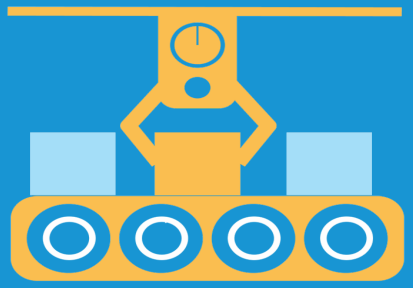
Fuel costs were reported by 1% more businesses than last quarter as being an issue with 22% respondents citing this.

"Employee NI and increased Business Rates has negatively impacted the business."

Service Sector Business

CASHFLOW AND INVESTMENT

-15% is the net balance of **Cashflow** for Kent Businesses in the last quarter



-10% is the net balance of **Investment in Plant and Equipment** for Kent Businesses in the last quarter

Cash flow in the past three months has risen from last quarter, from -23% to -15%.

12% say their cash flow has improved over the last 3 months, down from just 30% last quarter. 61% say it remained the same and 27% say it has worsened. The Service sector reported 13% improved cashflow, 33% stating that it remained the same and 54% saying it had worsened.

The Manufacturing sector had 16% of businesses increase cashflow, with 74% stating it remained the same and 11% reporting it had worsened. 24% of respondents increased their outlay on equipment and machinery, with 42% saying it remained the same as last quarter and 34% saying it has decreased.

Investment in the manufacturing sector was far better than in the service sector, with 42% of respondents increasing their outlay on this, compared to just 15% of the service sector. This could however be due to the different needs in terms of equipment and machinery between the two sectors.

"We operate in the dental industry and seems like there is general decline in this sector which usually indicates belt tightening and consumers focussing more on their basic needs. There seems to be a degree of uncertainty and caution amongst consumers at this time."

Health Sector Business

BUSINESS CONFIDENCE

20% is the net balance of Kent Businesses who expect their **turnover** to improve

-5% is the net balance of Kent Businesses who expect their **profitability** to improve

Business confidence has risen after the brief fall in Q2 2025.

The net balance of businesses' profitability expectation in the next year increased slightly from –21 to -5.

Profitability expectation of manufacturing businesses (21% net) was far lower than the service sector (-17% net).

50% of respondents reporting an expectation of turnover increase for their business and 30% expecting a decrease (0% net).

The manufacturing sector reported higher levels of businesses expecting their Turnover to increase, with 66% expecting it to rise, with an overall net turnover growth expectation at 47% net, with 41% Service sector businesses expecting an increase, with an overall net percentage of businesses being 7%.

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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**
Local Skills Improvemnet Plan (LSIP): **www.kentemployerskillsplan.org**
Kent & Medway Growth Hub: **www.kentandmedwaygrowthhub.org.uk**

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