



# 4

# QUARTERLY ECONOMIC REPORT

October - December 2025





**TUDOR PRICE**

Chief Executive

Kent Invicta Chamber of Commerce



**GET INVOLVED**



## Kent Business Outlook: Q4 2025 – Resilience Amid Rising Challenges

As we close 2025, Kent’s business community faces renewed challenges. After a brief rise in confidence last quarter, domestic demand has weakened, with both sales and orders declining. Cost pressures remain high, especially for labour and utilities, and recruitment and investment in training have slowed further.

Business confidence has dipped, with fewer firms expecting turnover or profitability to improve in the year ahead. Manufacturing shows more optimism than services, but overall sentiment is cautious.

Kent’s picture is consistent with national sentiment. The British Chambers of Commerce report that fewer than half of UK firms expect turnover to rise over the next 12 months, with taxation concerns intensifying and more businesses anticipating price increases.

I want to acknowledge that this quarter’s survey drew fewer responses than usual, and while the trends are clear, the lower return warrants some caution in interpretation. Even so, the message is unmistakable: firms are navigating persistent cost pressures, weaker domestic demand, and subdued investment intentions.

As your Chamber, we will continue to advocate for policies that relieve the burden on employers, unlock skills investment, and create the conditions for private-sector growth so that Kent businesses can move from resilience to renewed momentum in the year ahead.

**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.

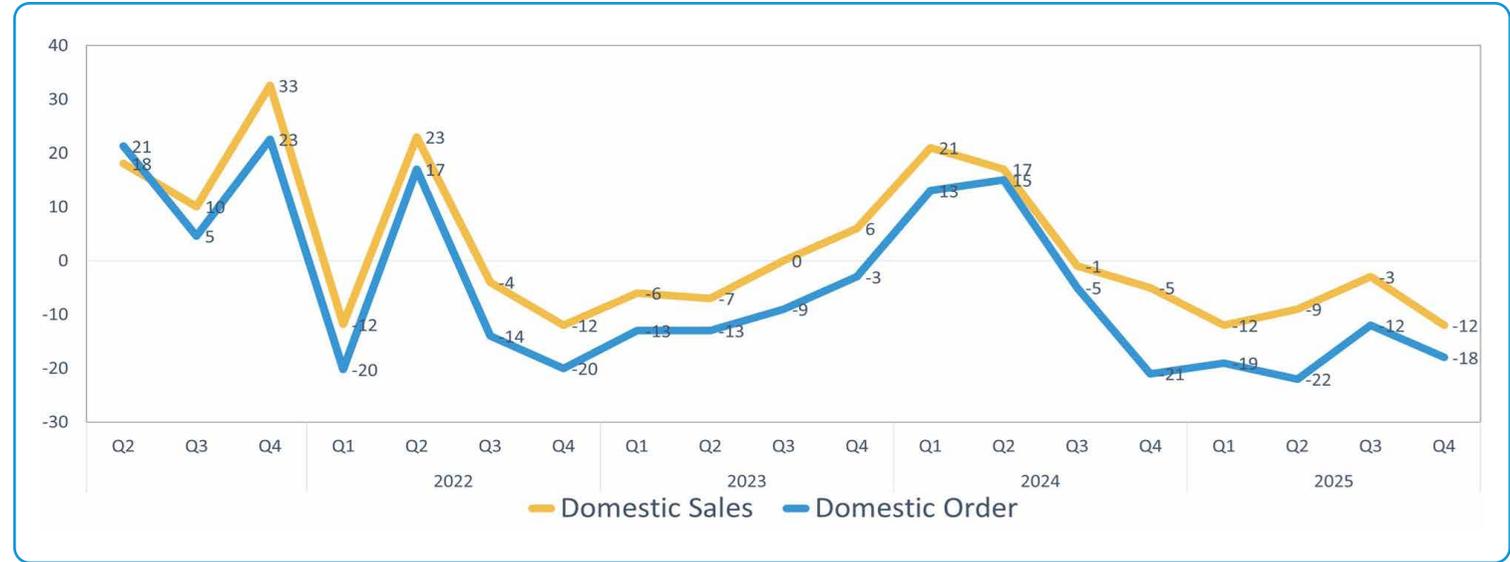
For further information: To get full data or any further clarification please contact Lucy Druesne - [lucy@kentinvictachamber.co.uk](mailto:lucy@kentinvictachamber.co.uk)

Take a look at the national Quarterly Economic Survey:

[www.britishchambers.org.uk/insights-unit/quarterly-economic-survey](http://www.britishchambers.org.uk/insights-unit/quarterly-economic-survey)



# DOMESTIC DEMAND



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

There has been a large drop in domestic demand from the 37 businesses that replied to the survey this quarter. It dropped from -3 to -12 in the difference between businesses that said they grew sales and that said their sales dropped in the quarter.

32% of businesses reported an increase in UK sales, but 44% reporting a decrease, resulting in a net balance of -12%.

Domestic orders have risen for 26% of businesses, a similar figure to last quarter but declined for 44%, a rise of 5% from last quarter, resulting in a net balance of -18%, which is down from -12 last quarter.

The Manufacturing sector has a 0% net figure for sales and a net -14% figure for orders which is down from both figures last month.

The service sector has returned negative figures for both sales and orders this quarter. It showed a -15% drop in sales and -19% in orders which are similar figures for last quarter.

It should be noted that this quarter's return only had 37 replies from members, which is under half of our usual responses and may provide more unreliable measures than if there were more businesses responding.

*"More personal taxation could reduce spending, resulting in less work for us."*

Construction Sector Business



**-18%** is the net balance of **domestic orders** for Kent Businesses in the last quarter

# EXPORT DEMAND



**-8%**

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



Export sales and orders have continued to rise after the large drop off which began in the 1st quarter.

The net balance for export sales is -8% for this quarter, which continues the increase from last quarter, and are up by 11% from last quarter which is positive.

42% of firms reported an increase in export sales, up from 19% last quarter and 50% reported a decrease.

The Manufacturing Sector showed 0% net figure, with 50% this quarter reporting a drop and 50% reporting growth. Service sector growth was down from last quarter's figure of 5% with a net 17% drop in sales.

For export orders, the net balance is up from -24% last quarter to -8% this quarter. 42% of firms reported an increase in export orders, at the same time 50% reported a decrease, with 8% recording no change. The breakdown for manufacturing and service sectors are exactly the same figures as for sales above.



**-8%**

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

# LABOUR MARKET



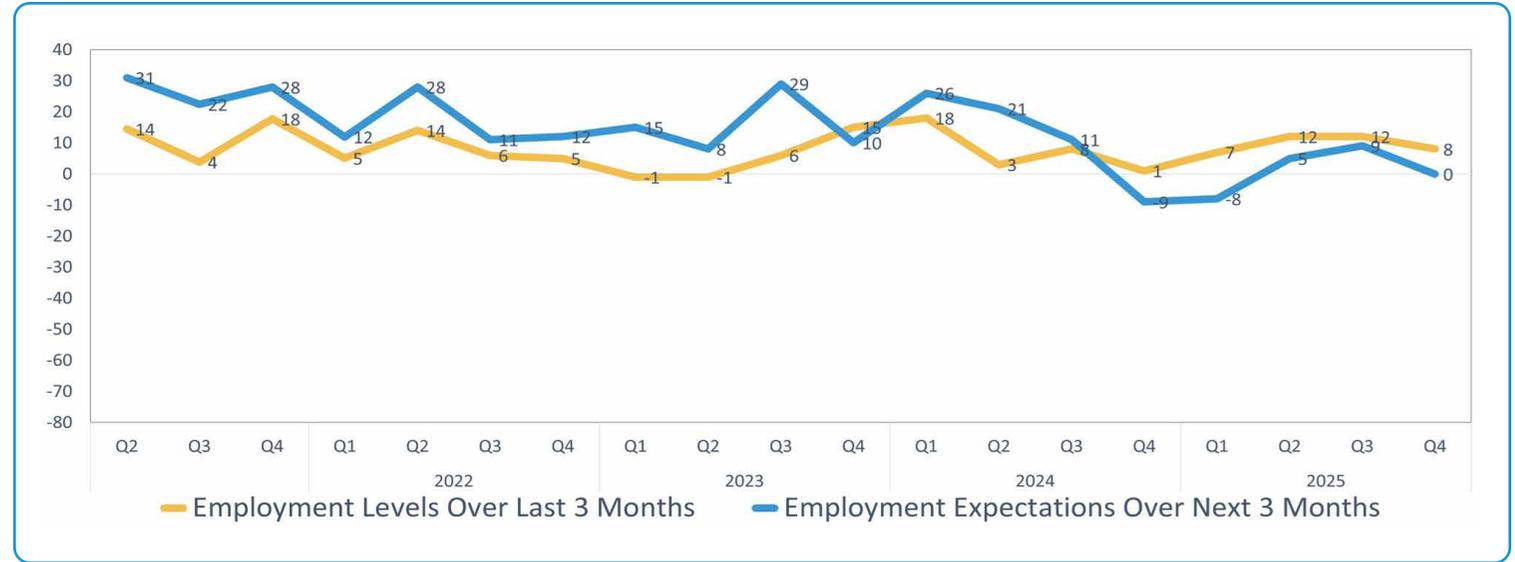
0%

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



8%

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 dropped from last quarter to 8% this quarter and reported employment expectations show a 0% net figure down by 9% from last month.

22% of firms said that the employment levels of the firm increased in the last three months, down 4% from last quarter, with 14% reporting a decrease which is the same figure as last quarter.

16% of firms said that they expected their workforce to increase in size over the coming three months, a drop of 9% from last quarter and 16% of respondents report an expected fall, giving the 0% net figure.

The Manufacturing sector showed positive growth in both employment and expectations for the next 3 months with 29% of Manufacturers for both reporting growth in numbers.

This is a different story for Service sector businesses with 3% showing growth in employment and -6% expecting to employ more people in the next quarter.

*"I'm expecting that I will have to close if things get much worse as have already gone to a three day week to try to keep staff"*

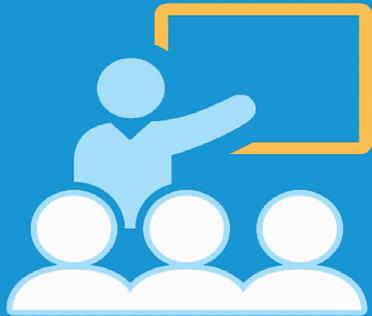
Service Sector Business

# RECRUITMENT AND TRAINING



**32%**

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



**-21%**

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



The firms who are looking to recruit staff had a decrease of 16% from last quarter with 32% net figure.

Service sector showed a lower level of recruitment within the last 3 months, with only 30% of businesses responding positively compared to 43% of Manufacturing businesses. Manufacturing recruitment is down from 73% of positive returns from last quarter, it should be noted that the low number of returns could be a factor here.

Business investment in training has decreased this quarter, from -10% net last quarter to -21% net this quarter. The Service sector showed net figures of -30%, down from -23% last quarter. Manufacturing businesses returned a 14% net figure with 29% of businesses both increasing and 14% decreasing investment and 57% remaining constant over the past 3 month.

This drop in training funds within companies has been a persistent issue for more than 2 years.

*“If the budget continues to add pressure to the workforce costs and disadvantages our ability to remain competitive, this will be detrimental to our market position and our confidence in increasing investment and expansion opportunities.”*

**Public Service Sector Business**



50%

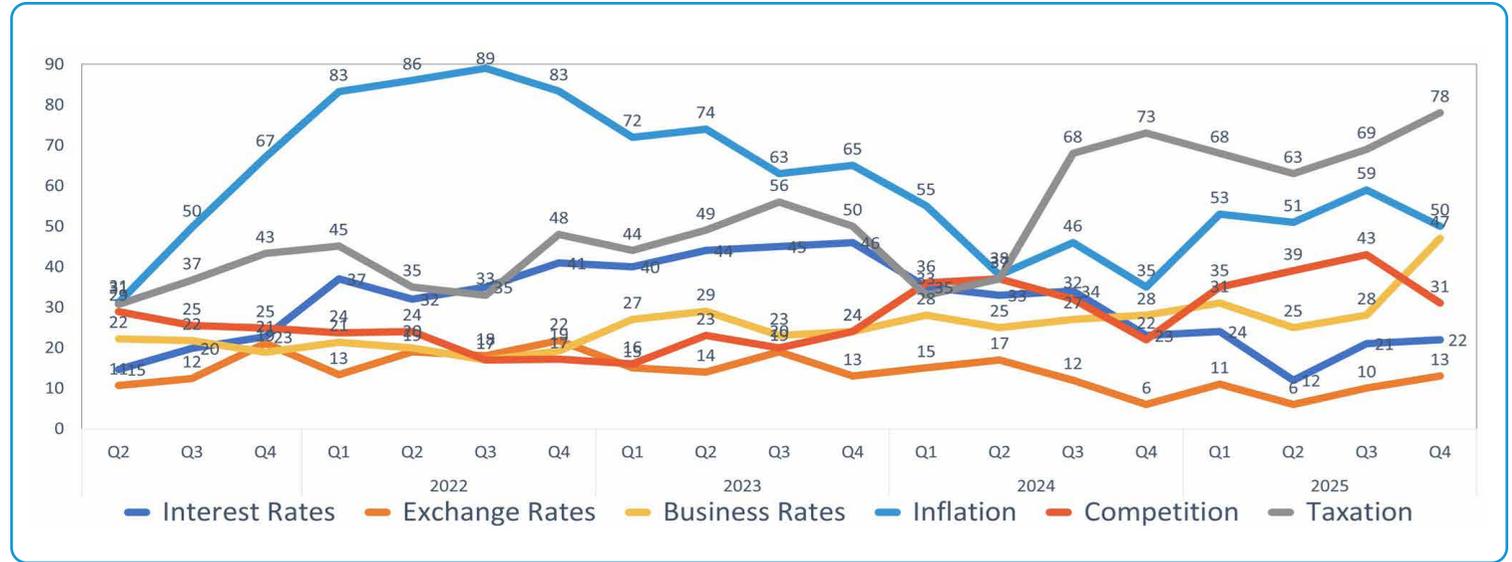
of Kent Businesses reported that **inflation** is more of a concern to business than 3 months ago



78%

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

# INFLATIONARY PRESSURES



Inflation concerns are down slightly from the last quarter, there has also been an 9% decrease in concern from businesses in this area.

78% of firms say Tax is a growing concern for them up, from 69% last quarter. It should be noted that most of this feedback was pre-budget.

22% of businesses are concerned about Interest rates, an issue which has gone down from only 21% of businesses last quarter.

The proportion of businesses that are worried about competition has decreased from last quarters figure of 43% to 31% this quarter. Concerns about business rates were an issue and went up from 28% of respondents to 47%. This is the highest growth since 2023 but could be impacted by the low response rate of the survey.

Exchange rates were the issue with the least amount of concern with just 13% of respondents reporting this, though this is up from 10% last month.

*“The NI increases combined with business rates relief cut are crippling... It is not feasible to offset these increases into our customer charged labour costs... If the November budget further worsens both business and individual taxes this will only further compound the problem.”*

Service Sector Business



56%

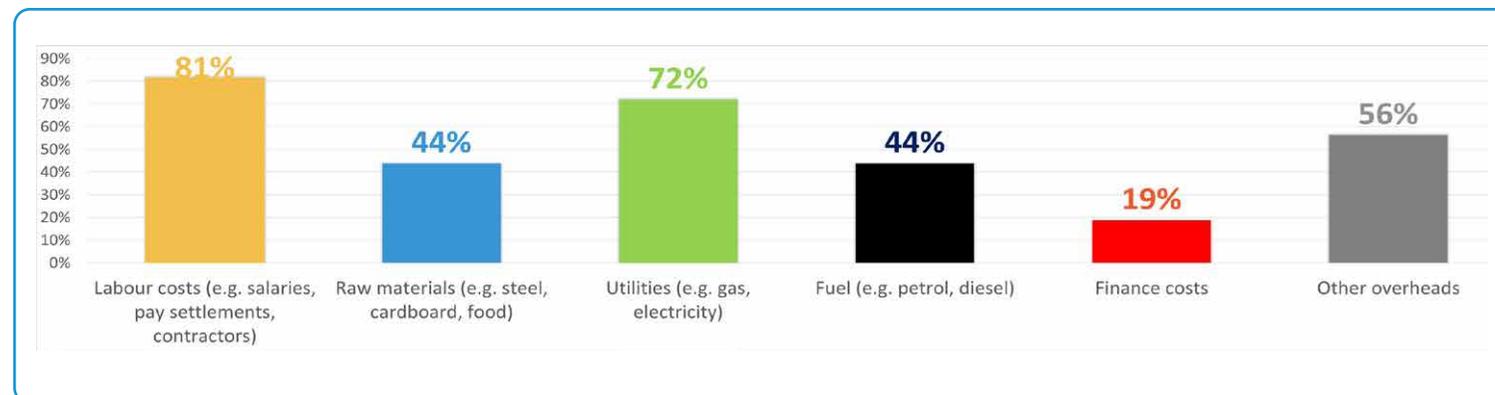
of Kent businesses reported an **increase** in their overheads



81%

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

## BUSINESS COSTS



Labour costs, utilities, and other overheads remain the primary sources of price pressure, consistent with the trend over the past five quarters. These are followed by raw material costs, while fuel costs, which were a greater concern previously, are now less significant. Finance costs continue to be the least concerning factor. It's worth noting that these figures may be influenced by the lower response rate for this survey.

Labour costs were reported as increasing by 81% of businesses, up from 78% last quarter, reversing the downward trend seen over the previous three quarters.

Utility costs saw a sharp rise, with 72% of businesses citing increases, up 22% from last quarter. However, this figure may be influenced by the lower number of survey responses.

Other overheads were a concern for 56% of businesses, representing a 6% increase from the previous quarter.

Raw material costs also climbed, with 44% of businesses reporting increases compared to 39% last quarter.

Finance costs fell, with only 19% of businesses reporting increases, down 7% from the previous quarter.

Fuel costs became a greater concern, with 44% of respondents citing increases, up 22% from last quarter.

*"The increasing minimum wage is squeezing costs and not always able to pass on. Don't understand the freezing on PA which is penalising those that the minimum wage is suppose to help? In addition we deal with hospitality a fair amount, which relies on lower paid staff, clearly they are suffering. Reduction in salary sacrifice is questioning those on higher salaries towards the end of their working life whether to retire sooner. Too many false claims is unsettling and doesn't build confidence or trust."*

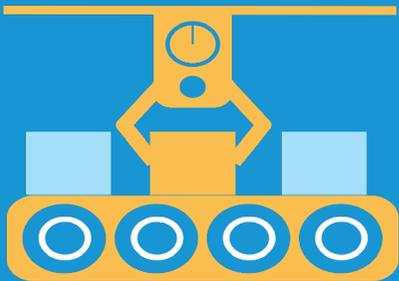
Manufacturing Sector Business

# CASHFLOW AND INVESTMENT



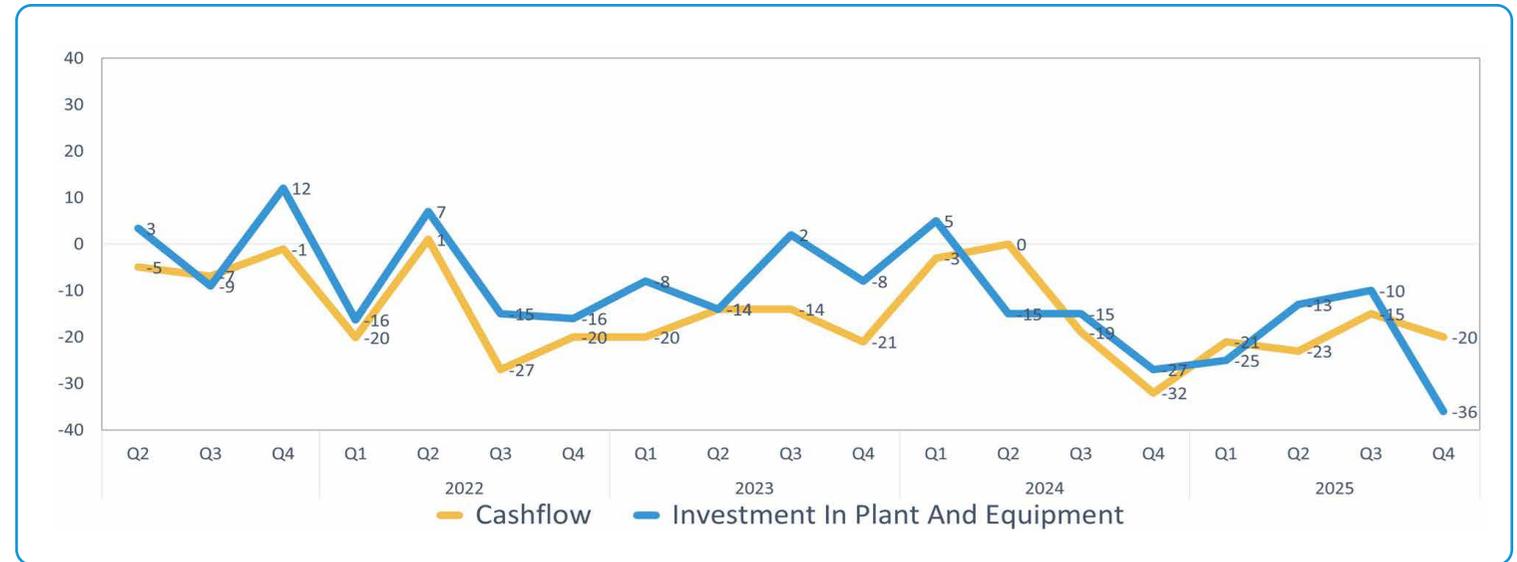
**-20%**

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



**-36%**

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 fallen from last quarter, with the net figure of businesses reporting lower cashflow down from -15% to -36%.

22% say their cash flow has improved over the last 3 months. 41% say it remained the same and 38% say it has worsened.

The Service sector reported 20% improved cashflow, 40% stating that it remained the same and 40% saying it had worsened.

The Manufacturing sector had 29% of businesses increase cashflow, with 42% stating it remained the same and 29% reporting it had worsened.

11% of respondents increased their outlay on equipment and machinery, with 42% saying it remained the same as last quarter and 47% saying it has decreased.

Investment in the manufacturing sector was similar to the service sector, with 14% of manufacturing respondents and 11% of service sector business increasing their outlay. Similarly, 43% of manufacturing businesses and 48% of service sector business report decreasing levels of investment.

*“The budget will reduce business investment and innovation. The intellectual property business depends on investment and innovation and will therefore be adversely affected.”*

Professional Service Sector

# BUSINESS CONFIDENCE



**-16%**

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



**-24%**

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



Business confidence has fallen after the brief rise in Q3 2025.

The net balance of businesses' profitability expectation in the next year decreased slightly from -5 to -24, which is more in line with 2025 as a whole.

As with last quarter the profitability expectation of manufacturing businesses (29% net) was far lower than the service sector (-37% net).

30% of respondents reporting an expectation of turnover increase for their business and 54% expecting a decrease (-24% net) a significant decrease from last quarter, but this could be affected by the lower survey returns.

The manufacturing sector showed stronger confidence, with 43% of businesses expecting turnover to increase. This results in an overall net growth expectation of 29%.

In contrast, only 27% of service sector businesses anticipate an increase, while 53% expect a decrease, leading to a negative net growth outlook for the sector.

*"Increased taxes potentially reducing profitability and ability to invest in labour and growth opportunities."*

Service Sector Business

# Q4 QUARTERLY ECONOMIC REPORT

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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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