

QUARTERLY ECONOMIC SURVEY Q3 2025

Business sentiment remains flat ahead of the Budget. The BCC's Quarterly Economic Survey (QES) for Q3 2025 - the UK's largest independent survey of business sentiment, made up of 4,669 respondents - shows that most indicators remain unchanged from the previous quarter and are at 2022 levels, with taxation and inflation the top concerns.

Taxation remains the top concern, cited by 59% of respondents

Almost half (44%) of firms expect to rise prices over the next three months

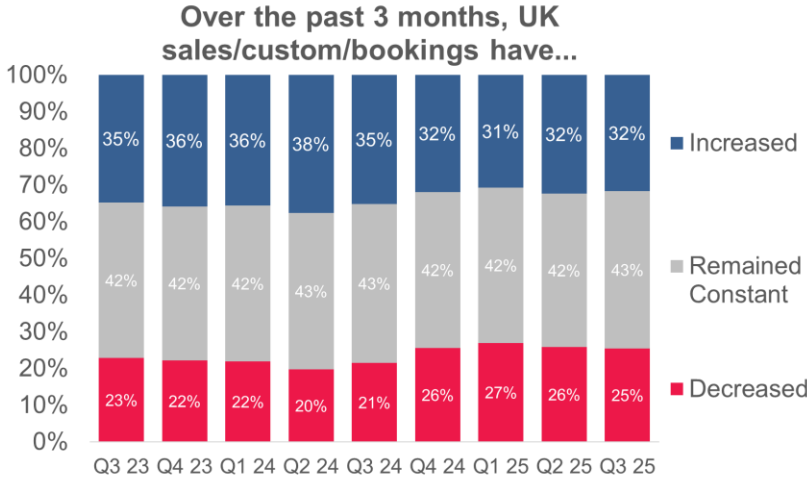
Confidence and investment levels remain at 2022 levels



Domestic Sales

The percentage of responding businesses reporting increased domestic sales remains unchanged from last quarter, at 32%.

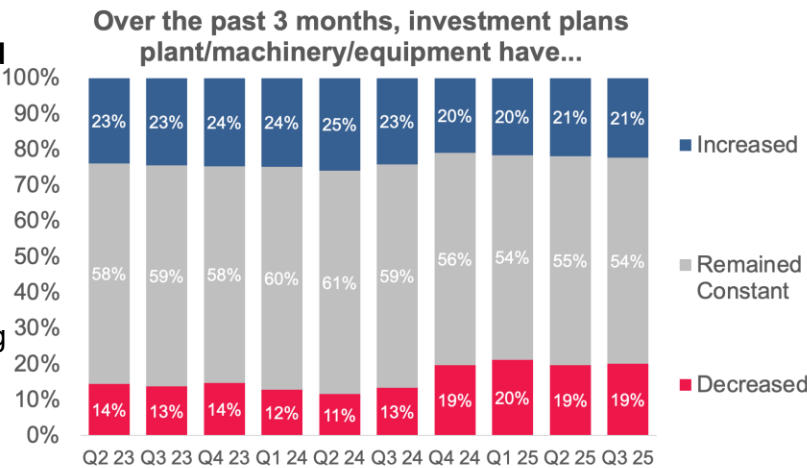
43% reported no change and 25% reported a decrease. Sectoral breakdowns show increased sales are at their lowest among retailers (21%).



Investment

Overall, 25% of businesses say they have seen decreased investment in machinery and equipment. 54% report no change, while only 21% have increased their plans.

The issue is more marked in certain sectors, with over a third (35%) of hospitality firms scaling back of investment plans. The figure for those in the retail sector is 30%.

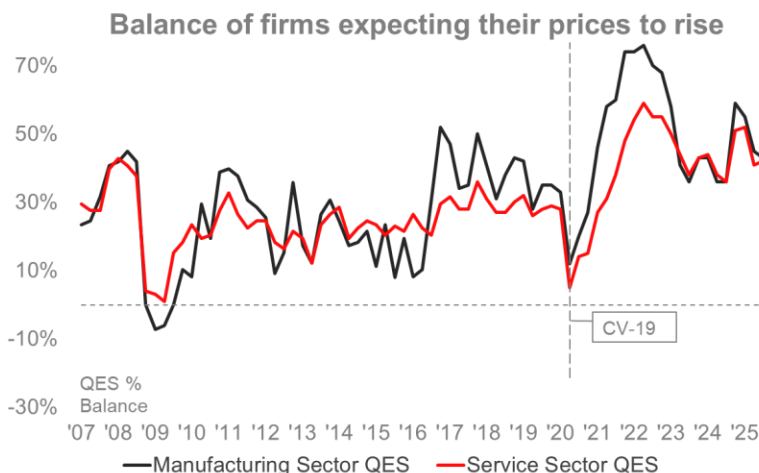




Prices

The percentage of firms expecting their prices to rise remains high at 44%, from a near-historic high 55% in Q1.

As measured as a percentage balance, the services sector stands at +42% while the manufacturing sector stands at +43%, similar to 2022 levels where the UK faced an energy price crisis.

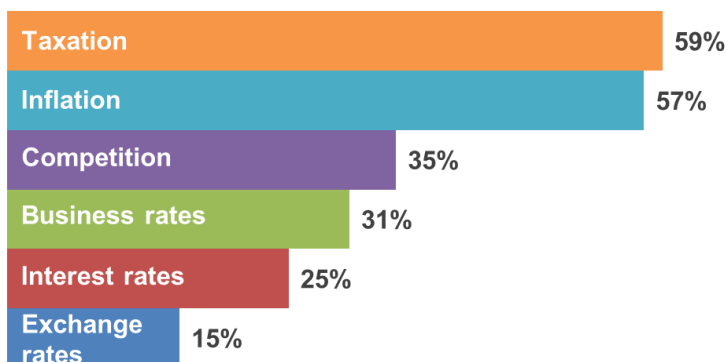


External factors

Overall, tax continues to be the biggest concern for businesses, cited by 59%, slightly up from 56% in Q2. Before the 2024 Budget, taxation was cited by 36% of firms.

Concern about inflation has also increased, cited by 57% compared with 52% in the previous quarter. Firms in hospitality sector are the most likely to be concerned about taxation and inflation, at 62% and 63%, respectively

External factors of greater concern than three months ago



The view from businesses:

"The uncertainty around future tax increases to business is directly affecting investment and recruitment decisions we are making. Projects are going on hold over the next couple of months until the end of the year."

Medium sized manufacturing firm in Liverpool

"National insurance increase was a disincentive to further employment, and as a business we cannot cope with further taxation."

Small manufacturing firm in Scotland

"Increases in NI contributions and also uncertainty on how favourable the UK government will treat business in the future are a concern."

Micro professional services firm in Northern Ireland

"Costs are spiralling out of control in almost all cost areas.... The burden of taxation is becoming too high to live with."

Medium sized transport firm in Aberdeen

QUARTERLY ECONOMIC SURVEY Q3 2025

"Ahead of the Chancellor's statement next month, our survey shows many firms remain bruised and are not ready for another Budget battering. The research reveals no clear improvements to key indicators we track. For twelve months, SMEs have told us the same story: rising costs, weak investment, and little sense of relief on the horizon.

"The Employer NICs increase has been the most widely cited source of pressure, hitting investment and pushing up prices. The proportion of businesses expecting to raise prices remains worryingly high, driven primarily by labour costs. Inflation now sits alongside taxation as a top concern. The global shift towards protectionism and tariffs has also been a major compounding factor.

"Persistent weak sentiment this quarter may suggest that many firms have already priced in a tough Budget. But further surprise measures that hit business, like those seen in 2024, could drive confidence even lower."

David Bharier, Head of Research at the British Chambers of Commerce

ABOUT QES Q3 2025

4,669 business
respondents from
across the UK

Responding
businesses employ
over one million
people

77% are in the
service sector, 23%
in the
manufacturing
sector

Around 43% are
exporters

91% are SMEs

Fieldwork took
place between 18
August - 15
September 2025

Methodology

QES asks businesses if they have seen an increase, decrease, or no change in a range of metrics such as domestic sales, cash flow, and investment.

QES results are often presented as balance figures – the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is above 0, it indicates overall expansion of activity and if the figure is below 0, it indicates overall contraction of activity.

For example, if 50% of firms told us their sales increased and 18% said their sales decreased, the balance for the quarter would be +32% (an overall expansion). If 32% told us their sales increased and 33% said their sales decreased, the balance would be -1% (an overall contraction).

For more information:

Contact David Bharier, Head of Research at the British Chambers of Commerce for any queries or to understand how your organisation may benefit from the BCC Insights Unit

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If you would like to enquire about local data, you can find your local Chamber of Commerce here

<https://www.britishchambers.org.uk/page/join-a-chamber>