

NatWest UK Regional Growth Tracker

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London leads regional growth as UK experiences contrasting fortunes in September

Key Findings

- London, South West and East of England experience growth in September
- Employment in Scotland and Northern Ireland remains resilient
- Business expectations for year ahead show mixed trends

The latest NatWest Regional Growth Tracker showed mixed performances across the UK at the end of the third quarter. Business activity rose in three of the 12 UK nations and regions monitored by the survey in September, down from ten in August.

The Tracker's headline figure is the Business Activity Index. Any reading above 50.0 signals growth, and the further above the 50.0 threshold the faster the rate of growth signalled.

The three areas that saw a rise in business activity were London (index at 53.8), the East of England (51.3) and South West (51.0). Rates of growth did, however, ease in each case. The South East saw no change in output from the month before, while declines were recorded elsewhere. Northern Ireland (44.9) remained at the bottom of the rankings for business activity.

Commenting on the Tracker's findings, **Sebastian Burnside, NatWest Chief Economist, said:**

“Following the generally positive results we saw in August, the findings from September's Growth Tracker show that most regions were unable to build on the momentum from the month before. Some pockets of growth remain, not least in London which has maintained a relatively solid pace of expansion.”

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"The mixed trends we're seeing in expectations for the year ahead likely reflects a degree of business uncertainty. Regions right across the UK reported rising costs, indicating there's more to do to keep a lid on inflation in the coming months.

"In most areas, businesses' costs continue to rise faster than they typically have done in the past, which is impacting firms' hiring decisions. Scotland and Northern Ireland were the outliers in seeing marginal increases in employment in September."

-ENDS-

Demand

In a reversal of the situation seen in August, the majority of the areas monitored by the survey recorded lower intakes of new business in September. The East Midlands recorded the steepest decline, followed by Wales. London saw the most marked increase in new business, while there were also slight rises in both the East of England and South East.

Employment

Marginal increases in employment in both Northern Ireland and Scotland contrasted with declines in workforce numbers across all other parts of the UK in September. Firms in the West Midlands recorded the most marked reduction in staffing levels, the steepest in the region for seven months.

Capacity

Outstanding business (i.e. new orders or projects awaiting completion) decreased in all 12 UK nations and regions in September, in a sign of a general lack of pressure on staffing capacity. The fastest rate of backlog depletion was recorded in Wales, where it accelerated for the third month running to the quickest in two years. The North East, on the other hand, saw only a marginal drop in unfinished work.

Inflation

Steep cost pressures were recorded across the board in September, with rates of input price inflation exceeding their respective long-run averages in almost all cases. The East of England registered the fastest rate of cost inflation, and the North East the lowest, though the gap between the top- and bottom-ranked regions was the narrowest on record.

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As has been the case in each of the past seven months, firms in Northern Ireland registered the sharpest rate of output price inflation in September. That was despite the rate of increase easing to its weakest since January. Scotland saw only a fractional rise in prices charged – its least pronounced uptick in almost five years.

Outlook

Trends in business expectations were mixed in September, with half of the 12 nations and regions monitored seeing an improvement in sentiment towards the outlook. The West Midlands recorded the greatest degree of optimism, despite seeing confidence weaken since August. At the other end of the scale, Northern Ireland and Scotland both saw expectations improve, but confidence there remained below the UK average.

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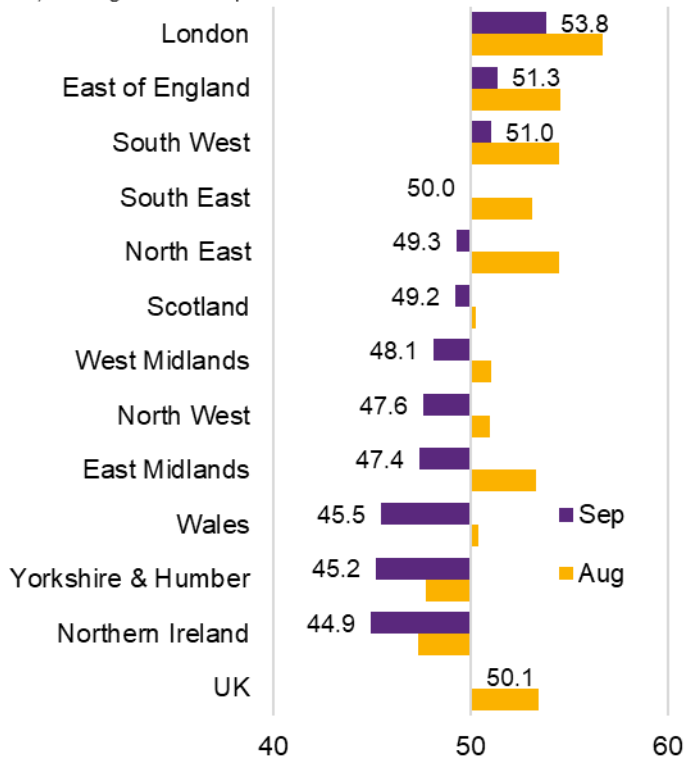
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Business Activity Index

sa, >50 = growth since previous month



Sources: NatWest, S&P Global PMI.

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Notes to editors

Methodology

The NatWest UK Regional Growth Tracker data are compiled by S&P Global from responses to questionnaires sent to companies that participate in S&P Global's UK PMI surveys. S&P Global compiles data for Scotland, Wales, Northern Ireland and nine English regions*.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure for each region is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Business Activity Index is comparable to the UK Composite Output Index.

The survey data for September were collected 11-26 September 2025.

For further information on the survey methodology, please contact economics@spglobal.com.

*International Territorial Level 1 definitions.

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