

## Birmingham Economic Review 2025

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**Greater  
Birmingham**  
Chambers  
of Commerce

# BIRMINGHAM ECONOMIC REVIEW 2025



**UNIVERSITY OF  
BIRMINGHAM**

City-  
REDI

City-Region Economic  
Development Institute

## FOREWORD

The annual Birmingham Economic Review is produced by the City Region Economic Development Institute (City-REDI) at the University of Birmingham and the Greater Birmingham Chambers of Commerce. It is an in-depth exploration of the economy of the United Kingdom's second city and a high-quality resource for informing research, policy and investment decisions. Data and commentary were correct at the time of publishing (December 2025).



**RAJ KANDOLA**

Acting Deputy Chief  
Executive Officer,  
Greater Birmingham  
Chambers of Commerce

*"The past year has been defined by volatility. Global trade tensions, inflationary pressures, and rising costs have created a challenging environment for firms across the West Midlands. Business confidence has fallen sharply, with many organisations delaying investment decisions and scaling back plans for expansion. At the same time, structural changes – such as the rapid adoption of artificial intelligence (AI) and the transition to low-carbon technologies – are reshaping markets and skills requirements at pace.*

*The data in this review tells a story of resilience. The West Midlands remains a leading destination for foreign direct investment outside London. Innovation capacity is strengthening, and infrastructure investment continues to underpin long-term competitiveness.*

*Nevertheless, challenges remain. Inflation is still the highest among G7 nations, and interest rates have stabilised at 4%, constraining access to finance. Export performance has weakened. Though employment is at historic highs, labour market pressures persist, with unemployment and economic inactivity above national averages, and health-related inactivity emerging as a significant barrier to productivity.*

*Against this backdrop, collaboration is critical. Businesses must embrace innovation and digital transformation, while policymakers focus on creating the conditions for investment and skills development. The opportunities are clear: a young, diverse population; a strong university base; and emerging clusters in AI, clean energy, and life sciences. Collaboratively, we must leverage these advantages to drive sustained economic growth."*



**PROFESSOR  
REBECCA RILEY**

Director, City-RED

*"The Birmingham Economic Review 2025 arrives at a pivotal moment for our city-region. Amid global uncertainty and local challenges, the West Midlands continues to demonstrate resilience, creativity, and ambition.*

*"...Despite the challenges, the review reveals a number of encouraging indicators that signal momentum and opportunity. Employment levels have remained resilient, with growth in high-value sectors such as advanced manufacturing, professional services, and health technologies. Business start-up rates continue to outperform national averages, reflecting the region's entrepreneurial spirit. Investment in infrastructure, from HS2 and the Midlands Rail Hub to digital connectivity, positions Birmingham as a future-facing hub for mobility and innovation. The cultural and visitor economy is rebounding strongly, supported by major events and a renewed focus on place-making.*

*"...Birmingham is no longer just a city in the middle of the UK, it's becoming the beating heart of a new economic era. It's where cutting-edge research meets real-world impact, where start-ups scale fast, and where international investors find fertile ground. Globally, we're forging new trade links, attracting talent from every continent, and showcasing how a diverse, youthful population can fuel creativity and competitiveness. With HS2 on the horizon, a thriving university sector, and bold devolution powers, Birmingham isn't just keeping pace, it's setting the pace."*

# 2025:

## A YEAR OF OPPORTUNITY AND UNCERTAINTY

### ECONOMY – TARIFFS AND TRADE TENSIONS

- **Global backdrop:** 2025 opened with trade tensions and high inflation, yet the International Monetary Fund (IMF) forecasts UK Gross Domestic Product (GDP) to grow 1.5% in 2025, second-fastest in the G7 after the US.
- **Inflation & rates:** UK inflation rose to 4.1% in August 2025, the highest in G7, prompting the Bank of England to pause its rate cuts at 4%.
- **Regional growth:** Greater Birmingham's economy grew by 1.4% in 2023, led by Birmingham, Redditch, and Cannock Chase, with strong post-pandemic growth in specialised construction and manufacturing sectors.
- **Consumer spending:** Household consumption is resilient, and the West Midlands saw particularly strong recovery in spending.
- **Trade & investment:** The West Midlands led Foreign Direct Investment (FDI) outside London with 130 projects (2024–25) but exports fell amid global uncertainty and proposed US automotive tariffs, which were partially mitigated by new US-UK trade deal.

### BUSINESS – UNCERTAINTY AND DIPPING CONFIDENCE

- **Business demography:** Greater Birmingham & Solihull had 72,620 enterprises in 2024, slightly down from 2023; Transport & Storage fell by 14%, while Property and Health grew modestly.
- **Confidence:** Regional business confidence declined from 12.9 (Q2 2024) to 7.9 (Q2 2025), below the national average with firms planning to reduce capital and Research and Development (R&D) investment amid economic uncertainty.
- **Investment:** UK business investment fell 1.1% in Q2 2025, but remains 3% above 2024.
- **Research & Development:** West Midlands Gross Domestic Expenditure on Research and Development (GERD) was £5.5bn in 2023 (8% of the UK total). The West Midlands had the highest per capita GERD of any region after London and the Greater South East.
- **Innovation:** Over £800m of new investment was announced in 2025, including £400m for the Birmingham Knowledge Quarter, and The West Midlands Health Technology Innovation Accelerator leveraged a £14.5 million government grant to attract £50 million in co-investment.

## PEOPLE – STILL YOUNG, STILL GROWING

- **Demographics:** Birmingham remains one of the UK's youngest and most diverse cities, and its population continues to grow, driven by migration.
- **Health:** Life expectancy and healthy life expectancy in the West Midlands remain below national averages, reflecting post-pandemic health inequalities and ongoing NHS backlogs.
- **Labour market:** Real pay growth has turned slightly positive, driven by strong public-sector and service-sector wage gains, though unemployment (5.1%) and economic inactivity (23.1%) in Greater Birmingham remain above national averages.
- **Skills:** Qualification levels are improving and skills-shortage vacancies remain low, while Greater Birmingham shows record employment levels.
- **Youth exposure to automation:** The West Midlands' young demographic makes it especially vulnerable to AI-driven disruption in entry-level jobs, heightening risks of underemployment and labour-market polarisation.

## SUSTAINABLE COMMUNITIES AND PRIDE IN PLACE

- **Tourism:** Birmingham's visitor numbers hit 934,000 in 2023, closing the gap with Manchester. Major events including the 2026 European Athletics Championships are expected to boost visibility and visitor spending further.
- **Cultural impact:** The passing of Ozzy Osbourne in July 2025 brought global attention to Birmingham's musical heritage. His final concert generated an estimated £33.8m in gross output, with £27.6m retained in the West Midlands.
- **Housing:** The West Midlands' affordability ratio improved to 6.86 (below England's 7.53), however 116,000 households remain on waiting lists for social housing. Devolved powers aim to deliver 1,000 new social homes.
- **Sustainability:** The West Midlands ranks mid-table for housing energy efficiency but leads on large-scale retrofit delivery, achieving 11% of all national ECO installations.
- **EV transition:** The West Midlands has emerged as a national leader in EV charging, with 725 charge points per 100k people (2025), up from 43 in 2019.

## ARTIFICIAL INTELLIGENCE AND DIGITALIZATION

- **Growing AI ecosystem:** The UK's Artificial Intelligence sector now includes 5,800 firms, up 85% in two years, generating £11.8bn in Gross Value Added (GVA) and over £20bn in private AI investment since 2016.
- **Regional presence:** Greater Birmingham hosts around 180 AI firms (1.8% of the UK total) and this has seen strong growth recently – 59 new AI firms were established in the region in the first 10 months of 2025.
- **Challenges & opportunities:** Digital skills shortages and limited data infrastructure remain barriers, but the region's strong university base and potential for AI-focused infrastructure investment offers growth potential.

# ECONOMY:

The year has seen interest rates fall gradually and inflation rates remain stubbornly high. The economy has also faced unexpected shocks as a result of increasing trade tensions globally. Most notable of these was the proposed US tariffs on the UK's automotive sector which has an outsized impact in the Greater Birmingham region. Although partially mitigated by the US-UK trade deal, this is still forecast to reduce GDP in the region by £2.5bn by 2030. These macroeconomic factors have further led to the perpetuation of business uncertainty and delayed decisions. Despite these issues bright spots include higher than expected GDP growth in 2025 (+1.5% forecasted by the IMF) with the IMF predicting the UK to be the second fastest growing economy in the G7.

## MACROECONOMIC CONTEXT

In 2024, the UK's real GDP grew by 1.1% year on year. The start of 2025 has seen GDP rising by 1.3% in Q1 and 1.2% in Q2 compared to the same quarters in 2024. The UK was the fastest-growing economy in the G7 during the first half of 2025.

The Organisation for Economic Co-operation and Development (OECD) noted that global growth proved more resilient than expected in the first half of 2025 but cautioned that significant downside risks remain. It slightly revised its forecast for UK GDP growth in 2025 upwards, from 1.3% to 1.4%, while leaving the 2026 projection unchanged at 1.0%. This places the UK as the second-highest performer among OECD countries, behind only the United States.

## PRODUCER PRICE INFLATION

At the beginning of 2025, inflationary pressures picked up, with consumer price inflation reaching 4.1% in August, up from 3.5% in December 2024. Inflation remains a major concern, with the OECD forecasting that the UK is expected to have the highest inflation among G7 nations this year. Amid resurgent food prices, with some retailers attributing cost increases to the UK government's £25bn-a-year rise in employer national insurance contributions (NICs), the OECD expects UK inflation to average 3.5% in 2025.

## INTEREST RATES

As inflation eased, the Bank of England Monetary Policy Committee (MPC) began gradually cutting the Official Bank Rate from 5.25% in August 2024. Most recently, in August 2025, the MPC reduced the rate further to 4%. However, with inflation risks re-emerging, the MPC voted by a 7-2 majority at its September 2025 meeting to maintain the Bank Rate at 4%. In October, the MPC once again voted to maintain the Bank Rate at 4%, albeit by a narrower 5-4 majority.

The latest Economic and Fiscal Outlook, published by the Office for Budget Responsibility (OBR) in March, projects that the Bank Rate will stabilise at around 3.8% from mid-2026 onwards.

## REGIONAL GROWTH IN PRODUCTIVITY

The latest figures from the Office for National Statistics (ONS) show that Greater Birmingham contributed an estimated £66.2bn in GVA to the national economy in 2023, accounting for 2.5% of the UK's total. In real terms, the city-region's GVA grew by 1.4% in 2023, down from 4.0% in 2022. Within Greater Birmingham, Birmingham itself recorded the strongest growth, with real GVA rising by 2.7% in 2023. This was followed by Redditch at 2.6% and Cannock Chase at 2.5%.

Over the longer period from 2019 to 2023, the largest cumulative GVA growth in the city-region was seen in Bromsgrove, which recorded a 7.8% increase in real terms compared with pre-pandemic levels. Lichfield and Birmingham also ranked among the strongest performers over this period.

## REGIONAL SECTOR DYNAMICS

The Service sector remained the city-region's largest GVA contributor at £54bn in 2023, growing by 0.7% in real terms over the year. However this was a sharp slowdown from the 4.8% growth recorded in 2022.

The fastest-growing sector in 2023 was Specialised Construction Activities, part of the wider construction industry, which expanded by 21% in real terms. Since its contraction in 2020, the sector has experienced sustained growth and is now 22.6% larger than its pre-pandemic level. The second fastest-growing sector was the Manufacture of Electrical Products and Machinery, which grew by 17% in 2023. This marked the first year of growth for the latter sector, following four consecutive years of contraction since 2020.

## CONSUMER SPENDING

ONS data shows that total UK consumer spending reached £1,706bn in 2024, rising 0.7% after inflation compared with 2023, up from 0.5% over the year prior. Growth continued into Q1 2025, with household expenditure up 0.1% since Q1 2024.

Between Q1 2023 and Q1 2024, Education (+7.0%) and Restaurants and hotels (+6.7%) experienced the largest increases in consumer spending. The only sector to record a decline was Health (-1.1%).

In the West Midlands, post-pandemic recovery has been strong, with gross household expenditure (spending by residents of the West Midlands, regardless of where it occurs) up 8.7% in 2021 and 6.6% in 2022.

More recent consumer card expenditure data shows that by June 2023, spending in the West Midlands (regardless of the origin) was 5.9% higher than June 2022, 13% above the 2019 average, and second only to that in the North East.

## FOREIGN DIRECT INVESTMENT

In the 2024–25 financial year, Department for Business and Trade data shows that the West Midlands secured 130 foreign direct investment (FDI) projects, the highest number of any UK region outside London, accounting for 9.8% of the national total. These projects created 5,821 new jobs, representing 9.7% of all FDI-related jobs, the second-highest share outside London, after the North West.



**ANDREW GOODACRE**  
CEO, British Independent  
Retailers Association

*“Whilst times are tough, businesses are finding ways to survive and grow. ... One reason for this resilience is artificial intelligence. Not robots or science fiction, but practical tools that help small retailers compete. Marketing automation. Inventory systems that predict demand. Customer service chatbots handling routine questions. Research shows small businesses using these tools see productivity gains between 27% and 133%. ...*

*Despite years of hearing that everything’s moving online, 72% of retail sales in the UK still happen in physical stores. In September 2025, online accounted for just 28% of total retail spending. The death of the high street has been greatly exaggerated.*

*The West Midlands proves this better than anywhere. The region has seen retail businesses grow by 9.4% over the past five years, the highest rate in Britain. Nearly 1,600 new retail premises opened between 2020 and 2024. Retail footfall here rose 2% in September compared to the previous year, making us one of only two regions seeing growth. When shops offer something worth experiencing, people still want to visit them.*

*Retail isn’t dying, but it is changing. ... We need the government to meet us halfway. Business rates reform would level the playing field. Serious action on retail crime would protect our high streets. ... Regional government has a particular role through planning policies that protect high street diversity and programmes that help businesses embrace technology.”*

## EXPORT TRENDS

His Majesty’s Revenue and Customs reports the value of goods exports from the West Midlands totalled £8.7bn in Q1 2025, 5.6% lower than in Q4 2024 and 3.4% lower than in Q1 2024. This represents the second-largest contraction among all UK regions. On an annual basis, exports in the year to Q1 2025 were valued at £34.9 billion, 1.3% lower than in the year to Q1 2024.

The West Midlands was one of only two UK regions to record growth in exports to the European Union (EU) in Q1 2025, with these comprising £3.7bn, up 2.3% on Q1 2024. Exports to non-EU destinations were valued at £5.0 billion, representing a 9.7% fall compared with Q4 2024 and a 7.2% fall compared with Q1 2024.



**DR MATTHEW LYONS**  
Research Fellow, City-REDI



**DR HUANJIA MA**  
Research Fellow, City-REDI

*“At the start of 2025 the US proposed 25% tariffs on automotive exports from the UK. City-REDI forecasted the economic impacts of the US automotive tariffs to be serious nationally but very severe for the West Midlands. The 25% Auto tariffs alone would have cost the West Midlands £6.2bn directly and indirectly in lost GDP by 2030. The US-UK trade deal cut the impact by 60% for the West Midlands – from £6.2bn to £2.5bn.”*



**DAVID WOAKES**

Head of Commercial Development,  
Greater Birmingham Chambers of Commerce

*“A new Trade Strategy has been established during the year to protect and boost British business with a focus on:*

- *Services and high growth sectors – so the UK can progress quicker deals that businesses can benefit from sooner with quicker, more practical deals that deliver faster benefits to UK businesses.*
- *Toughening trade defence – including new and improved tools to better protect industries from global threats.*

*Ultimately there is a goal to establish agreements to unlock c.£5bn per annum for businesses and expand UK Export Finance capacity to £80bn.*

*This includes the launch of the new Ricardo Fund and expanding the UK Export Finance capacity by £20bn to give smaller firms better access to export protection insurance, and introduce improvements to help overseas buyers finance repeat orders from trusted UK suppliers in a more streamlined way.”*

*“Exporting trends from 2021 to 2025 show that the West Midlands is the third largest exporting region in the UK, behind London and the South East ... The Indian Prime Minister Narendra Modi described Indian diaspora communities in the UK as a ‘living bridge’ because of familial and cultural connections. If we apply that metaphor more broadly, it is evident that the cultural diversity of Birmingham and the West Midlands gives the region a real visibility when it comes to exporting.*

*... The UK’s new trade agreements with India and the EU offer fresh opportunities. India, now the fastest-growing G20 economy, presents significant potential for Birmingham’s high-value manufacturing and professional services sectors, particularly under the recently negotiated UK-India Free Trade Agreement.*

*The challenge now is ensuring that more businesses, especially SMEs, take advantage of these opportunities. ... Programmes like Exporting Starts Here, delivered by Greater Birmingham Chambers of Commerce and partners, are vital in bridging this gap.”*



**DR RUTH FLEET**

Senior Policy Advisor,  
Greater Birmingham Chambers of Commerce



**ELISABETH LEWIS-JONES**

CEO, Liquid PR

*“Making the leap and investing overseas is not for the faint-hearted. It will take twice as long, and cost twice as much as first planned. Incorporating the company is the easy part, obtaining bank accounts takes considerably longer. Expect online systems that won’t recognise UK phone numbers and even UK certified documents.*

*But persevere, it’s worth it in the long term. There’s considerable help available.*

*...Nearly 3 years on from setting up Liquid Australia, the company is seamlessly global. It has not only opened a new market for us, it has given us a point of difference and an outlook and culture that is now truly international.”*



**JAYNE HUME**

Head of Global Division,  
Greater Birmingham  
Chambers of Commerce

*“Only 6.6% of West Midlands businesses currently export, compared with a national average of 11.5%, underscoring the opportunity for smaller firms to take advantage of new trade agreements, such as those with India and the EU. At the Global Chamber, our events, workshops, and services are designed to help SMEs navigate these opportunities, understand cultural nuances, and build the confidence to take their first steps abroad.*

*... the moment to act is now. Through our Global Members digital hub, market insights webinars, trade delegations, and networking events, we equip SMEs with the insights, guidance, and connections necessary to seize new markets. The region’s smaller businesses are ready to step onto the world stage, and with the Chamber’s support, global curiosity becomes confidence, opportunity becomes action, and ambition becomes export success.”*

## BUSINESS:

The West Midlands economy shows signs of both resilience and strain. Business formation has slowed, but modest declines in transport and storage across Greater Birmingham have been offset by steady expansion in property and health, indicating a shift toward service-based activities. Business confidence has fallen sharply over the year, with many pulling back from capital and R&D investment in response to tightening financial conditions and delayed public projects. Despite these challenges, the region remains strong in research and development. Significant initiatives in 2025, including the Birmingham Knowledge Quarter and West Midlands Health Tech Innovation Accelerator, alongside events like Birmingham Tech Week, highlight growing innovation capacity. The task ahead will be translating this momentum into sustained productivity growth through investment in technology and skills to build a more resilient, inclusive regional economy.

### BUSINESS DEMOGRAPHY

ONS figures show that in 2024, 72,620 enterprises were registered in Greater Birmingham. This is slightly below the figure recorded in 2023 (72,640) and the 2022 level (74,495). The most significant changes within the enterprise counts was a loss of 670 enterprises (representing -14%) in the Transport and Storage sector. The Property sector and Health sectors saw the largest growth in enterprise numbers (225 and 255 respectively), albeit representing a small percentage change for the sectors in question.

## BUSINESS CONFIDENCE

The latest UK National Accounts revisions provide important context for Birmingham's investment climate. Nationally, ONS data shows that business investment fell by 1.1% in Q2 2025, a smaller decline than the 4.0% originally estimated. This adjustment reflects stronger-than-expected resilience in ICT and machinery investment, though transport equipment and intellectual property products underperformed.

Despite the quarterly dip, investment remains 3% higher than a year earlier, continuing a recovery trajectory following the disruption of 2020–21. Over 2023–24, investment grew by 2.3%, while gross fixed capital formation (GFCF) posted a modest 0.5% increase in Q2 2025, driven by spending on dwellings and other buildings.

For Birmingham, these trends carry significant implications. The weakness in transport equipment investment is particularly relevant given the city's economic reliance on automotive and advanced manufacturing supply chains. Conversely, upward revisions for ICT and machinery align with Birmingham's growing strengths in digital, creative, and professional services, supported by its young population and expansion of universities' innovation ecosystems. These latter sectors are beneficiaries of continued investment in intellectual property and digital assets.

Government investment, which rose by 4.1% in Q2, offers further opportunities through major infrastructure projects, urban regeneration and housing development, which are critical for accommodating the city's expanding population.

Overall, while short-term sectoral headwinds persist, investment levels remain above pre-pandemic benchmarks. For Birmingham, this underscores the importance of diversifying its investment base and leveraging strengths in advanced manufacturing while also deepening its role in services, R&D, and innovation-led growth.



**PAIGE BOWYER**

Policy and Research  
Analyst, Greater  
Birmingham Chambers of  
Commerce

*“The latest Greater Birmingham Chambers of Commerce Quarterly Business Report reveals a challenging year for the region's firms, as confidence, profitability, and investment intentions continue to trend downward. Over the past four quarters, businesses have faced persistent cost pressures, policy uncertainty, and low consumer demand. This has all contributed to a gradual decline of optimism across the local economy.*

*... For firms operating on tight margins, these challenges have translated into more conservative financial decisions and a greater reluctance to commit to future spending.*

*That caution is most visible in the data on investment intentions. Plans for equipment investment have decreased each quarter since Q4 2024 ... Training investment has also seen a steady decline over the past year. However, the most recent data indicates a degree of stabilisation in the latter, as a small rise in firms scaling up their training plans helped offset the broader slowdown.”*

*“Birmingham continues to battle a narrative problem. The city’s recent struggles with financial governance, high-profile industrial disputes, and renewed public concern about violent crime have attracted national attention. A thriving services sector relies on stable, well-managed civic infrastructure; clarity and consistency in local governance; and an environment where people feel safe to live, work and socialise. This is vital to attract investment and dynamic people to the region.*

*... Birmingham was known as the city of 1000 trades. The region continues to be at the forefront of many industrial and scientific breakthroughs. Since medieval times it has always welcomed those who visit and make this unique place their home. ... The city should look to change the public narrative in order to restore its perception to that of an inclusive and collaborative centre for growth and opportunity.”*



**EDDIE FLANAGAN**

Partner and Asset Finance  
Litigation Specialist,  
Shakespeare Martineau



**MARK TAYLOR**

Office Lead,  
Bishop Fleming

*“Bishop Fleming took the decision to invest in Birmingham in 2024 and opened our doors to a new office on Colmore Row at the start of 2025 ... our immediate five-year plan is to go from one person at the start of 2025 to a team of over one hundred by 2030. Financially, we aim to have revenues here of over £10m in the same timeframe.*

*... And we are not alone... a number of leading accounting, legal and consulting firms have announced new offices in the city in the recent past to support their own drives for growth. These include Crowe, Fieldfisher, Hill Dickinson, PKF Smith Cooper, Ward Hadaway, TLT and Turner & Townsend.*

*This is an exciting and changing time for the professional services sector generally, with a wave of new - predominantly private equity - investors and much talked about technological developments re-shaping the industry. As a result of the impact of these forces, the next five to ten years are going to be truly transformative. Given its prominence in the sector, Birmingham is ideally positioned to be at the heart of this evolving landscape and to play a pivotal role in the future, wherever these changes take us.”*



**JOHN WEBBER**

Director and Head of Rating,  
Colliers International

*“Business rates in the UK have long been a source of frustration for companies across all sectors. Despite repeated political pledges, meaningful reform remains out of reach. As the government enters its second year, businesses are grappling with rising costs, mounting uncertainty, and a tax system increasingly disconnected from economic realities.*

*At the heart of the issue is the business rates multiplier – a figure used to calculate rate liabilities. Colliers has consistently advocated for a rebasing of the multiplier to a more affordable level, such as 35p in the pound. Instead, the government has opted for superficial adjustments, prioritising soundbites over substance ...*

*According to latest OBR projections, business rates are projected to raise nearly £40 billion annually by 2029–30. Without substantive reform, high streets will continue to decline, investment will stall, and businesses will face a growing tax burden. The need for genuine, comprehensive reform has never been more urgent.”*

*“The creative and culture sector is in a difficult position in 2025. Sub sub-sectors of the creative industries; CreaTech, video games, TV and film production are seeing strong demand and are poised for growth. However, non-market culture sectors; museums, galleries, theatres, creative education, sectors which are more dependent on public funding are facing a difficult future. This is driven by the collapse in funding for the culture sector especially in Birmingham post the section 114 notice.”*



**DR MATTHEW LYONS**

Research Fellow,  
City-REDI

## GROSS EXPENDITURE ON R&D

The latest available data shows that GERD in the West Midlands for 2023 was £5.5bn (8% of national GERD) and up from 2022 (£4.9bn). The West Midlands is the second highest recipient of GERD outside London and the Greater South East after the North West of England (£6bn). However, in per capita terms the West Midlands is the highest recipient at £902 per capita after London and the Greater South East regions (which receive between £1,280-£1,779 per capita). Of the £5.5bn GERD the West Midlands received in 2023 79% was from business, 19% from Higher Education and 2% from Government and UKRI. Comparatively, the average region received 66% of GERD from business expenditure.



**DR GERARDO JAVIER  
ARRIAGA GARCIA**

Research Fellow, City-REDI

*“The Regional Investment Summit in Birmingham on 21 October 2025 confirmed over eight hundred million pounds of new investment for the West Midlands. This included a four hundred million pound commitment linked to the Birmingham Knowledge Quarter within the West Midlands Investment Zone.*

*... The West Midlands Health Tech Innovation Accelerator has attracted almost fifty million pounds of private co-investment from an initial public grant of fourteen point five million pounds.*

*... [However] Two system risks shaped the year, the delay to the HS2 Handsacre connection and the Jaguar Land Rover cyber attack, both with implications for investor confidence and supply chains.”*

*“Innovation at runyourfleet is deeply embedded in our operations, and our platform, recognised with the King’s Award for Enterprise in Innovation, exemplifies how scalable, data-driven solutions can transform fleet management for organisations of all sizes. By addressing complex rental needs, enabling predictive maintenance, and offering flexible leasing and salary sacrifice schemes, we have developed a cloud-based system that can quickly adapt to the evolving requirements of our customers.*

*Artificial intelligence now underpins our next phase of development, supporting smarter decision-making, automating routine processes, and enhancing safety. As the transition to electric vehicles accelerates and regulatory demands grow, we must continue to innovate, supporting businesses with the agility and insight required to adapt and thrive.”*



**STEVE WHITMARSH**

CEO, runyourfleet



**DR CLAIRE LEMER**

Chief Officer for Strategy and Innovation, Birmingham Women’s and Children’s NHS Foundation Trust

*“To enable us to do more for our heterogeneous, increasing young population we are looking to embrace automation, and step into the world of analytics supported by novel equipment and deep technology. We are moving access to testing from hospitals to GP practices. We are supporting clinicians to understand and access testing. We are informing families and patients about the choices they have and how to navigate the ethical and clinical landscape. We are training the highly skilled workforce to be able to review and analyse the massive data flows from the biological samples. Alongside partner academic organisations we are pushing the boundaries of research to ensure that patients are supported and specifically that patients in our region have access to the latest tests.*

*...By bringing genomic medicine and research into the evolving life sciences strategy of the Midlands we will create a plethora of commercial opportunities. ... Where once our reputation was forged in cutting edge industrial processes, we want our future to be built in the very life blood of our genetic code.”*

# PEOPLE:

Greater Birmingham's labour market is currently stronger than at any point in modern history, following decades of population decline and industrial contraction. Employment and working-age population have grown steadily over the past 25 years, with unemployment and economic inactivity at historic lows (although still above national averages), youth unemployment remaining below 10% for four consecutive years, and narrowing ethnic minority employment gaps. However, new challenges are emerging. Rising levels of work-limiting disability threaten inclusion and productivity, requiring better health support, workplace adaptation, and coordinated public policy. Simultaneously, technological disruption from AI and automation is reshaping labour demand and skills requirements. Although the region's strong university base and expanding AI ecosystem offer opportunities, digital skills shortages and unequal access to technology risk widening inequalities if left unaddressed.

## DEMOGRAPHICS

The latest mid-year population estimates highlight that by mid-2024, the England and Wales population reached 61.8 million, an increase of 706,900 people (1.2%) compared with the previous year. This is the second largest annual increase in over 75 years, predominantly driven by international migration. Births across England and Wales have fallen to their lowest since 2002, while deaths have also declined, leaving natural change a relatively small contributor to population growth. The number of people aged 65 and over continues to rise nationally, though the working-age population has also grown modestly.

For Birmingham, this presents opportunities and challenges: continued inflows can reinforce the city's dynamism and diversity, but they also place pressure on housing supply, public services, and infrastructure. Strategic planning will be essential to ensure that the city can translate its demographic growth into inclusive and sustainable economic development.



**DENISE MYERS**

Founder, Evenfields

*"Birmingham's strength lies in its diversity and in its ability to nurture that diversity into leadership. The city has an opportunity to become a national model for inclusive economic growth, where success is shared and social mobility is real. But that requires intentional action.*

*At Evenfields, we are not waiting for change. We are creating the conditions for it. Through our partnerships, our job board, and flagship events like the Black Talent Awards and Careers & Leadership Conference, we are building ecosystems where under-represented professionals can thrive, and where organisations can access the innovation that diversity brings.*

*Social mobility meets action when ambition, opportunity, and networks collide. And if any city can lead the way, it is Birmingham, vibrant, diverse, and ready to rise."*



**KEITH SHAYAAM-SMITH**

CEO, Legacy Centre of Excellence

*“Young people from diverse backgrounds often face significant barriers to entry in high-growth sectors. These include a lack of professional networks, unconscious bias or discrimination in recruitment, and a disconnect between educational pathways and real-world job requirements.*

*... We must embed young people in the growth strategy from the ground up. We believe it is important that tangible job opportunities, with access to mentoring, growth, and personal development, are made available to young people. Especially for those from marginalised communities, the ability to improve their lives through opportunity is key to their wellbeing and growth.*

*The responsibility for engaging young people in city-wide opportunities cannot fall solely on schools or youth centres. It requires a collaborative ecosystem involving the GBCC, businesses of all sizes, and anchor institutions like ours, all working actively in partnership with youth organisations and schools to create this cohesive system.”*

*“Immigration remains a key economic, social and political issue. It has played a key role in economic growth – through addressing labour and skills shortages. It has shaped the demographic profile of the West Midlands metropolitan area and the UK. In 2025 the UK is moving towards a more restrictive and targeted immigration system so as to remove undue reliance on immigrant workers.*

*... The costs for employers of recruiting migrant workers are set to increase... demands on migrant workers are set to increase also... [and] proposed changes to student and graduate visas have implications for employers and for universities, with the latter forming a prominent component of the West Midlands economy and research and innovation system.”*



**PROFESSOR ANNE GREEN**

Director, City-REDI

## LIFE EXPECTANCY

Between 2021 and 2023, the ONS’ healthy life expectancy across the West Midlands area was 60.3 years for males and 60 years for females, which is shorter than the England averages by 1.2 years and 1.9 years respectively. Total life expectancy in the West Midlands was 78.4 years for males and 82.5 years for females, compared to 79.1 years for males and 83 years for females across England.

This is substantially lower than the 2017-2019 level, which highlighting the impact of pandemic and then an ongoing backlog for medical treatment.

## EARNINGS

ONS data shows that average regular earnings (excluding bonuses) in Birmingham rose by 4.8% between May and July 2025, while total earnings including bonuses increased by 4.7%. Although strong historically, this marks a slight slowdown, indicating easing wage pressures. Adjusting for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH), real pay growth was more modest: 0.7% for regular pay and 0.5% for total pay. These figures suggest households are only just beginning to see improvements in purchasing power after years of inflationary strain.

Sectoral trends are significant. Public sector pay grew by 5.6% (in part due to recent industrial action), outpacing the private sector (4.7%), benefiting Birmingham's large public services base. Nationally, wholesaling, retailing, hotels and restaurants recorded the strongest wage growth (6.4%), an important finding for Birmingham, where these industries are a key source of employment. While earnings continue to rise, future progress depends on sectoral composition. Overall, Birmingham's outlook is cautiously positive, with real wages improving, albeit slowly.

## UNEMPLOYMENT

Statistics from NOMIS (a service provided by the ONS) show that, as of the year to June 2025, the Greater Birmingham unemployment rate amongst working aged people (16-64) was 5.7%. This is significantly higher than the national average - 4.1% - and the unemployment rate in the year to June 2024, which was 4.5% in Greater Birmingham and 3.8% nationally.

## ECONOMIC INACTIVITY

NOMIS reports that the economic inactivity rate in Greater Birmingham amongst those aged 16-64 was 23.1% between July 2024 and June 2025. This is 1.9 percentage points higher than the national rate of 21.2%. This has declined from 24.4% in July 2023 to June 2024, as more people have entered the labour market.

Among those economically inactive, the most common reason cited was being a student (reported by 32.3%). Consistent with the previous year, the second most common reason was long-term sickness, accounting for 25.7% of inactive individuals in Greater Birmingham, followed by looking after family or home (22.9%).



**DR GERARDO JAVIER  
ARRIAGA GARCIA**

Research Fellow, City-REDI

*“Poverty in the UK remains high by historical standards, and 4.5 million children lived in relative poverty after housing costs in 2023/24 (the highest since records began) while poverty rates for disabled people remain markedly higher than for non-disabled people. Median household incomes also fell by around two per cent in real terms across 2023/24.*

*... Poverty in Greater Birmingham is high and concentrated, but it is not immutable. With the right mix of national reform and local delivery, the city-region can reduce hardship while supporting sustainable growth.”*

*“The problem of health-related inactivity is driven by a rise in the prevalence of work-limiting disability since the pandemic and not by a reduction in the propensity of disabled people to be in the labour force. This has important policy implications – specifically, we face a public health problem rather than a labour market problem per se. ... Greater Birmingham’s relatively young demographic profile means that health-related economic inactivity is less of a problem than many other places across the UK – but it still remains a considerable problem that needs addressing through health and labour market policy.”*



**PROFESSOR DONALD HOUSTON**  
City-REDI



**ANN TONKS**

Owner, Chapter Edgbaston

*“Half of job losses (c.124,000) in the last 12 months are in hospitality. We’re the 3rd biggest employer in the UK and for every 10 jobs created directly, a further 4.7 are generated elsewhere. For every £1 the industry contributes directly to the economy, it contributes another 58p indirectly through supply chains.*

*...While hospitality is a discretionary spend it’s essential to the region’s economy and culture*

*As a key employer, cultural asset and heartbeat of the high street, we can be a source of inclusive, sustainable growth.*

*Hospitality is the most democratic, diverse employer in the country and our decline is affecting working people. We reach hard- to- penetrate communities and are a positive pathway for the economically inactive. For a region with isolated communities and high level of NEETS, let’s recognise that hospitality is a vital conduit of integrating communities and bringing people into work.*

*We take school leavers and the unemployed to teach highly transferable skills”*

## SKILLS ATTAINMENT

In 2024, 6% of working-age people in Greater Birmingham had no formal qualifications, down from 6.5% in 2023, according to ONS data. This figure is below the UK average of 6.8% and England’s average rate of 6.6%.

Among local authorities within Greater Birmingham, Birmingham recorded the highest proportion of people aged 16–64 without formal qualifications at 16.1%, significantly higher than both other local authorities in the area and the England average. This represents a notable increase compared with 2023.

The Regulated Qualifications Framework (RQF) is the national credit transfer system for educational qualifications in England, Wales, and Northern Ireland. In 2024, 50.4% of the working-age population in Greater Birmingham held qualifications at RQF Level 4 or above, exceeding both the UK and England averages. Within Greater Birmingham, Wyre Forest had the highest share of residents with RQF4+ qualifications, followed by Birmingham.

As with other UK regions, the West Midlands continues to face challenges in skills supply, however, according to the 2024 National Employer Skills Survey (ESS), the incidence of skills-shortage vacancies (SSVs) in the West Midlands was 4%, the lowest among English regions. This compares with 6% of employers nationally reporting at least one SSV.

## WEST MIDLANDS LOCAL SKILLS IMPROVEMENT PLAN

Since its publication in 2023, the West Midlands and Warwickshire (WMW) Local Skills Improvement Plan (LSIP) has contributed to meaningful progress against identified skills gaps in the region. A consortium of Further Education Colleges and Independent Training Providers successfully secured £10.3 million from the Local Skills Improvement Funding (LSIF) to respond to the recommendations of the LSIP, which has been used to support six key projects in areas such as green skills, digital upskilling, sustainable construction, and employer engagement. Through this, more than 9,000 staff and students have engaged with training, workshops, and newsletters, and approximately 3,000 learners are reported to be using LSIF-enabled equipment and facilities.

Building on the work of the previous, West Midlands and Warwickshire LSIP, Coventry and Warwickshire, Greater Birmingham and Black Country Chambers of Commerce have begun working with the West Midlands Combined Authority (WMCA) on delivery of the West Midlands Local Skills Improvement Plan (LSIP) for 2026, funded by the Department for Education.

Building on previous research and best practice across the region, the West Midlands LSIP will help to drive change and ultimately shape the future of skills provision across the WMCA area for years to come.



**DR KOSTAS  
KOLLYDAS**

Research Fellow, City-REDI

*“The number of online job postings [in Greater Birmingham] requiring AI skills (hereafter AI job postings) rose very sharply, from 311 in 2017 to 2,694 in the first three quarters of 2025 (a 55% year-over-year increase). Accordingly, the share of AI job postings in total job demand increased from 0.1% in 2017 to 1.3% in 2025. However, this share remained below the UK average of 2.1% in 2025.*

*... AI is continually impacting labour demand – both positively and negatively. It is expanding into new sectors and professions. In this context, education and training provision should aim to improve workforce readiness so that individuals can adjust to jobs that require AI skills.”*



**PROFESSOR  
ANNE GREEN**

Director, City-REDI

*“Adzuna online job posting data show that the number of graduate jobs in the Greater Birmingham area decreased from 12,600 in 2017... to just 2,700 in the first three quarters of 2025. ... As a result, the share of graduate jobs in total demand ... is nearly one percentage point lower than pre-pandemic levels. ... This picture may reflect more limited recruitment budgets by employers and the likely substitution of some skilled graduate tasks by AI-related automation, particularly in areas such as finance, law, and medicine.*

*... In this context, policy should respond on both fronts. It is important that graduates develop the mix of skills that are valued by employers. Employers, in turn, need the right support to offer good entry-level jobs. Therefore, it is critical to develop stronger links between universities, colleges, training providers, and local businesses.”*

*“Employers are treading carefully. Since the rise in Employers’ National Insurance, many have become hesitant to recruit new permanent roles or replace leavers. Economic uncertainty is encouraging businesses to hold off on long-term hiring decisions, and as a result, the market for permanent placements has softened.*

*In contrast, we’ve seen a clear rise in temporary and interim recruitment. Companies are increasingly turning to flexible workforce solutions to manage short-term projects or bridge gaps while maintaining agility. This trend shows no sign of slowing, as employers seek to balance caution with continuity.*

*... Professional services, financial services, and technology are among the most active sectors for hiring. In these areas, salary pressure is mounting as demand outpaces supply. Employers are competing not just on pay, but on culture, flexibility, and progression opportunities.”*



**GARETH WATKINS**

Performance Director,  
SF Recruitment



**SHILPI AKBAR**

Head of Stakeholders  
and Communities,  
Balfour Beatty VINCI

*“In 2021, we launched the first bespoke pre-employment training programme through our Skills Academy partnership with South and City College in East Birmingham. Four years on, we’re on course to deliver our 40th training course for local job seekers, with more in the pipeline.*

*We’re looking forward to celebrating our 100th T-level student at BBV... Earlier this year, we celebrated our 500th apprentice on the project... These achievements form part of a wider picture where HS2 will drive a £10 billion economic uplift in the West Midlands over the next 10 years...*

*When local people are matched to jobs or apprenticeship opportunities through major investments like HS2, the benefits stay in the region. High quality jobs and sustainable careers mean stronger communities, higher spending power and a more resilient economy. This creates a positive cycle where skills attract investment, investment creates jobs, jobs strengthen our region, which supports growth and future investment.”*

*“South & City College Birmingham (SCCB) is more than an education provider – it’s a catalyst for change. Driven by its focus on innovation, the college partners with businesses to accelerate digital transformation and sustainable practices, ensuring Birmingham remains competitive in emerging sectors like green technologies and advanced engineering.*

*With Birmingham’s diverse and youthful population, SCCB plays a critical role in bridging skills gaps. From T Levels and apprenticeships to bespoke training aligned with the Local Skills Improvement Plan, the college equips learners for careers in electrification, sustainable construction, and digital industries.*

*... As a co-leader of the Construction Skills Alliance, the college delivers training for thousands of roles linked to HS2, Paradise, and Smithfield developments. Its state-of-the-art construction facilities and training programs ensure local talent is ready for Birmingham’s £2.4 billion transport investment and beyond.”*



**ANSHU WILLIAMS**

Assistant Director of  
Business services,  
South & City College  
Birmingham

# PLACE

The West Midlands continues to strengthen its social and cultural foundations while adapting to structural change. Tourism has rebounded strongly from the shocks of the pandemic, with Birmingham remaining among the UK's top four destinations. Major events, such as the 2026 European Athletics Championships, are expected to enhance the region's profile as a vibrant, globally-connected destination, and boost visitor spending further.

Cultural heritage remains a significant economic asset. The passing of Ozzy Osbourne in July 2025 drew global attention to Birmingham's musical legacy, with his final concert generating £33.8 million in output, £27.6 million of which stayed in the West Midlands. Nevertheless, publicly funded arts and cultural organisations face severe financial strain following Birmingham City Council's Section 114 notice, constraining support for the creative ecosystem just as private-sector sub-industries such as gaming, film, and CreaTech continue to expand. This divergence underscores the need for coordinated strategies to sustain civic culture alongside commercial creativity.

Hybrid and remote working continue to reshape living and working patterns. While Birmingham remains an economic hub, housing quality, amenities, and connectivity are increasingly vital for attracting talent. Despite improved affordability ratios, pressures persist, with over 116,000 households on waiting lists for social housing. New devolved powers aim to deliver 1,000 new social homes and strengthen capacity for local delivery.

## HOUSING AFFORDABILITY

ONS data on median house price affordability shows a median house prices as a ratio of median annual residential earnings. In 2024, the West Midlands house price affordability ratio fell to 6.86, from 7.35 the year prior. This was also notably below its 5-year average rate of 7.25. Comparatively, the ratio for England and Wales was 7.53 in 2024, down from 8.27 in 2023 and also below the 5-year average of 8.2. Median house price affordability thus improved across the board in 2024. Nevertheless, the West Midlands still had the second highest mean proportion of household income spent on housing in 2023-24 at 26.8%, behind only London.



**DR ABIGAIL TAYLOR**  
Research Fellow, City-REDI

*“Greater Birmingham – and the wider West Midlands region – are certainly not immune to the challenges of the [UK] housing crisis. In 2024, 116,565 households across the West Midlands region were on local authority housing registers (waiting lists), marking an 11.5% increase compared to 2022.*

*... Ultimately, residents of Greater Birmingham and Solihull must have sufficient income to afford to rent or purchase the new homes being constructed. This highlights the need for local, regional, and national policymakers, business leaders, Further Education, Higher Education and community stakeholders to develop a joined-up strategy that connects housing with skills and employment. Leveraging the opportunities offered by the government’s emphasis on increased devolution and developing a co-ordinated, strategic response at the sub-regional level will be crucial.”*

*“Not only is the West Midlands at the forefront of a housing transformation driven by the dual imperatives of sustainability and affordability, but I’m also pleased and proud to say Midland Heart is leading the way too. Our proposed Eco Village scheme will be the first of its type in the country. In this vanguard development we are looking to integrate ‘place’, renewable energy, and natural materials to create a low-carbon impact community that is also at 100% social or affordable rent, or shared ownership. The project will use district biomass heating, green roofs, and local brickwork to blend sustainability, affordability with visual appeal.*

*... Nationally, Government support has also increased, with a £39 billion Social and Affordable Homes Programme, aiming to deliver 1.5 million homes nationwide. The West Midlands is expected to benefit significantly, with funding directed toward unlocking stalled developments and training 12,000 construction workers to support house building.”*



**GLENN HARRIS MBE**  
CEO, Midland Heart



**DR MATTHEW LYONS**  
Research Fellow, City-REDI



**PROFESSOR REBECCA RILEY**  
Director, City-REDI

*“Inspired by The Economist Newspaper we created our own version of the Carrie Bradshaw Index. The index named for the protagonist of Sex and the City quantifies where solo living is most affordable in England and Wales. The measure considers one-bedroom rental costs relative to local incomes. The analysis found that Birmingham is one of the most affordable major cities in England and Wales for solo-living. Our take, Carrie would live in Birmingham.”*

## CONNECTIVITY

Greater Birmingham remains one of the UK's most connected regions, with major investment in digital infrastructure and sustainable transport in recent years. These initiatives aim to boost connectivity, reduce emissions, and create inclusive growth across communities.

In June, the Chancellor pledged to invest in the Midlands Rail Hub scheme, which is designed to provide faster, better and more frequent connections across the Midlands. Under the scheme, more than 10 engineering interventions throughout the region will allow at least 20 million extra seats for passengers and up to 300 extra trains every day. Birmingham Moor Street will see 14.2 million extra seats and Birmingham New Street will gain an extra 5.4 million seats. The Cross City line will gain two extra trains, in each direction, per hour, which will create 5.4 million new seats each year.

Other significant investments include the Eastside extension of the West Midlands Metro, which will reach a temporary terminus at Millennium Point later by the end of 2025, and is due to eventually reach Birmingham City FC's planned 60,000 seat stadium and serve the HS2 station at Curzon Street. Construction work is also underway on two extensions routes from Wednesbury to Merry Hill Shopping Centre, via Dudley town centre.

The development of HS2 is also well underway, with more than 33,000 construction workers and over 3,500 UK businesses contributing to the future rail network. Once fully operational, the high speed line will connect London and Birmingham in just 49 minutes, and free up space across the wider rail network, enabling the delivery of improved local services and freight. Following concerns about cost and timeframes, a programme review is currently underway to establish a realistic cost, schedule, and funding plan.



**MICHAEL WHELAN**

General Manager, M6 Toll

*"The region is seeing a wave of investment in transport... [and M6 Toll are] also investing in the future. A new £20 million tolling system with Automatic Number Plate Recognition (ANPR) makes travel smoother and more flexible. Local drivers benefit from discounted prices, helping reduce congestion and pollution on nearby roads. We're working on clean air initiatives, exploring low-emission tech, and upgrading lighting and biodiversity along the route.*

*... Today, around 50,000 vehicles use [the M6 Toll] daily, with 70% travelling the full length. It's helped shift up to 85% of long-distance traffic off the busy M6, easing pressure and improving journey times. In fact, for over 20% of peak-time trips, journey times are cut in half compared to the M6.*

*The economic impact is real. Users save around 3 million hours a year, worth an estimated £280 million. The road has supported 5,000 new jobs in the West Midlands and added roughly £400 million to the local economy. It's also helped attract 1,200 new businesses and supported the building of around 500 homes a year – nearly double the national average."*



**CHARLOTTE RICHIE**

Head of Communications and Strategic Engagement, London Northwestern and West Midlands Railways

*“Rail demand in the UK has already recovered to 97% of pre-Covid levels ... In 2024/25 67.7 million passengers travelled on the London Northwestern and West Midlands Railways network, and this figure is forecast to rise to more than 80 million journeys in 2025/26.*

*... Next year passenger growth is expected to continue with five brand new stations due to open on the West Midlands Railway network.*

*Value for money, reliability and convenience are hugely important in encouraging people to travel by train. The new West Midlands Railway fleet and wider investment in depots and infrastructure is enhancing the passenger experience and making train travel easier and more attractive.*

*“Birmingham Airport is on its way to record passenger traffic this year with a milestone of c.14 million passengers forecast to travel during 2025/26. ... This remarkable growth is a clear outcome of our ongoing work to maximise the true potential of our airport and handle at least 17 million passengers by 2029.*

*... Our overarching strategy is to continue to diversify our offering with scheduled, charter and long-haul operators. To enable our growth plans, we have recently announced our most ambitious investment plan to date which will see £76.5 million invested each year for the next four years. ... We’re confident that our continued investment and forward-thinking strategy will deliver a modern airport fit for the future that our region can truly be proud of.”*



**NICK BARTON**

CEO, Birmingham Airport



**HUW EDWARDS**

Director for Stations and Placemaking, HS2 Ltd

*“Last year, specialist research found that HS2 will drive a £10 billion economic uplift in the West Midlands over the next 10 years. The figure is made up of two factors: the long-term economic contribution of people living and working in the new homes, offices, shops and other businesses; and the economic boost from jobs created during construction.*

*... HS2 is the UK’s most ambitious infrastructure project for generations and delivering it has not come without challenges. HS2 Ltd’s CEO Mark Wild is currently leading the project through a comprehensive Reset to ensure it is built as efficiently as possible. This includes developing a new strategy to put the building blocks of the railway in the right order, alongside new estimates for its cost and opening schedule.*

*And yet, for people in the West Midlands, it is worth bearing in mind that the promise of greater connectivity is already drawing jobs, homes and new investment into a region – even before a high-speed train pulls into Curzon Street station. Despite the challenges of delivering such a large and complex infrastructure project, HS2 will continue to prove its worth.”*

## OFFICE SPACE

Analysis by global commercial real estate advisory firm Avison Young found that the 'Big Nine' regional office markets of the UK outside of London (Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, and Newcastle) saw take-up levels reach 1.7m sq ft in Q3 2025, with demand focused on centrally located office spaces with high amenities and transport connectivity. 66% of Q3 demand was said to come from city-centre locations.

Although Q3 activity surpassed Q2 levels, it still fell short of the 10-year average for the second quarter in a row, underscoring a market constrained by limited supply, volatile economic conditions, and evolving occupier requirements.

Birmingham was highlighted as the most resilient Big Nine market, with take-up reportedly reaching 207,729 sq ft in Q3, up 37% on Q2 to mark the year's strongest quarter. The largest deal in the city saw the Birmingham Centre for Anatomy, Surgical and Clinical Skills let 51,000 sq ft at Bruntwood SciTech's Birmingham Health Innovation Campus. Other notable transactions included Forvis Mazars LLP letting 22,000 sq ft at Three Chamberlain Square, and Squire Patton Boggs letting 22,000 sq ft at 19 Cornwall Street.

Across the Big Nine regional markets, the availability of Grade A space remains critically low – in Q3 Grade A availability in Birmingham was just 1.9% – contributing to upward pressure on rents. Avison Young predicts decreased Grade A availability to continue to affect the Big Nine going forward, with the total volume of developments across the nine regional markets due for completion in 2026 well below the historic average seen per annum between 2020-2024.



**PROFESSOR  
ANNE GREEN**

Director, City-REDI

*“With hybrid working now more prevalent than formerly, places must consider their function and desired future role. For large cities, the evidence suggests that accessibility is a key element of attractiveness, making continued investment in digital and transport infrastructure essential. To attract businesses and high-skilled workers, large cities need to offer public and consumer services, amenities, and a quality of public realm that can sustain collaboration and provide desirable experiences. For residents, these factors are equally important, alongside housing, schools, healthcare, liveable neighbourhoods, and so on. ...*

*While the shift to remote/ hybrid/ home working ... offers opportunities to reshape work geographies and influence residential preferences, the evidence suggests that it may exacerbate rather than reduce existing regional inequalities. Challenges of inclusion remain ... hence it is important that local residents are equipped with the skills they need for both existing jobs and those of the future.”*



**MARK ROBINSON**

Principal and Head of Office Agency - Birmingham, Avison Young

*"It's important to deal with the cloud that has hung over the market for the majority of this year - demand. In the first half of 2025 demand was half of what we would expect in comparison to the 5 year average. ...*

*This reduction in demand is not unique to Birmingham and has been experienced across the Big 6 regional office markets. We believe that the lack of occupier confidence has been as a result of several factors, the most notable of which are, wider geopolitical uncertainty, a lacklustre UK economic performance, and an increase in employers National Insurance Contributions. When combined these factors have dented confidence leading to a reduction in larger corporate transactions.*

*More positively the number and size of transactions increased significantly in Q3... Whilst the corporate market has slowed until recently the SME market has continued at a pace. Companies employing up to 50 staff have been expanding but when doing so have been cautious with capital expenditure and have favoured buildings which have offered fully fitted floors with fit out and furniture provided by the landlord."*

## TOURISM

Visit Britain data shows that Birmingham's tourism sector demonstrated strong resilience and recovery following the pandemic. In 2019, the city attracted just over 1.1 million visits, ranking among the UK's top four destinations behind London, Edinburgh, and Manchester. Visitor numbers fell sharply during the pandemic to just over 200,000 in 2021, yet Birmingham remained one of the most resilient urban destinations outside London. Recovery accelerated from 2022, with visits rising to 803,000 and then to 934,000 in 2023, narrowing the gap with Manchester and comfortably surpassing other regional rivals. This trajectory underscores Birmingham's growing significance as a cultural, business, and tourism hub.

2025 was another significant year for tourism in Birmingham with Ozzy Osbourne's Back to the Beginning Concert and then subsequent public shows of support after his passing this summer.

Major events - including the Commonwealth Games in 2022, the forthcoming European Athletics Championships in 2026 and the UEFA Euro 2028 - alongside its central location and strong transport connectivity, position the city to further enhance its profile and potentially challenge Manchester's status as the leading UK destination outside London in the coming years.



**DR MATTHEW LYONS**

Research Fellow, City-REDI

*“On the 22nd of July 2025 Birmingham lost one of its most iconic sons. Ozzy Osbourne, The Prince of Darkness and Godfather of heavy metal passed away at 76. But what he leaves behind is more than just the music, he leaves a lasting cultural and economic impact on his hometown and beyond.*

*... Using City-REDI’s SEIM-UK economic model we estimated that Ozzy’s Back to the Beginning concert contributed £33.8 million in gross economic output across the UK, £27.6 million of which is retained in the West Midlands.*

*The impact of the Prince of Darkness is obviously far beyond the financial impact his gigs and TV shows have netted. Ozzy was always an ambassador of Birmingham and in passing becomes a symbol of the city’s working class resilience, creativity and ability to reinvent itself. The naming of Black Sabbath Bridge and Ozzy the Bull show the civic embrace of Ozzy that transcends fandom of metal music.”*

*“Every event held here contributes to the Birmingham economy and competitiveness of the UK as a destination for business. ... So far in 2025, we’ve welcomed nearly 25,000 exhibitors and more than a million visitors through our doors. These interactions power the strength of UK PLC, fuelling growth, exports, and innovation across multiple sectors.*

*...The NEC’s 50th anniversary in 2026 will be a proud milestone, not just for us as a team but for everyone who’s helped shape the venue’s story. And with the Invictus Games in 2027 set to shine an international spotlight on Birmingham, we’re reminded that our role goes far beyond events. This will be a chance to showcase both our world-class facilities and our enduring commitment to bringing people together with landmark moments.”*



**IAN TAYLOR**

Managing Director of Exhibitions, the National Exhibition Centre



**MARIANA DI-BELLA**

Cultural Heritage Specialist,  
Birmingham Museum and Art  
Gallery

*“As investment in the arts, culture and heritage continues to fall, at a time when society needs them more than ever, cultural organisations of all sizes are looking to create strategic and meaningful partnerships. For the business community, culture is a driver of quality of life, talent attraction, place-making and competitive urban edge. For the public sector, culture is a medium to foster shared belonging and social cohesion. The third sector captures the community spirit which motivates many charities and voluntary organisations and thousands of individual volunteers to dedicate themselves to improving the lives of others.*

*For residents, culture is a mirror, a stage and a meeting place – and a great day out. The private, public and third sectors need to identify synergies, and work together to ensure that Birmingham is more than the sum of its parts – that it is a city with heart and soul, where everyone can feel they belong. For 2025 and beyond, we must champion arts and culture not as a sector among many, but as an integral pillar of civic life.”*

## BIRMINGHAM SPORTS QUARTER

Earlier this year, US company Knighthead announced a £100mn investment to develop a new Sports Quarter in East Birmingham.

The new site is estimated to create 8,400 new jobs annually in Birmingham while also supporting the wider city and West Midlands. The investment is expected to pave the way for a new 60,000-seater stadium alongside a sports campus of training facilities, a new academy, and community pitches. Beyond sport, the campus plans also include leisure, commercial, and residential development

## BIRMINGHAM KNOWLEDGE QUARTER

In 2023, then-Chancellor Jeremy Hunt announced that the West Midlands would be the recipient of an investment zone, backed by £80m of funding – later increased to £160m in flexible capital and revenue funding to support the development of the investment zone sites and the sectors they serve. The West Midlands Investment Zone covers the region as a whole, focussing on three specific sites – the Coventry-Warwick Gigapark at Coventry Airport, the Wolverhampton Green Innovation Corridor, and the Birmingham Knowledge Quarter.

The Birmingham Knowledge Quarter in Birmingham city centre is focused on R&D in advanced digital technologies, engineering, and health-tech. It is intended to be a world-leading innovation ecosystem that supports cutting-edge companies, creates thousands of jobs, and drives economic growth by developing significant commercial and residential space and fostering collaboration between universities and businesses.

At the Regional Investment Summit hosted in Birmingham in October 2025, Chancellor Rachel Reeves announced that Woodbourne Group, one of the sites delivery partners, has started working with leading global real estate investment manager, Hines. It is reported by the WMCA that this partnership with Hines could see up to £400m of investment into the project and would represent a significant boost for a much-needed residential and innovation pipeline in the region. The Combined Authority report that delivered in full, the Knowledge Quarter is expected to create more than 22,000 high-value jobs and provide 4,800 new homes.

## ELECTRIC VEHICLE TRANSITION

The roll-out of electric vehicle (EV) charge points across the UK has accelerated at an unprecedented pace. Nationally, the provision of charge points per 100,000 people has risen more than threefold since 2019, with London maintaining a commanding lead increasing from 414 charge points per 100,000 in 2019 to nearly 1,450 by 2025.

Against this backdrop, the West Midlands has been one of the most dynamic growth regions. From 43 charge points per 100,000 people in 2019, provision surged to 725 by 2025 a pace of expansion that places the region firmly among the national leaders. Yet beneath this regional headline, there is a striking diversity in local outcomes.

The clearest success story is Coventry, which mirrors the regional trajectory almost exactly, rising from 43 charge points per 100,000 people in 2019 to 725 in 2025. Other authorities have also made remarkable progress: Solihull expanded from 25 charge points per 100,000 in 2019 to 192 in 2025, while Rugby climbed from just 3 in 2019 to 149 in 2025. Worcester too stands out, increasing from 18 to 153 over the same period.

By contrast, Birmingham, moved from 8 to 109 charge points per 100,000 people between 2019 and 2025. Although this represents significant progress, it remains well below the regional average and demonstrates the challenge of scaling provision across a large urban population. Similarly, many Black Country authorities lag behind: the concentration of charging points in Sandwell (40), Wolverhampton (32), and Walsall (32) all remain far below the regional average in 2025. This uneven geography will shape how quickly the benefits of the EV transition are realised across the West Midlands.



**DR MAGDA  
CEPEDA-ZORRILLA**

Research Fellow, City-REDI

*“Mortality from human-made air pollution in the UK is between 28,000 and 36,000 deaths annually. Air pollutants from petrol/diesel vehicles... were estimated to cost the NHS and social care system £1.6 billion between 2017 and 2025. In England, the estimated economic cost of road (urban) noise is between £7 and £10 billion annually. ... widespread EV adoption is considered essential to meet governmental carbon-budget targets, improve urban air quality and tackle noise pollution. To achieve this, the UK government plans to phase out new petrol and diesel cars by 2035 and for all new cars and vans to be 100% zero-emission. But it is crucial to have the rapid development of a reliable charging network to enable mass EV adoption.*

*...In the case of the West Midlands, the region retains substantial automotive capabilities and clustering effects that present opportunities for EV industry development. Research suggests the region can leverage these strengths by capitalising on upper-end technology capabilities and establishing leadership in low-carbon vehicle technologies.”*

## SUSTAINABILITY

Data from New Horizon Economics shows the energy (expressed as kiloton of oil equivalent (KTOE)) required to produce £1 million of GVA varies widely between the 350 local authority areas in the UK. The UK average stands at 0.034 KTOE per £1m GVA. The data shows that for Local Authorities in the West Midlands there is a wide variation with the region’s urban centres exhibiting much lower energy intensity. Birmingham requires just 0.020 units per £1m GVA, ranking 240th, while Coventry (0.018, rank 280) and Solihull (0.019, rank 259) perform even lower. However, some West Midlands Local Authorities are much more energy intensive in their value production. For example, Staffordshire Moorlands requires 0.092 units of energy per £1m GVA, almost three times the UK average and ranking 8th highest nationally. Similarly, Rugby (0.074, rank 14) and South Staffordshire (0.069, rank 20) are also among the most energy-intensive areas in the country. This shows a clear rural-urban divide in the energy required for value generation.



**DR ANNUM RAFIQUE**

Research Fellow,  
City-REDI

*“In 2022, 13.1% of households in England were fuel poor, and it was estimated that 10% of winter deaths are attributable to fuel poverty and 20% to cold homes. According to the 2023-24 English Housing Survey, 13.2% of people reported being unable to keep warm during winter. Non-decent homes remain disproportionately concentrated among low-income and fuel-poor households, with 15% of all homes classified as non-decent. To address these challenges, the government has implemented multiple retrofit schemes since the early 2010s. These programmes have helped to improve the national housing stock, though progress has been uneven across tenures and regions.*

*... The West Midlands illustrates both the opportunities and limitations of current approaches: strong [Energy Company Obligation] uptake demonstrates delivery capacity, but a lack of targeted scheme deployment leaves gaps for low-income and fuel-poor households. Looking forward, scaling up place-based programmes such as [the Home Upgrade Grant] and [the Social Housing Decarbonisation Fund] in the West Midlands would build on the region’s established delivery record while addressing pressing social and housing challenges.”*

*“Starting with some good news. Birmingham has seen significant growth of the Low Carbon Environment Goods & Services sector since 2020/21 with 13.3% growth in 2023/24 (the most recent year of available data).*

*... However, Birmingham faces considerable challenges. 5.8% of all deaths in the area are attributed to a particular type of air pollution (PM2.5) with Birmingham having the third highest rate of mortality as a result of PM2.5 of the 30 councils analysed in the research. ... A significant proportion of our households are classed as being in fuel poverty ... The science tells us that we will experience more heatwaves, storms and flood events and we can all recall events in recent years that will have affected us.*

*... For businesses and communities to thrive in Birmingham we need to continue our efforts to reduce emissions, operate efficiently, minimise waste and be future-proof. We must recognise our role in our local communities and how we can contribute positively to these. And this progress must happen quickly for the benefit of everyone in our wonderful city.”*



**ANNA BRIGHT**

Chief Executive,  
Sustainability  
West Midlands



**MICHAEL WATSON**

Partner, Head of Climate  
and Sustainability Advisory,  
Pinsent Masons

*“In 2022 we committed to achieving net-zero greenhouse gas emissions across our entire carbon footprint by 2040 and were one of the first law firms to have our targets validated by the Science Based Targets initiative as being consistent with limiting global temperature rise to 1.5°C. ... It should be noted that 2040 is a backstop and we will be more ambitious where that’s possible.*

*... We understand the challenges ahead to achieve our own targets and to meet the requirements of complex and fragmented global sustainability markets, driven by divergent and sometimes conflicting regulatory developments, but also seek out the opportunities to create value for the business that doing so delivers. We are focussed on reducing emissions in our own operations and ensuring our team of legal, consulting and public policy experts can align fundamental sustainability issues with our clients’ core business strategies and decision-making processes to help them do the same.”*

# MEGATRENDS

Regional economies are being reshaped by powerful global forces or ‘megatrends,’ such as rising geopolitical tensions, climate change, technological disruption, and demographic change. These megatrends create both risks and opportunities for regions and cities. Greater Birmingham has a mixed exposure to such trends: while certain sectors demonstrate resilience, others remain vulnerable to trade shocks, automation, and AI-driven labour displacement, especially among younger and lower-skilled workers. The region is also home to a series of emerging clusters that could act as future engines of growth and prosperity.

At the policy level Birmingham is well placed to seize these opportunities, with the West Midlands Combined Authority Trailblazer Devolution Deal presenting an important opportunity to reform fragmented and short-term funding arrangements. With new powers which can support consolidating resources, retaining business rates locally, and aligning investment across housing, transport, and innovation, the region is well positioned to deliver on a long-term strategy for sustainable growth.



**DR MATTHEW LYONS**  
Research Fellow, City-REDI

*“In 2025, together with Anne Green and Charlotte Hoole we published a journal article, ‘Megatrends and regions: a case study of the English Midlands’. The article highlighted how four megatrends: Climate Change, AI and Technological Disruption, Rising Geopolitical Tensions and Demographic Trends were interacting in place. The research found that the Midlands is insulated from some risks, more exposed to others and may find opportunity for growth in others. Since this research was conducted Rising Geopolitical Tensions appears to have risen further into prominence with tariffs, conflict and changing trade relationships causing massive economic disruption. It is possible these disruptions will continue and businesses and institutions will have to factor in resilience to these shocks as a long-term strategic plan. Artificial Intelligence is also increasingly disrupting the workforce particularly affecting younger and lower-skilled workers.”*

## INDUSTRIAL STRATEGY

Last autumn the Government launched Invest 2035, its consultative White Paper proposing a ten-year industrial strategy. In June 2025, following the consultation, the Government released the UK's Modern Industrial Strategy. This strategy aims to increase business investment and drive sustainable, inclusive growth across all regions of the UK by focusing on eight sectors (IS-8). These sectors have been identified as having high potential for economic growth as well as the potential to support other Government missions such as increasing productivity, strengthening economic security and resilience, and supporting net zero goals. The success of this strategy will be overseen and monitored by the Industrial Strategy Advisory Council, including annual updates to report on progress and ensuring that the strategy remains relevant and useful.

The strategy's eight sectors of focus are advanced manufacturing, creative industries, life sciences, clean energy, defence, digital and technologies, professional and business services and financial services. The strategy also aims to support the IS-8 by supporting the foundational industries and their supply chains.

As well as the sectoral focus, the UK's Modern Industrial Strategy also has a Place-Based focus, with specific support for different regions. For the West Midlands, this means support for specific innovation clusters and a recognition of its current and future connectivity. Strengths for the region are recognised as Automotive, Batteries, MedTech, high-value services, Creative Industries and a Smart Energy Cluster. As a first, step, £30 million has been earmarked for Mayoral Strategic Authorities like the West Midlands Combined Authority to help support their Local Growth Plans.

## DEVOLUTION

The West Midlands Combined Authority was one of the first regions in the country in 2015 to negotiate a devolution deal with national government and remains at the forefront of the devolution landscape.

Under the forthcoming English Devolution Bill, the WMCA will be designated as an Established Mayoral Strategic Authority, and unlock further devolved powers – additional to the Integrated Settlement from April this year across housing, regeneration, local growth, local transport, skills, retrofit and employment support.

## WEST MIDLANDS GROWTH PLAN

In July 2025, shortly after the publication of the national Industrial Strategy, the WMCA published the West Midlands Growth Plan, setting out a 10 year strategy for how the region will grow its economy by £17 billion over the next decade. The plan also sets out actions to reduce poverty and deprivation and make further progress towards net zero.

Building on the growth driving sectors set out the government's Industrial Strategy, the West Midlands Growth Plan highlights five key industries where the WMCA believe the region has a leading edge and significant potential for growth and the creation of skilled, secure, and high-paid jobs:

- Advanced engineering, including electric vehicles and battery technology
- Clean tech and energy
- Health and medical tech
- Digital and the creative industries
- Professional and financial services (next generation services)

The plan also includes details on place-making sectors like hospitality and retail, which are of fundamental importance for driving the success of our region and attracting talent and investment.

The Combined Authority estimates that the West Midlands Growth Plan will create 100,000 jobs in fast-growing industries, getting tens of thousands of residents into work, improving public transport, building 120,000 homes, and putting an extra £8,600 back into the pockets of working people.

## WEST MIDLANDS MAJOR INVESTMENTS PROSPECTUS

Building on the West Midlands Growth Plan, in October of this year Mayor of the West Midlands, Richard Parker, launched the West Midlands Major Investments Prospectus, presenting more than £19bn of opportunities intended to drive new growth, jobs and homes across the region.

The Prospectus showcases some of the region's biggest projects including the £4bn Sports Quarter with its new Birmingham City FC stadium, the Sandwell – Dudley Metro Corridor and the region's three key Investment Zone sites in Coventry & Warwick, Wolverhampton and Birmingham. Several Birmingham schemes set out in the prospectus are expected to benefit from a new Mayoral Development Corporation (MDC) launched in September.

The MDC is intended to give investors speed, scale and certainty, helping to deliver major schemes more quickly by bringing together planning powers, land, funding and delivery under one roof, reducing bureaucracy.

## NEWTOWN CULTURAL PLACEMAKING STRATEGY

Shaped by community, business, and landowner input since 2021, Birmingham City Council's "Our Future City – Central Birmingham Framework 2045" is a long-term plan for the city's economic and social growth, developed to guide the city over the next 20 years. This plan aims to create a greener, safer, more connected, and inclusive Birmingham through initiatives to improve public transport, build more high-quality homes, and develop more green spaces. Key elements including a focus on sustainable development, job creation, and enhancing city-wide connectivity.

Following on from the development of the future city plan, the Newtown Cultural Placemaking Strategy is a local initiative in the city that aims to use arts and culture to drive regeneration in the ward. It involves collaboration between community members, local councils, developers, and businesses to foster social value, support creative industries, and revitalize the area by creating shared experiences and a stronger sense of place. The strategy is part of a broader city-wide effort to use culture to address challenges and build a more vibrant and inclusive future for the neighbourhood.



**ALEX COLE**

Chair, GBCC Black Business Collective and CEO, TIN Ventures

*"The West Midlands Growth Plan identifies innovation, skills, green transition, and business investment as key levers for delivering inclusive regional prosperity. With the regional economy valued at over £118 billion, evidence suggests that unlocking under-represented entrepreneurial talent, particularly among women and ethnic minority founders, could add £2.5-£3 billion annually to output.*

*These insights are reinforced by the CREME Agenda 2025 and its Time to Change report, which highlight that bridging opportunity gaps for Black and minority business owners could contribute up to £25 billion to UK GDP.*

*... Together, the Maple Review, Inclusive Innovation Catalyst, and Black Business Collective represent a new model of collaboration, that redefines how regions can integrate diversity, equity, and innovation into economic growth strategies."*



**DR CHARLOTTE HOOLE**  
Research Fellow, City-REDI

*“Improving public funding allocation is not simply a matter of administrative reform, it is a strategic imperative with potentially wide-ranging implications for policy and investment.*

*First, the move toward longer-term, multi-year funding settlements, now possible under the West Midlands Trailblazer Deal, will enable Birmingham and other local authorities which are part of the Combined Authority area to develop and deliver strategic programmes more in line with its growth ambitions ...*

*Second, aligning funding more closely with local needs and priorities will enhance the effectiveness of public spending. ... The recent launch of the West Midlands Mayoral Development Corporation in September 2025, established by Mayor Richard Parker and Birmingham City Council marks a step forward in enabling more tailored investment. It is designed to bring together planning powers, land, funding, and delivery, and aims to bring speed, scale and certainty to investors to deliver transformative development, create jobs, and improve lives across the region.*

*Third, improving transparency and accountability in funding decisions will foster greater public trust and civic engagement. ... Finally, a more enabling funding system will enhance Birmingham’s attractiveness to private and institutional investors.”*



**PROFESSOR ANNE GREEN**  
Director, City-REDI

*“In just five short years, the economic landscape of Birmingham has shifted significantly after the Covid pandemic, Brexit and changes in national and devolved governments. Understanding how places and economies change over time helps bring to life the policies and priority clusters outlined by the West Midlands Futures report and West Midlands Combined Authority Cluster Growth Profiles. These policies can in turn can help achieve the economic vision outlined in the West Midlands Growth Plan.*

*... There are three broad opportunities for supporting these emerging and future sectors. These are enabling supportive public policy, connecting publicly funded and privately funded research and development, and working in partnership to support the wider innovation ecosystem. This helps fertilise the ground for cluster development.”*



**JOHANNES READ**  
Policy and Data Analyst,  
City-REDI

# AI AND DIGITALISATION

Artificial Intelligence is continuing to disrupt how businesses and the public sector operate. The impact on the labour market is likely to be profound but remains difficult to forecast. Greater Birmingham is beginning to see how disruptive AI and maturing digitisation are interacting in its own distinctive way for the region. The region has a distinct sectoral mix with advanced manufacturing, creative industries and health technology all adopting and diffusing these new technologies in different ways. AI applications are reshaping productivity, investment planning and the future of work.

## DIGITAL SKILLS

Equipping the workforce with digital skills is essential to drive productivity, innovation, and growth. Businesses that embrace technology – from data analytics and AI to digital marketing and cybersecurity – can adapt faster, boost productivity and compete globally, securing the region’s position as a hub of enterprise and innovation.

In 2025, the Greater Birmingham Chambers of Commerce partnered with Netcom Training to build on existing work, including that of the Business Commission West Midlands and the West Midlands and Warwickshire Local Skills Improvement Plan, to develop our understanding of where West Midlands employers are in their digital journeys, and how we can collaboratively overcome barriers to adoption of new technologies.

Notably, this research found that despite widespread interest in adoption of new technologies, many businesses – particularly SMEs – felt they lacked a requisite understanding of new technologies (including AI) and as such were not ready to recruit digitally enabled staff or upskill existing employees.

Only 22% of firms in the WMCA area reported that they were ‘very confident’ that they have the skills to realise the productivity and competitiveness advantages of digital technology.

A majority of firms surveyed identified digital marketing and/or artificial intelligence as important for their business in the 25/26 financial year. Data analytics, cyber security and back-office functions were also frequently identified as important to businesses in the WMCA area.

Though artificial intelligence is front of mind for firms across the WMCA area, many are concerned about not having the digital infrastructure or basic digital skills within their existing workforce to maximise opportunities presented by AI tools.

The resulting report, *Mastering the Future with Digital Skills* presents the key findings of this research alongside a set of recommendations for stakeholders.



**KAREN RODKIN**

Operations Director,  
Netcom Training

*“According to businesses across Greater Birmingham, Coventry and Warwickshire and the Black Country, the most common barriers to digital transformation are practical ones. Nearly a third of businesses said that the cost of training is the main problem, while 20% said they do not have enough time to organise or manage training and 18% are simply not sure what training they need. ...*

*Where businesses have taken positive steps to improve skills, the most common method has been online learning, with 45% using platforms like LinkedIn Learning or Google certifications and 21% working remotely with independent training providers. However, more than half of those surveyed are unaware that government-funded digital short courses are available, which is why it is important that we work collectively to help educate leaders on the options available to them.*

*Artificial intelligence is front of mind for many organisations, with 52% seeing it as very important in the 25/26 financial year. But interest does not mean full readiness. ... If we want the West Midlands to grow, digital skills need to be practical, accessible and supported across businesses of all sizes and backgrounds.”*

## SOFTWARE DEVELOPMENT

Software development represents a powerful engine for innovation, efficiency, and competitiveness. It enables businesses across the West Midlands to reimagine how they operate, deliver value, and drive sustainable growth in an increasingly digital economy.

Research in 2025 by the Greater Birmingham Chambers of Commerce, in partnership with B13.ai explored how businesses across the WMCA area are progressing in developing new software solutions, the challenges they face, and the lessons emerging from their experiences.

As set out in the joint report, Behind the Build, surveying found that 40% of West Midlands businesses have engaged in software development activities in the past 2 years, and a similar proportion (41%) plan to engage in software development activities in the next 12 months.

The main goals of software development projects for West Midlands businesses were improving internal business processes (64%), enhancing customer experience (50%) and automating existing tasks or workflows (48%).

During software development, 40% of firms in the region faced budget constraints, whilst 23% reported facing project delays, overruns or unrealistic timelines, and 20% faced challenges as a result of a lack of expertise within their development team.

Whilst 48% of firms stated that whether their software development had successfully delivered value was yet to be determined, 30% reported that this was the case, with just 2% reporting otherwise.



**GABRIELLE CROFTS**

CEO, B13.ai

*“We would never allow a builder to put a shovel in the ground before getting their hands on the architectural drawings.*

*Building software is no different. We found that the most successful projects in the region were the ones where businesses invested time upfront in scoping, refining, and de-risking their brief. By removing assumptions, they managed to avoid misalignment and avoided scope/cost creep.*

*B13.ai is reducing the time and cost barriers to software development for West Midlands SMEs by offering non technical innovators a stand alone Venture Mapping™ service. The key deliverable of Venture Mapping™ is the ‘build bible’ which is the equivalent of the architectural drawings of a house build. The ‘build bible’ protects innovators from scope and cost creep, ultimately ensuring they sufficiently unlock the growth offered by digitisation.”*

## ARTIFICIAL INTELLIGENCE

As part of the West Midlands Growth Plan, earlier this year, the WMCA commissioned ANDigital to produce an Artificial Intelligence blueprint for the region.

This AI Blueprint seeks to provide a comprehensive overview of the West Midlands’ AI opportunity, identifying regional strengths and barriers, and setting out clear recommendations on leadership, funding, governance, and investment – providing a foundation for stakeholder alignment and coordinated action.

The blueprint states that the West Midlands has several natural advantages that provide a strong foundation for AI leadership, however, businesses – particularly SMEs – face common barriers, including limited AI literacy, cost concerns, uncertainty around tools, and a lack of accessible support.

It is estimated in the blueprint that GVA per AI employee in the West Midlands is lower than the national average – £23,595 compared to £39,730 – and while the AI sector is growing across the UK at a rate of 9.0% per year, equivalent growth in the WMCA are is currently around 3.5%.

Alongside this, the WMCA also commissioned ANDigital to develop AI adoption maps for key industry clusters and five targeted initiatives to address critical gaps in the West Midlands’ AI ecosystem.

These targeted initiatives include development of an AI Adoption Accelerator and AI Sandbox for SMEs in the West Midlands, establishing an AI Activation Model for Business Adoption and producing an AI Skills Development and Training Program for the Workforce. The proposals additionally include providing West Midlands businesses with a guidance framework for regulatory and ethical challenges associated with AI, and plans for an AI Startup Studio and Investment Readiness Programme to accelerate AI venture growth in the West Midlands.



**DR HUANJIA MA**

Research Fellow, City-REDI

*“There are 180 AI firms headquartered in Greater Birmingham, as of September 2025, accounting for 1.8% of total UK AI firms, and 43% of AI firms in the West Midlands region. ... Looking at which types of firms are there in the Greater Birmingham, developer of AI product and AI service providers seems to dominate the playing field.*

*... From 2017 to 2025, AI firms in the city-region have totally raised over £20 million through 22 deals, including private equity investments. Fundraising peaked in 2022 when £5.1 million was raised. While the last few years have seen relatively smaller funding raised, given [a] high number of AI firms created within the first three quarters of 2025, there is promising landscape in fundraising of AI firms in the city-region.”*

*“Transformation driven by technology is a journey of human change. There is no escaping it, even with the universal rise of AI, it is still people running the show, making the decisions and utilising the tools. ... People need to realise that it is they who will make or break this change – and they need to realise this from DAY ONE. The change you are after needs to start right away, before you have delivered any new tools, systems or processes.*

*... As technology advances, leadership and human skills will become more vital for organisational success. As simple as these tips may sound, they are not easy – for many organisations the very idea of adopting a people-first approach requires a mindset shift in itself.”*



**JAMES FARROW**

Director and Co-Founder, Curium Solutions



**EMMA JACKSON**

Head of Legal Technology and Data, Mills & Reeve

*“Earlier this year, our legal technology and data teams took part in the Legal Onboarding Innovation Lab (LOIL), organised by SuperTech West Midlands. In an industry first, it involved four law firms – Mills & Reeve, Gateley, Shoosmiths and Fieldfisher – working together on a shared problem. This is a pivotal change in how firms approach market challenges, becoming a combined force to elicit innovation and change in the legal technology space. What’s more, it was achieved right here in the West Midlands – something that’s not been achieved in any other UK region.*

*When you consider that there are 343,000 professionals working for over 53,000 companies across the West Midlands (home to the largest business, professional and financial services (BPFS) sector outside of London), the potential for collaboration is vast. ... Having a rich pool of talent to help facilitate this innovation is key. After all, adopting new technology is as much about people as it is about systems.”*



**DAVID KEELING**

Managing Director –  
Cloud and Security, Intercity

*“High-profile cyberattacks on UK businesses are at an all-time high. From supply chain breaches to ransomware incidents, the impact is being felt across every sector.*

*... Ransomware continues to be the biggest threat, responsible for 44% of major incidents. ... Average ransom demands now sit at £490,000, with some large organisations facing demands exceeding £50 million. ... Business Email Compromise (BEC) made up 27% of all major incidents, with phishing behind 73% of cases. ... Intrusions, unauthorised access without ransomware or phishing have risen sharply, making up 24% of incidents. In 76% of these, attackers used just ten known vulnerabilities, most preventable through regular updates.*

*... With the rise in AI tools, cyber attackers are embedding phishing links into content used to train large language models, aiming to poison outputs and redirect users to malicious sites. This tactic exploits the credibility of AI-generated responses, making phishing attempts harder to detect and more effective at scale.”*

## WEST MIDLANDS HEALTH TECH INNOVATION ACCELERATOR

Funded by the Department for Science, Innovation and Technology, in partnership with Innovate UK and the WMCA, the West Midlands Health Tech 6D Innovation Accelerator, led by the University of Birmingham, brings together key stakeholders in the region to address issues bringing new health and medical technologies to market.

The programme aims to create a supportive environment through centrally coordinated activities that will help companies navigate obstacles to accelerate the commercialisation process.

The 6Ds include:

- Diagnosis of company needs
- Definition of major NHS and industry-based challenges to target
- Development and refinement of prototype products
- Deployment of innovation in real-world NHS settings
- Diversification of supply chains, skills and services
- Demonstration of significant economic and health benefits for our region

The accelerator has played a critical role in helping to unlock the potential of the health and med tech sector across the region.

**GEORGE BRAMLEY**  
Senior Analyst, City-REDI

**DR LUAN LINDEN-PHILLIPS**  
Programme Manager,  
West Midlands Health Tech  
Innovation Accelerator

**DR ANNUM RAFIQUE**  
Programme Manager,  
Research Fellow, City-REDI

**DR GERARDO JAVIER  
ARRIAGA GARCIA**  
Research Fellow, City-REDI

**DR THORSTEN  
KAMPMANN**  
Senior Advisor, Transformation  
Team, Manufacturing  
Technology Centre

**DEREK SEAR**  
Business Engagement  
Manager, West Midlands  
Health Tech Innovation  
Accelerator

*“The West Midlands Plan for Growth identified the regional HealthTech and MedTech sector having a medium level of strength compared to the national average, and with high growth potential, offering significant opportunities and comparative advantages that could be leveraged for a step change in performance. Additional growth opportunity: a further £400m to £430m of output and 5,300 to 5,900 jobs by matching the growth trajectory of leading UK regions for similar clusters.*

*... The West Midlands Health Tech Innovation Accelerator is a unique consortium that brings together diverse providers of support for the health technology sector ... Over 275 enterprises have registered with the WMHTIA. This has provided a more comprehensive overview of the cluster and the developmental needs of enterprises within the sector.”*

**GEORGE BRAMLEY**  
Senior Analyst, City-REDI

**DR LUAN LINDEN-PHILLIPS**  
Programme Manager,  
West Midlands Health Tech  
Innovation Accelerator

**DR NIKOLAOS  
VENETSANEAS**  
Research Impact  
Development Partner (Medical  
Technologies), University of  
Birmingham

**DEREK SEAR**  
Business Engagement  
Manager, West Midlands  
Health Tech Innovation  
Accelerator

*“At the end of the initial two-year pathfinder (March 2025) WMHTIA had engaged with 269 enterprises and provided intensive support to 114 enterprises.*

*... Intensively supported technologies covered 20 clinical areas. [A] significant focus on operative systems transformation (e.g. systems interoperability; integration with electronic health records; data insights) was largely due to themes identified by NHS Trusts/ Integrated Care Boards via the needs-driven WMHWIN element of the WMHTIA programme.*

*Because of Birmingham’s diversity and STEM assets WMHTIA is supporting several technologies that have the potential to reduce health inequalities ... For example, LBN Innovations who are developing an alternative to the traditional speculum and Earswitch who are developing EarMetrics®-Oximetry to measure oxygen blood saturation across a wider range of skin tones.”*

**THOMAS BURTON**  
Senior Policy and Data  
Analyst, City-REDI

**DR MATTHEW LYONS**  
Research Fellow, City-REDI

**DR HUANJIA MA**  
Research Fellow, City-REDI

**GEORGE BRAMLEY**  
Senior Analyst, City-REDI

*“An early assessment of the potential economic impact of the WMHTIA programme has estimated an uplift of £38.3m in regional GVA and a £45.0m uplift in national GVA, based on £42.3m R&D activity taking place within WMHTIA partners and businesses between 2023/24 and 2026/27.*

*...the estimated co-investment for the programme has risen ... to more than £67m at project end. ... The R&D activity supported 739 FTE job-years in the West Midlands and 90 FTE job-years in other regions ... the total FTE job-years at the UK level was 829.”*



**Greater  
Birmingham  
Chambers  
of Commerce**

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