



January 2026

Norwich Economic Barometer



NORWICH
City Council

Norwich Economic Barometer – January 2026

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Business news

Economy

- The UK inflation rate eased to 3 per cent in January, according to the latest Office for National Statistics (ONS) figures. Core inflation - excluding energy, food, alcohol and tobacco - fell slightly to 3.1 per cent, down from 3.2 per cent in December. This marks the lowest annual inflation rate since March 2025. The decline was driven partly by lower petrol prices and a drop in airfares following December's rise. Falling food prices, particularly for bread, cereals and meat, also contributed. These downward pressures were partially offset by higher costs for hotel stays and takeaways.
- January data showed a strong upturn in service-sector activity, contrasting with the marginal growth seen at the end of 2025. Figure 1 shows the seasonally adjusted S&P Global UK Services PMI rose to 54.0 from 51.4, marking the fastest expansion since August 2025 and the ninth consecutive month above the 50.0 no-change threshold. Growth was supported by improved client confidence, new project starts and a post-Budget lift in investment sentiment. However, firms also noted that geopolitical uncertainty and soft consumer demand continued to limit momentum. New business rose at a solid pace, reaching a three-month high but still below the long-run average. Service providers pointed to stronger client spending, boosted by higher digital marketing budgets and investment in new technologies. Some firms, though, reported that subdued household spending and weak demand from construction clients held back sales.

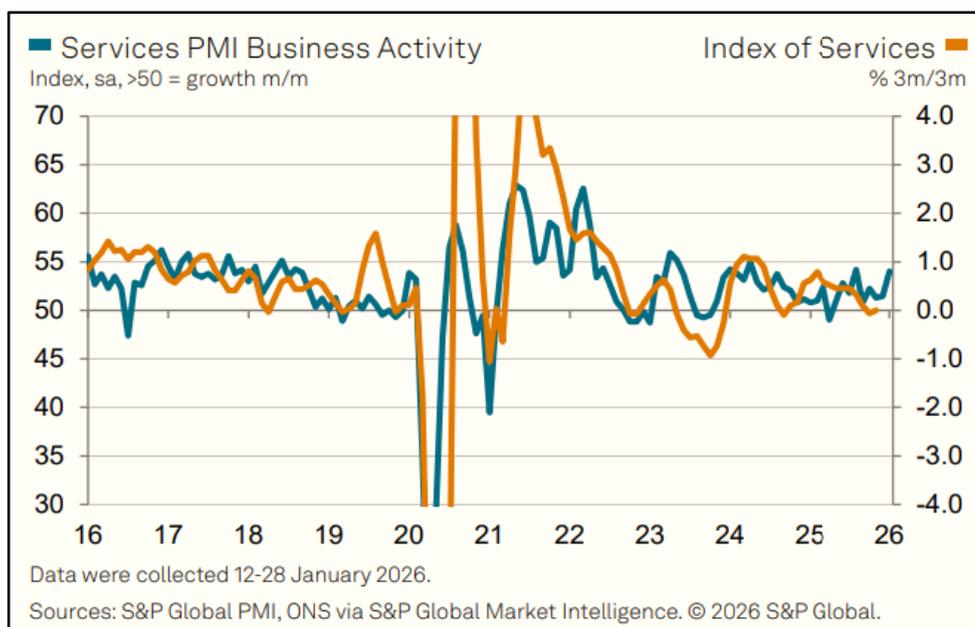


Figure 1: S&P Global/CIPS UK Services Business Activity Index

- The UK manufacturing sector started 2026 on a positive note, with faster growth in output and new orders and business optimism at its highest level in nearly 18

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months. The seasonally adjusted S&P Global UK Manufacturing PMI rose to 51.8 in January, a 17-month high, up from 50.6 in December and the third consecutive month of expansion, summarised in Figure 2. New orders, output and suppliers' delivery times improved in January. Although employment and purchasing inventories continued to fall, both declined at slower rates than in the previous month. Manufacturing output increased for the fourth month in a row, matching the fastest pace since September 2024. Growth was supported by stronger export sales, stable domestic demand and customer restocking. Production rose in the consumer and investment goods sectors but fell in intermediate goods. Large manufacturers drove the expansion, while SMEs saw a third consecutive monthly contraction. The latest rise in output was underpinned by a further improvement in new orders.

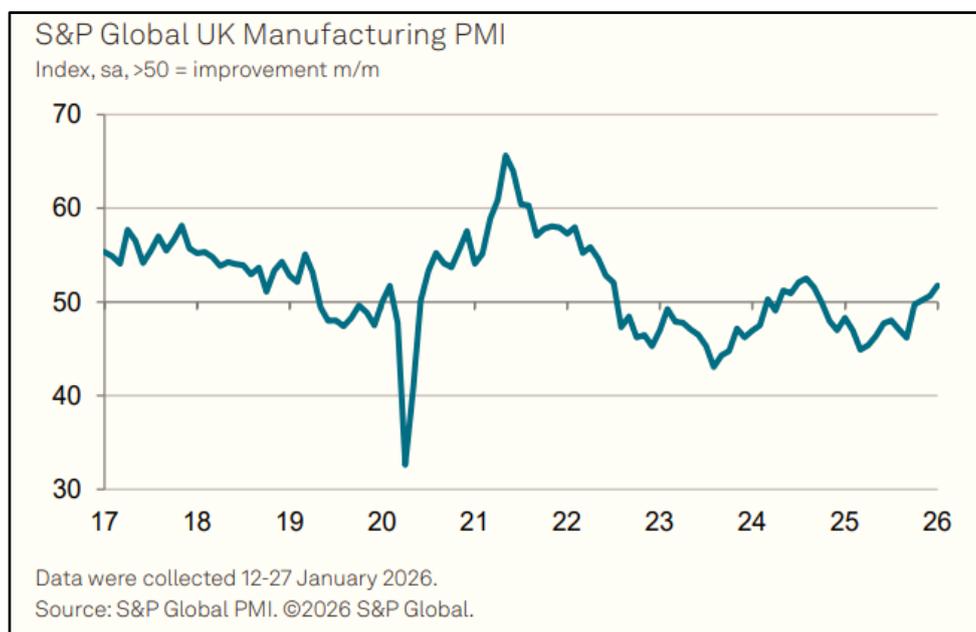


Figure 2: S&P Global/CIPS UK Manufacturing PMI

- January data showed a much slower decline in construction output compared with late 2025. All three subsectors saw softer contractions, supported by more stable demand and early signs of improved sales pipelines. Figure 3 shows the S&P Global UK Construction PMI rose to 46.4 in January, up from December's low of 40.1, and the highest reading since June 2025. However, it remained below the 50.0 threshold for the thirteenth month, signalling continued overall decline. House building was the weakest area (39.3), though its downturn eased slightly amid a lack of new residential projects. Civil engineering also contracted sharply (40.6), while commercial activity saw its slowest fall since May 2025 (48.4), helped by post-Budget clarity and firmer investment sentiment. New work fell at the slowest rate in three months. Where order books declined, firms cited client caution - particularly in housing - though some reported improving public sector activity and stronger commercial enquiries at the start of 2026.

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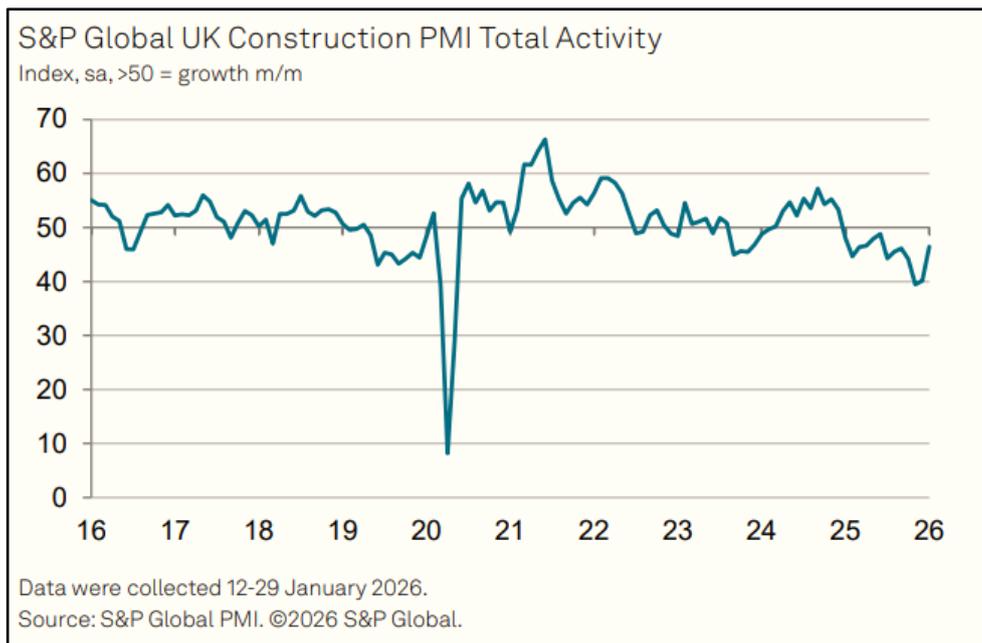


Figure 3: S&P Global/CIPS UK Construction PMI

- According to ONS figures, unemployment has risen to 5.2 per cent, its highest level in nearly five years. The number of people unemployed and searching for work has increased by 331,000 over the past year to 1.88 million, representing the fastest annual rise in unemployment in the G7. The current labour market is also particularly challenging for groups of workers who have historically faced structural inequalities, such as disabled people and younger workers.
- ONS also reported that the number of workers on payroll fell further in the final quarter of the year, reflecting weak hiring activity, although payroll levels are largely unchanged in the most recent month. Over the same period, the unemployment rate increased, with data showing that more people who were previously out of work are now actively seeking employment.
- The number of vacancies has remained broadly stable since the middle of last year according to ONS. With unemployment rising, the number of unemployed people per vacancy has increased, reaching a new post-pandemic high. Meanwhile, redundancies are also showing an upward trend.
- Private sector wage growth continues to slow and is now at its lowest rate in five years, reported ONS. Public sector pay growth has also eased in the latest period but remains elevated, still influenced by certain pay awards implemented in early 2025, although this effect is now starting to diminish.
- The consumer price index measure of inflation dropped to 3 per cent in the year to January, according to ONS data. The fall in inflation, combined with the latest jobs data showing unemployment at a near five-year high and wage increases slowing, has reportedly increased the likelihood of an interest rate cut by the Bank of England in March.
- Research from the Centre for Research in Social Policy at Loughborough

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University reveals that more than 4.2 million working households across the UK were living below the minimum income standard in 2023-24. The study, funded by the Joseph Rowntree Foundation, found that 25.3 million individuals were part of households below the minimum income standard.

- Confidence among firms in the East rose by four points to 58 per cent in January, despite growing concerns about the wider economy, according to a Lloyds business barometer. Companies expect growth over the next six months to come from new technology (41 per cent), new products or services and expansion into new markets. However, optimism about the economy dropped by 25 points to 9 per cent.
- The NatWest East of England growth tracker reported that East of England private sector returned to growth in January, supported by stronger demand and improved sentiment. The business activity index increased to 52.9, up from 49.6 in December. Workforce numbers continued to fall for a seventeenth month, with firms citing recruitment freezes, restructures and cost pressures. Nevertheless, business confidence for the year ahead was the strongest since July 2024, driven by expectations of new contract wins, expansion, diversification, acquisitions, export growth and additional capacity. Cost pressures eased compared with a year earlier but remained above the long-term average.
- BDO, the world's fifth-largest accounting network reported that mid-market businesses in East Anglia plan to hire but remain cautious, looking to artificial intelligence and productivity improvements to drive growth. More than half of firms view AI as a key growth source for 2026. Technology investment is fuelling demand for skills in AI, data and digital transformation. While most firms expect to increase headcount next year, the majority anticipate growth of no more than 10 per cent.
- R3 figures show that East Anglia recorded higher insolvency-related activity and fewer start-ups in 2025. The region registered 88,154 new businesses—the highest total outside Greater London—but start-ups fell 2.7 per cent compared with 2024. Insolvency-related activity, including administrations, creditors' meetings and liquidations, rose 1.7 per cent. Nationally, construction experienced the highest insolvency levels in 2025.
- Businesses in the East of England are entering 2026 with strong optimism, supported by rising demand and investment in new technology, according to KPMG's private enterprise barometer. 86 per cent of firms are confident about growth prospects. Increased demand was the primary driver of optimism (52 per cent). Technology adoption remains central to growth, with 43 per cent planning to introduce new tech and many prioritising digital transformation and AI. Nearly two-thirds expect to expand their service offerings, and more firms are looking to international markets, particularly Eastern Europe. Growth ambitions are also supported by alternative finance and M&A, with 38 per cent open to private equity and one-third actively pursuing acquisitions.

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- Anglian Water is launching a major upgrade to the region's water networks as part of its largest single-year investment programme. From April, £1.6 billion will be spent on water and sewerage infrastructure—up nine per cent on the previous financial year—to improve performance and climate resilience. The company highlighted the pressures facing East Anglia as one of the UK's driest and fastest-growing regions.
- Around 1,000 additional engineering construction workers will be required in the East of England by the end of the decade to deliver major schemes such as Sizewell C and new offshore wind farms, according to the Engineering Construction Industry Training Board (ECITB). The region's workforce is projected to grow by 12 per cent over the next five years. However, the industry is grappling with a skills shortage, with 60 per cent of employers in the East reporting difficulties in recruiting skilled workers and more than one-third of the region's workforce now aged over 50.
- Lloyds Bank is making over £3 billion of new finance available to businesses across the East of England to grow and invest in 2026 as part of £35 billion of new finance for UK firms the bank is planning this year. It comes as a business barometer from Lloyds shows that 87 per cent of East of England businesses have a 'clear view' of their biggest growth opportunities. Firms see investing in their workforce, developing new products or services and entering new markets as their leading growth drivers over the next six months.

Businesses

- Cambridge and Norwich have been named among the UK's top job hotspots, in a study by digital agency E Innovate. Cambridge leads with 11,135 job vacancies per 100,000 people, while Norwich ranks ninth with 4,698 vacancies. University towns dominated the rankings.
- Castle Quarter in Norwich has been sold to private clients of asset manager Maritime Capital. Opened in 1993 as Castle Mall, it was the city's first indoor shopping centre before repositioning as a leisure-focused destination. It now has an even split between retail and leisure and has maintained pre-Covid footfall levels. Maritime Capital, based in Richmond, is a family-owned asset manager founded in 2013.
- A construction firm specialising in renewable energy infrastructure has opened its first Norwich office. Knights Brown has established a new base in the Union Building on Rose Lane to support its electricity transmission and distribution projects across the UK. The company currently employs around 150 people locally, including both direct staff and freelance contractors.
- HCR Law, a top-50 UK law firm with more than 1,000 staff, has expanded its regional presence by opening a new office in Norwich.

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- Lanpro, the Norwich-based planning, environment and design consultancy, has acquired CarneySweeney, which operates in Birmingham, Cardiff, Exeter and London. The deal marks the first step in Lanpro's five-year growth plan and strengthens its 'one-stop' service offer across the East.
- Substrata Wines has opened a new shop in the Norwich Lanes on Dove Street, expanding from its original market stall into the former Loaf Microbakery premises.
- Lloyds Banking Group is closing a further 95 branches nationwide. The Lloyds Bank branch on Aylsham Road in Norwich is among those affected and will close in June.
- The John Innes Centre (JIC) at Norwich Research Park is partnering in four projects awarded over £4 million through Defra's Farming Innovation Programme. Researchers are using precision breeding techniques, including gene editing, to develop crops with improved disease resistance, climate resilience and nutritional value - achieving results faster and more precisely than traditional breeding without introducing genes from other species.

Education

- The University of East Anglia (UEA) has been named among the top 160 worldwide in TIME's The World's Top Universities of 2026. Launched by TIME Magazine, this new list recognises universities that combine academic capacity and performance, innovation and economic impact, and global engagement. UEA's position, 156th globally and 26th in the UK, reflects the University's growing national and international profile. In particular, placing as UK top 25 for the 'academic capacity and performance' category highlights the University's commitment to impactful learning, research and innovation.
- A new postgraduate degree designed to support the next generation of theatre-makers is launching at the UEA. Starting this September, the MA in Contemporary Theatre Practice combines advanced theatrical skills training with industry-focused placements, enabling students to gain real-world experience and insight into today's evolving theatre industry.
- UEA researchers have been awarded a share of £15.3 million to tackle real-world health and care challenges across the region and beyond. The funding comes from the National Institute for Health and Care Research (NIHR) – and is part of a wider £157 million investment over five years across 10 Applied Research Collaborations (ARC). At UEA, the funding will go towards research tackling mental health inequalities, dementia, and improving palliative and end-of-life care, among other things.
- Norwich University of the Arts has been awarded a prestigious 5-star QS Stars Excellence rating for Teaching, marking a major achievement in the University's first-ever submission to the internationally recognised QS Stars assessment framework. Overall, the University received a four-star "Very Good" rating in the

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QS Stars University Ratings. The QS Stars system evaluates universities worldwide across a broad range of indicators, including teaching quality, learning environment, sustainability, employability, and research. Norwich University of the Arts delivered a strong performance across the framework, receiving the maximum five-star ratings in Teaching, Facilities, Good Governance, and Equality, Diversity and Inclusion, alongside four-star ratings in Research and Innovation and Employability and Outcomes.

Claimant count unemployment

Figure 4 shows how claimant count unemployment has evolved since 2020. Following a steady decline in unemployment from late 2013 onward, rates rose sharply during the Covid-19 pandemic. Since then, claimant counts have fallen across all areas featured in the chart below. At present, the rate in the Norwich City Council area remains slightly above the national average and is notably higher than the rates observed in the urban area, the county and the wider region.

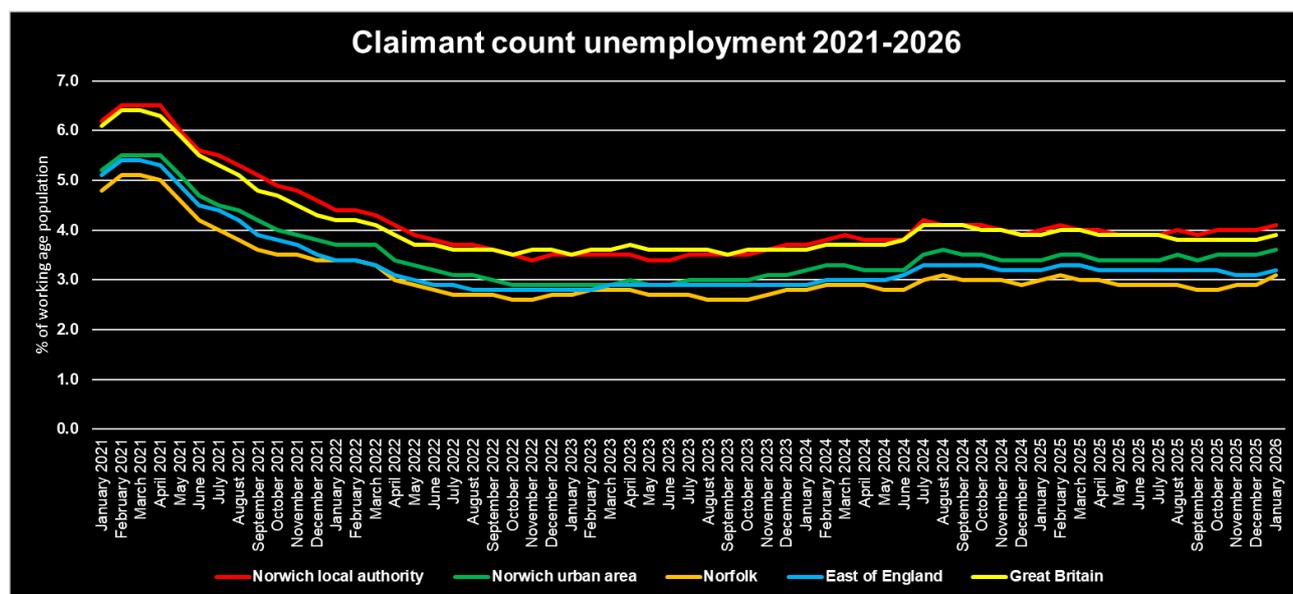


Figure 4: Claimant count unemployment 2020 to 2025

Table 1: Claimant count unemployment rate

	January 2025		December 2025		January 2026		Monthly change	Annual change
	Number	%	Number	%	Number	%		
Gt. Britain	1,659,555	3.9	1,591,375	3.8	1,631,805	3.9	+ 0.1%	0
East of England	129,330	3.2	126,005	3.1	129,810	3.2	+ 0.1%	0
Norfolk	16,490	3.0	16,200	2.9	16,910	3.1	+ 0.2%	+ 0.1%
Norwich urban area	5,145	3.4	5,205	3.5	4,900	4.0	+ 0.5%	+ 0.6%
Norwich City Council area	4,065	4.0	4,080	4.0	4,195	4.1	+ 0.1%	+ 0.1%

Table 1 shows that the claimant count unemployment rate increased across all reported areas compared with the previous month. It is important to note that the ONS made a minor change to definitions of urban areas in January 2026, so caution is advised when interpreting trends

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over time. Month-on-month, rates rose slightly in every area. Compared with 12 months ago, rates in both Norfolk and Norwich have increased, while national and regional rates remain unchanged.

Ward level claimant count unemployment

As shown in Table 2, unemployment rates in Catton Grove, Thorpe Hamlet and University wards rose slightly in January compared with the previous month, while the rate in Town Close ward remained unchanged. In all other wards, unemployment rates fell relative to December.

Comparing January with the same month last year, unemployment rates increased in Catton Grove, Crome, Thorpe Hamlet and University wards. Rates in Mile Cross and Town Close were unchanged. Across the remaining wards, unemployment declined, with the most pronounced decrease observed in Mancroft ward.

Table 2: Claimant count unemployment

	January 2025		December 2025		January 2026		Monthly change	Annual change
	Number	%	Number	%	Number	%		
Bowthorpe	285	4.4	295	4.6	305	4.3	- 0.3%	- 0.1%
Catton Grove	345	4.8	340	4.8	355	4.9	+ 0.1%	+ 0.1%
Crome	350	5.0	385	5.5	385	5.2	- 0.3%	+ 0.2%
Eaton	110	2.1	110	2.0	110	1.9	- 0.1%	- 0.2%
Lakenham	325	5.4	325	5.4	345	5.0	- 0.4%	- 0.4%
Mancroft	430	6.0	450	6.3	455	5.1	- 1.2%	- 0.9%
Mile Cross	430	6.0	440	6.1	460	6.0	- 0.1%	0
Nelson	220	2.8	210	2.7	200	2.6	- 0.1%	- 0.2%
Sewell	275	3.8	245	3.4	255	3.3	- 0.1%	- 0.5%
Thorpe Hamlet	290	4.1	305	4.3	340	4.4	+ 0.1%	+ 0.3%
Town Close	245	3.4	245	3.4	245	3.4	0	0
University	305	2.3	295	2.2	300	2.6	+ 0.4%	+ 0.3%
Wensum	445	5.5	435	5.3	440	5.0	- 0.3%	- 0.5%

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Note the wide variation in ward claimant count rates across the city council area. The differential between the lowest rate (Eaton ward) and the highest rate (Mancroft ward) currently stands at 4.1 percentage points.

Claimant count unemployment: male/female

In the Norwich City Council area, women account for 40% of out-of-work claimants. In January, the female unemployment rate in both Norwich and Gt. Britain remained unchanged at 3.3%. In contrast, rates rose slightly in Norfolk (to 2.6%) and the East of England (to 2.9%).

Over the month, male unemployment rates rose marginally across all reported areas. In Norwich, the male unemployment rate stands at 4.9% of working-age men. Rates are lower nationally (4.4%), in Norfolk (3.4%) and across the region (3.6%).

Since 1992, Norwich has consistently recorded higher unemployment rates for both men and women compared with Norfolk and the wider region, although trends generally follow national patterns. The city's relatively elevated unemployment levels are linked to the long-term decline of large-scale, production-line manufacturing and the increasing dominance of service-sector employment.

Housing benefit

Table 3: Norwich City Council housing benefit claimants

	Number of claimants	Monthly change
January 2025	13,339	- 19
February 2025	13,279	- 60
March 2025	13,320	- 41
April 2025	13,224	- 96
May 2025	13,246	+ 22
June 2025	13,255	+ 9
July 2025	13,263	+ 8
August 2025	13,258	- 5
September 2025	13,258	0
October 2025	13,224	+ 34
November 2025	13,238	+ 14
December 2025	13,156	- 172
January 2026	13,095	- 61

Housing Benefit is a means-tested support scheme that helps people on low incomes—whether in work or not—with the cost of rented accommodation. The figures also include individuals who receive only Council Tax Benefit. A substantial proportion of Housing Benefit claimants are pensioners, disabled people, carers, or those in low-paid employment. It is important to note that Norwich’s relatively low wage levels contribute to the higher number of residents receiving this support.

Table 3 shows that the number of Housing Benefit claimants in the Norwich local authority area fell by 61 in January compared with the previous month. Over the past twelve months, claims have decreased by 1.8%. Comparable national figures are currently unavailable due to a data-collection time lag.

Average house prices

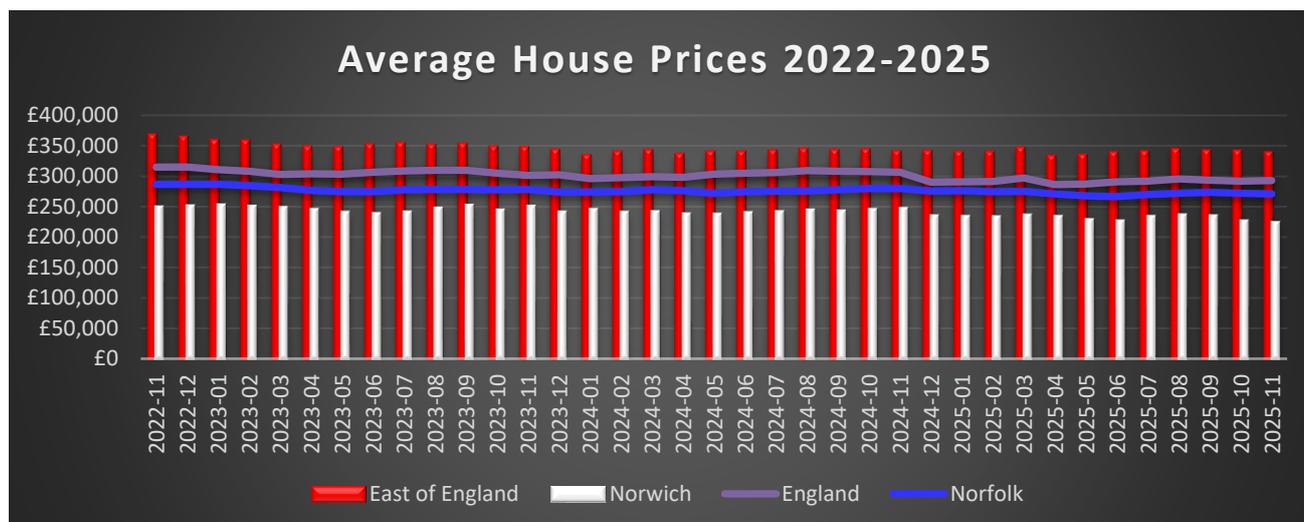


Figure 5: HM Land Registry average house prices 2022- 2025

The House Price Index (HPI), produced by HM Land Registry, is considered the most accurate and independent measure of house prices in England. It uses completed sales data from HM Land Registry, Registers of Scotland, and Land and Property Services Northern Ireland, with the index calculated by the Office for National Statistics.

According to HM Land Registry’s HPI (Crown copyright), average house prices in the year to November fell by 5.0% in Norwich, while Norfolk recorded a small increase of 0.3%. Prices also rose by 1.8% across the East of England and by 2.2% across England overall. Figure 5 shows how average house prices have changed since November 2022.

On a monthly basis, in November average house prices fell by 1.1% in Norwich, 0.5% in Norfolk, and 0.7% in the East of England. In contrast, prices across England as a whole increased by 0.6% during the same month.

The latest average house prices are £222,829 in Norwich, compared with £270,274 in Norfolk, £338,286 in the East of England, and £293,131 for England overall.

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City centre vitality

Footfall data is provided by the Norwich BID (Business Improvement District).

Monthly Footfall Counts						
	Year to date % YoY		This month % YoY		This month % MoM	
	2026	2025	2026	2025	2026	2025
Norwich	-1.5%	-5.2%	-1.5%	-5.2%	-23.3%	-26.2%
East	-4.2%	-6.0%	-4.2%	-6.0%	-13.2%	-16.1%
High Street Index - BDSU (BDSU - Comparison)	-0.1%	2.2%	-0.1%	2.3%	-26.8%	-28.8%
UK	-3.3%	-0.3%	-3.3%	-0.3%	-21.8%	-22.4%

Benchmark calculations (Year on Year and Month on Month) have been calculated using like for like data sets (only those counters available in both comparison periods) to ensure statistical accuracy

Figure 6: Monthly footfall counts

The total number of visitors recorded in the year to date is 1,101,414, which is 1.5% lower than during the same period last year.

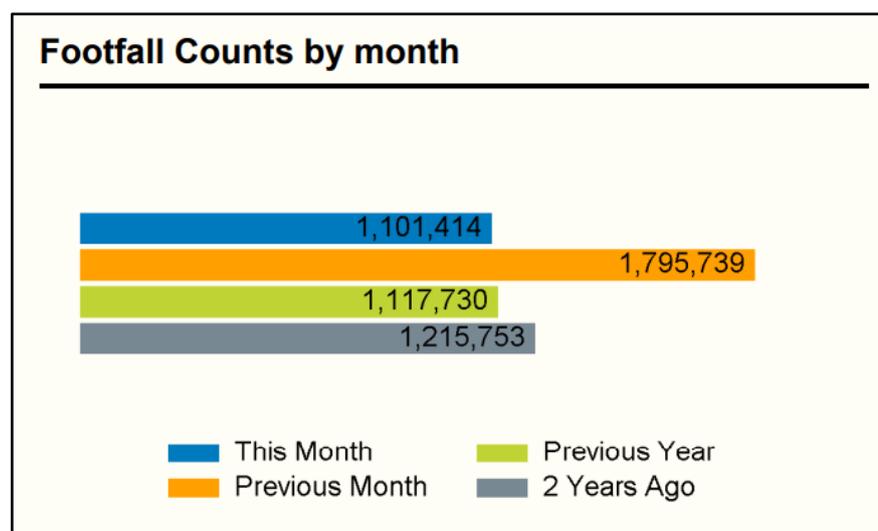


Figure 7: Comparison of monthly footfall

Figure 7 shows that a total of 1,101,414 visitors came to Norwich during the month beginning 5 January 2026.

Figure 8 (overleaf) indicates that the busiest day in this period was Saturday 24 January, when 68,127 visitors were recorded.

The peak hour of the month occurred at 13:00 on Saturday 24 January 2026, with a footfall count of 9,350.

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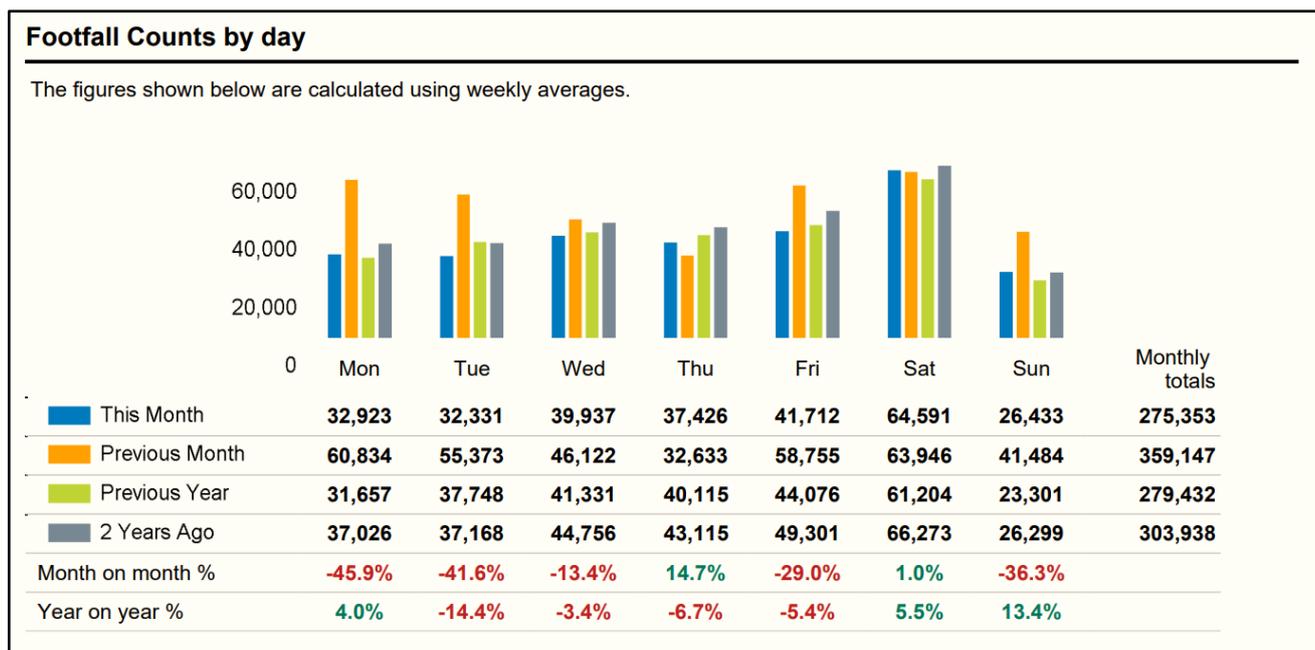


Figure 8: Footfall counts by day

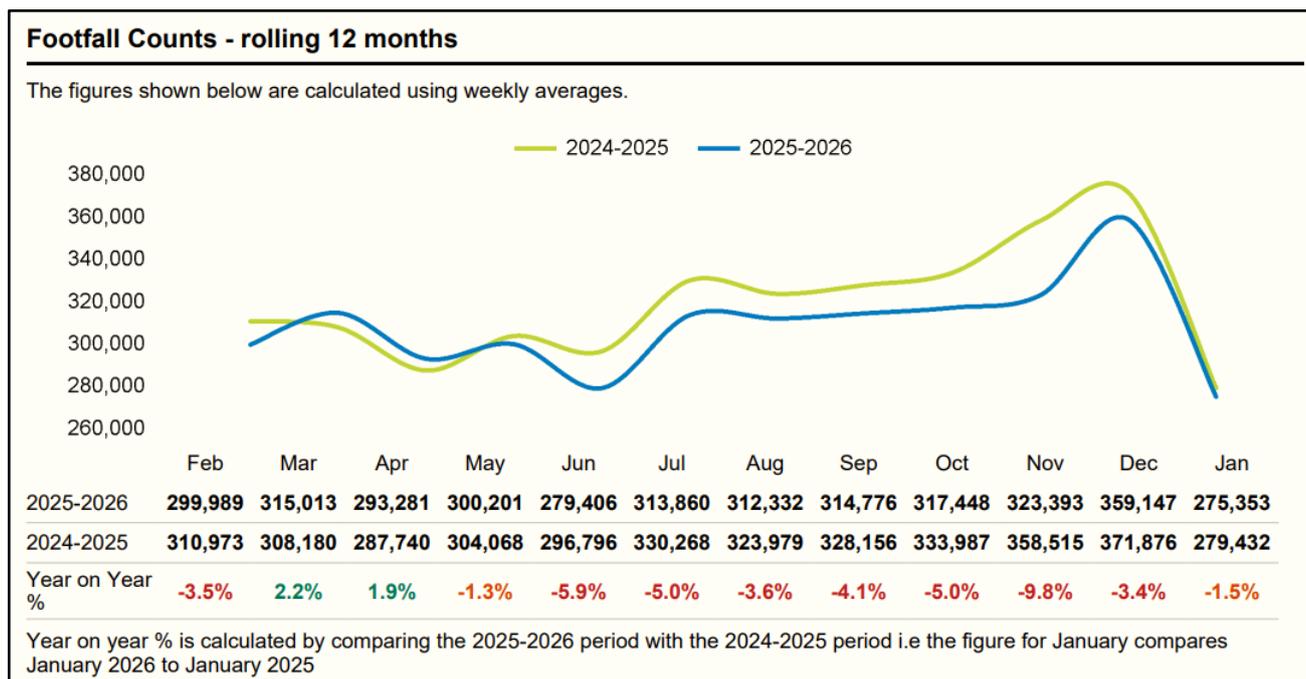


Figure 9: Rolling 12 months footfall counts

Figure 9 shows the rolling 12-month footfall totals from 2024 onwards. In ten of the twelve months this year (2025), footfall has been lower than during the preceding 12-month period.

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Appendix

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Sources:

Figure 1: S&P Global/CIPS UK Services Business Activity Index

Figure 2: S&P Global/CIPS UK Manufacturing PMI

Figure 3: S&P Global/CIPS UK Construction PMI

Figure 4: Claimant count – NOMIS, Crown copyright

Figure 5: House Price Index - HM Land Registry, Crown copyright

Figure 6: Monthly footfall counts, Norwich BID

Figure 7: Comparison of monthly footfall, Norwich BID

Figure 8: Footfall counts by day, Norwich BID

Figure 9: Rolling 12 month footfall counts, Norwich BID

Table 1: Claimant count – NOMIS, Crown copyright

Table 2: Claimant count – NOMIS, Crown copyright

Table 3: Housing benefit claimants - Norwich City Council

News stories from a variety of sources including EDP/Evening News; Business in East Anglia; Office of National Statistics; Reuters; BBC; Markit/CIPS PMI; Markit Monthly Economic Overview; University of East Anglia; Norwich University of the Arts; City College Norwich.



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