UK's Business Growth & Innovation Hotspots

Mid-market business growth in the UK

NatWest

Contents

Foreword

Last year NatWest launched the Critical Middle Report, which highlighted how "mid-market businesses are the powerhouse of the UK economy".

Despite representing just 0.5% of UK companies, they drive over a quarter of the national turnover and are responsible for an impressive 30% of the country's economic Gross Value Added (GVA). These enterprises are the backbone of our economy, contributing significantly to GDP and employment, so it's evident that recognising the vital role of mid-market companies (MMCs) is essential to UK growth.

As the UK's largest bank for business, we witness the ingenuity and resilience of businesses of all sizes, and NatWest stands ready to support businesses every step of the way.

MMCs are not just market participants; they are growth engines deserving our attention and support. Their adaptability, scale, and resource access position them uniquely to lead economic progress.

These businesses outpace the broader economy in growth rates and demonstrate higher productivity levels, making them critical players in the Government's growth agenda as well as within their local economies.

NatWest is proud to present this report on the mid-market sector, to spotlight the towns and cities across the length and breadth of the UK where there is a high concentration of these companies.

This growth is not confined to London; regional towns and cities like Manchester, Oxford, and Leeds are emerging as innovation hotspots, showcasing excellence in fields like digital services, life sciences, and health technology.

At NatWest we will continue to act as a leading voice for mid-market companies. In the last nine months we have driven forward the ambition to give MMCs a collective voice and established an industry wide UK Mid-Market Council to formalise governmental support and enhance assistance from financial institutions and industry associations.

By highlighting these regional pockets of achievements, innovation and growth among mid-market companies across the UK, we aim to inspire policymakers, investors, and other businesses to recognise and support this vital sector.

We hope you find this report both informative and inspiring.

Andy Gray, Managing Director of Commercial Mid-Market, NatWest

As a member of the Corporate & Institutional Executive Committee, Andy Gray is responsible for leading the Commercial Mid-Market across the UK.

Commercial Mid-Market brings together our face-to-face relationship management businesses, including Corporate Real Estate, Lombard and Working Capital Sales under a single construct dedicated to meeting the needs of SME and Mid-Corporate customers.

Andy is also Chairman of Lombard North Central Plc and Cushon Group Ltd, as well as Climate and Sustainability Lead for Commercial and Institutional Banking.

Foreword

The mid-market businesses of the UK are critical to the nation's prosperity, and particularly in regions like the North West they are disproportionately important to the regional economy.

London remains an important location for mid-sized companies with above average growth. However, the next most significant locations are Manchester and Leeds, with their neighbours North Yorkshire, Sheffield, Cheshire, Warrington, and Wakefield following closely behind. It is clear that these closely bound locations – as from Leeds to Manchester is less than the length of London's Central Line – do represent a significant cluster of places with firms outperforming the average rates of growth.

This matters because as our Metro Mayors work out how to implement their Local Growth Plans, they need to be mindful of the business community as it is, not just as it first appears. The largest businesses in any area do get noticed, but importantly for every business like Boeing in Sheffield, there are many more businesses in that supply chain which collectively dwarf the numbers they directly employ across Yorkshire and beyond. Knowing the significance of the mid-market not only nationally but regionally as well, is a reminder to not only talk to the biggest employers or to the very smallest, who received undoubtably more national policy attention and support.

If areas like Lancashire here in the North, and many others like them across the country, are to achieve the same huge productivity improvement as Greater Manchester over the last two decades – undisputedly the UK's fastest growing region – they will need to make the most of their opportunities to unlock the full potential of the mid-market. In scale up business journeys we will see the development and adoption of innovations which are critical to address the deep-seated economic divides which hold back our nation.

Henri Murison, Chief Executive, Northern Powerhouse Partnership

Since his appointment in 2017 he has established the Northern Powerhouse Partnership as the business led organisation which convenes the North together. From having made the case consistently for Northern Powerhouse Rail, to challenging for a better deal for the most disadvantaged from the education system, his team are focused on how government, business and partners can drive the North's ambitions.

Before joining the Partnership, he worked in senior research and policy roles in policing and financial services, and as a former senior local government figure in Newcastle upon Tyne, remains a commentator on regional and wider industrial policy.

Since 2020 he has also served as a member of the Royal Society Science, Industry and Translation Committee, and is also currently a member of the Court of Newcastle University.

Executive summary

In many ways, mid-market companies (MMCs) represent the sweet spot of UK industry.

Unshackled to some degree by the overwhelming burden of regulations, executive entanglements and sheer, juggernaut-like weight that can restrict the agility of large companies, these businesses – comfortably turning over between £25m and £500m annually – are also somewhat spared the anxiety suffered by many smaller businesses of wondering where their next client will come from.

MMCs are of an opportune size and strength to innovate and adapt to change, and in turn accelerate business growth. It is little wonder that despite representing just 0.5% of UK companies, this group is responsible for 30% of economic GVA.

As the UK's biggest bank for business, NatWest proudly champions MMCs, whose performance acts as a bellwether for the overall health of the economy. We are committed to supporting the thousands of companies in this category as they navigate increasingly choppy waters.

Tracking the growth of these mid-size corporations helps us take a snapshot of the UK business landscape and identify emerging trends. These companies are often among the first to chart a fresh course when the global economy – and the forces that drive it – plays a new hand.

LOOKING BEYOND LONDON
In this report we discover where in the UK the distribution of mid-market power is settling, beyond the capital.

Or, more accurately, growing. Growth among mid-market companies is a particular area of interest for us. We have identified a potential £115bn in additional turnover that this group of businesses could generate by 2030 with the correct support.

Our report begins with an overview of the towns and cities in the UK where mid-market companies are experiencing above-average growth. It then zooms in on the geographical distribution of almost 3,000 companies we have identified as being true innovators.

We have further broken this down into five sectors to identify regional hotspots for innovative industries from fintech and retail to life sciences and climate tech.

Executive summary

By shining a light on these destinations across the UK, we aim to highlight their importance not just to policymakers and investors, but to other businesses as well. After all, today's SME is potentially tomorrow's MMC in the making.

REGIONAL TOWNS AND CITIES PULLING THEIR WEIGHT

London's status as an MMC powerhouse is, of course, impossible to ignore. It remains the largest centre of profit, headcount and turnover in the mid-market arena by a considerable margin, largely due to its population and overall proportion of UK businesses across all sectors as a result.

When viewed under the lens of innovation, however, several other areas come into sharp focus. While there is more to be done to level up the spread of these businesses across the UK, many other towns and cities are more than pulling their weight.

These include Manchester, Oxford and Leeds, which collectively form a triangle that could scarcely be more perfectly centred within the United Kingdom. This axis of innovation showcases excellence in the fields of digital and creative services, life sciences and health technology, among others.

But what's behind a successful MMC postcode? Local infrastructure certainly has a role to play, with Manchester's powerful showing due at least in part to the North West's well-developed road and rail networks. Ready access to talent helps, too – almost 8 million people live in the region.

Oxford – alongside South Cambridgeshire, which also performs well in our study – demonstrates how research spinouts can scale up to mid-market companies, creating profitable and high-value companies.

Our study serves up a few surprises, too. Smaller areas like Slough and Telford and Wrekin demonstrate that, with sector specialisation and strong supply chains, mid-market innovation is not limited to large cities alone.

Most encouragingly, the distribution of innovative MMCs spans almost the entirety of the UK, with comparatively few areas bereft of significant growth.

Top 25 areas for MMC growth

The image on the right shows the top 10 UK towns and cities where growth among mid-market companies (MMCs) is at its most pronounced. From **Bristol to Edinburgh**, it represents a thriving commercial landscape in which thousands of businesses show above-average growth.

The complete list of 25 districts, seen to the right of the map, spans almost every corner of the UK. Don't imagine for a second that those near the bottom of the table, such as **Nottingham** or **Wakefield**, are mere token entries: both of those cities have at least 67 MMCs whose revenues, headcount or profit are growing at above-average rates.

So how did we get these results? Data company Beauhurst identified a cohort of active mid-market companies in the UK with an annual turnover of between £25m and £500m, criteria which was used for last year's Critical Middle report. From this list, we were able to identify those businesses that were exceeding average growth for profit, turnover or headcount.

London has more than 4,000 businesses that meet one or more of these criteria, collectively contributing at least a hundred billion pounds to the capital's economy.

But growth across the whole of the UK is readily apparent, with well over 600 businesses in Manchester alone growing at an above-average rate. Leeds, in third place, has more than 220.

On the following pages, we go deeper into this data, investigating the geographical spread of innovative mid-market companies. In this era of generative AI, big data and other advanced technologies, innovation is paramount.

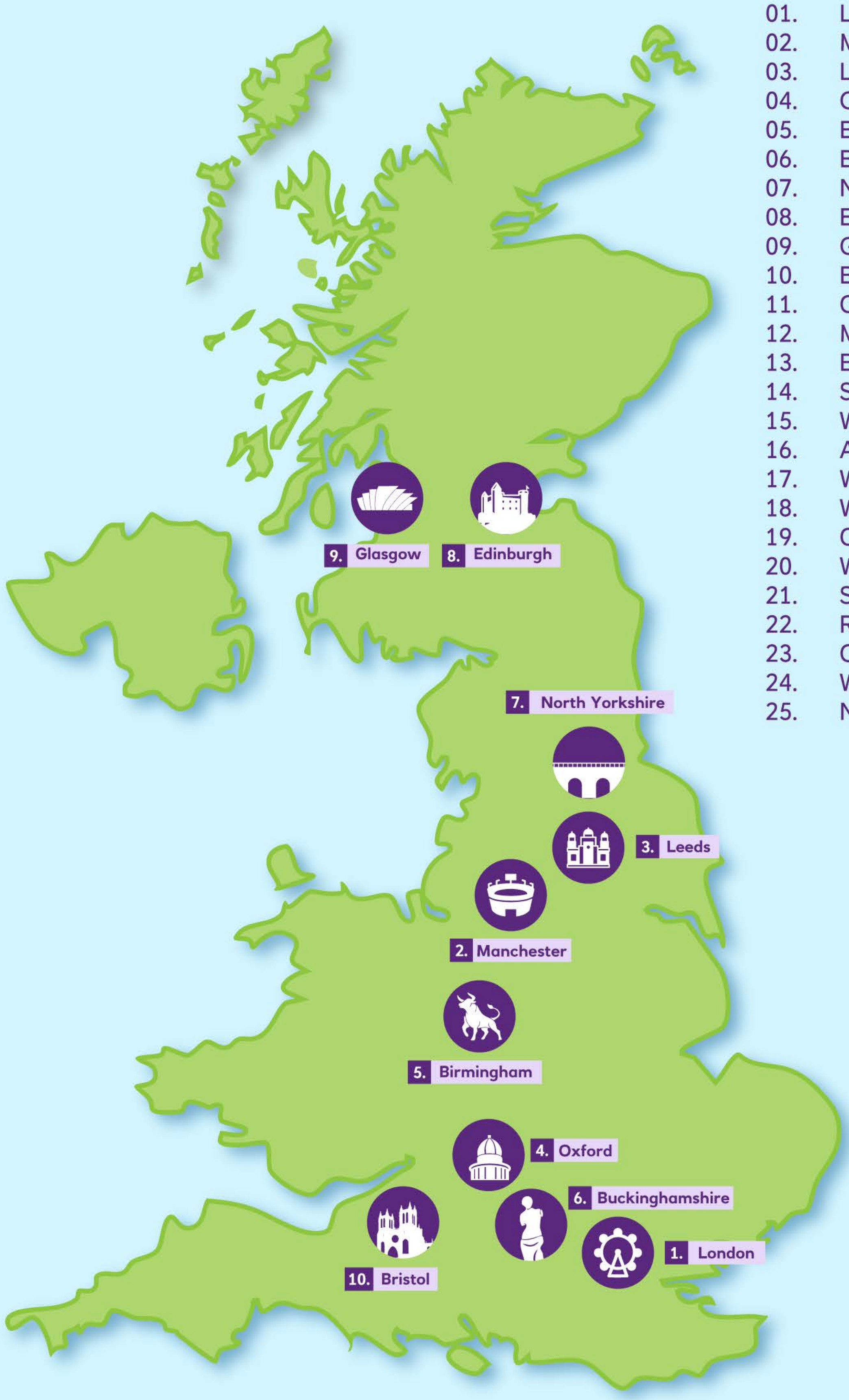
We identified 2,874 MMCs that meet at least one of the following three innovation criteria:
- The company has spun out of an academic institution.
- The company received a large innovation grant.
- The company was granted a patent.

This subset helps us to identify the UK's mid-market companies (MMCs) innovation hotspots.

The UK's Business Hotspots

Hotspots for mid-market business growth

NatWest



Top 25 areas in the UK for mid-market business growth

01. London
02. Manchester
03. Leeds
04. Oxford
05. Birmingham
06. Buckinghamshire
07. North Yorkshire
08. Edinburgh
09. Glasgow
10. Bristol
11. Cheshire East
12. Milton Keynes
13. Belfast
14. Sheffield
15. West Northamptonshire
16. Aberdeen
17. Wiltshire
18. Warrington
19. Cardiff
20. Windsor and Maidenhead
21. Solihull
22. Reading
23. Cheshire West and Chester
24. Wakefield
25. Nottingham

UK's growing innovation hotspots

While the topline results mirror the overall mid-market companies (MMCs) growth findings – London, Manchester and Leeds once again do well – digging a little deeper into specific metrics yields some interesting discoveries.

The most striking of these is profit growth. Though they don't make the top 25 for growth in turnover or headcount, Dudley, Coventry, Wakefield, Milton Keynes and Somerset all feature on the list of 25 local authorities where innovative companies exceed average profit growth. It's proof that innovation is driving business success all over the UK.

Delving into the findings in more detail also helps us understand where innovation is accelerating growth among mid-market companies.

Manchester (2nd) sets a regional benchmark, with the greatest number of companies experiencing above-average growth after London.

This suggests a high concentration of innovative mid-market companies in Manchester, which can perhaps be explained by the city's reputation as a magnet for creative and digital industries, supported by the 200-acre MediaCityUK and a growing start-up ecosystem.

Manchester's large universities also have an abundant supply of skilled graduates, while relatively low costs compared to London make it attractive for fast-growing companies.

Oxford (3rd) is home to numerous research-intensive companies, many of which have spun out from university labs to become mid-market companies. Given that these businesses often focus on life sciences and advanced technologies, it's little wonder that such a high proportion meet one or more of our innovation criteria.

Headcount growth is especially strong in Oxford, indicating investment. This is doubtlessly aided by the city's proximity to investors who specialise in science-based companies.

UK's growing innovation hotspots

The UK's fourth top-performing MMC innovation hub is **Leeds,** which boasts an established financial services sector and growing mid-market strength in the health tech space, with local companies benefiting from direct links to NHS Digital (headquartered in the city) and several major hospitals. More than 80,000 graduates across Yorkshire annually bring an endless stream of fresh ideas.

South Cambridgeshire (5th) ranks highly in the innovation subset due to the University of Cambridge's track record in creating spinouts – most notably in life sciences. Cambridge boasts more than 5,000 innovation-driven companies – many of them too small to make our list, but a clear indication of the vast well of talent and ideas on tap. More than 30 research parks and five hospital trusts drive demand for novel ideas.

In Scotland, strong positions from **Aberdeenshire** (8th) and **Aberdeen** (11th) reflect the area's long-standing expertise in oil and gas. The energy sector is undergoing epoch-defining change as we transition to renewable energy, carbon capture and wider climate technologies, and North East Scotland is a true pioneer.

It is no coincidence that the new, government-owned Great British Energy – dedicated to powering the country with clean, secure, home-grown energy – is headquartered in Aberdeen. The area's MMCs benefit from specialist engineering skills, proximity to North Sea projects and strong research links; the University of Aberdeen has a long history of finding solutions to current and future energy challenges.

UK's growing innovation hotspots

Smaller destinations such as **Telford and Wrekin** (joint 13th), **Slough** (joint 18th) and **Dudley** (joint 23rd) also make the top 25. Their successes likely range from strong support from local government (Telford and Wrekin Council recently launched a new strategic business partnership with some of the borough's most senior business leaders) to a strong manufacturing and engineering heritage, as is the case in Dudley.

Slough, meanwhile, is in the enviable position of being in the Thames Valley tech and telecom hub, where companies such as Microsoft, Oracle and Vodafone have bases. This creates a strong ecosystem for innovative MMCs to thrive.

What else do the numbers show? Here are some highlights:

- **Elmbridge**, with a population of just 140,000 people, has 10 innovative MMCs with above-average headcount growth.
- **Kirklees** also makes a strong showing when it comes to innovative MMCs with a growing headcount.
- **Somerset** shows a strong hand in profit growth, with nine companies posting above-average results.

Regional case study

Earlier in the year, Manchester-based business Be.EV launched its first ultra-rapid charging hub with backing from NatWest and Germany's project and export financier KfW IPEX-Bank.

The hub, located at Hulme Retail Park, features six ultra-rapid charging bays and marks another step in addressing the growing demand for public EV chargers in Greater Manchester and across the UK.

The investment will continue to support the national growth of Be.EV's network, expected to hit a total of 1,600 charge points this year – helping solidify the North West's position as the fastest-growing region for EV demand in the UK.

Asif Ghafoor,
CEO of Be.EV

"This trailblazing partnership demonstrates how public sector vision, private expertise, and backing from national banks can make a real impact—accelerating the nationwide roll-out of EV infrastructure and bringing charging solutions to communities that need them most.

Manchester has always been a place where industry leads change. The city combines ambition, talent and infrastructure in a way that makes it a natural hub for businesses to grow. With world-class universities, a diverse population and strong local leadership, it creates the perfect environment for innovation and investment. That mix has been a huge factor in our own success story.

At Be.EV, we've learned that combining technology, strategic site selection, and reliable maintenance with a relentless focus on the driver experience and community feedback allows projects to scale, deliver real benefits, and ensure infrastructure meets people's needs today and in the years ahead.

The UK is in the middle of one of the biggest transitions of our time, from how we power our cars to how we power our economy. This creates huge opportunities for companies that can innovate and move quickly. It's not just about having a good idea; success comes from listening to customers, understanding their needs, and designing solutions that are intuitive and effortless."

Growth areas within five key innovation sectors

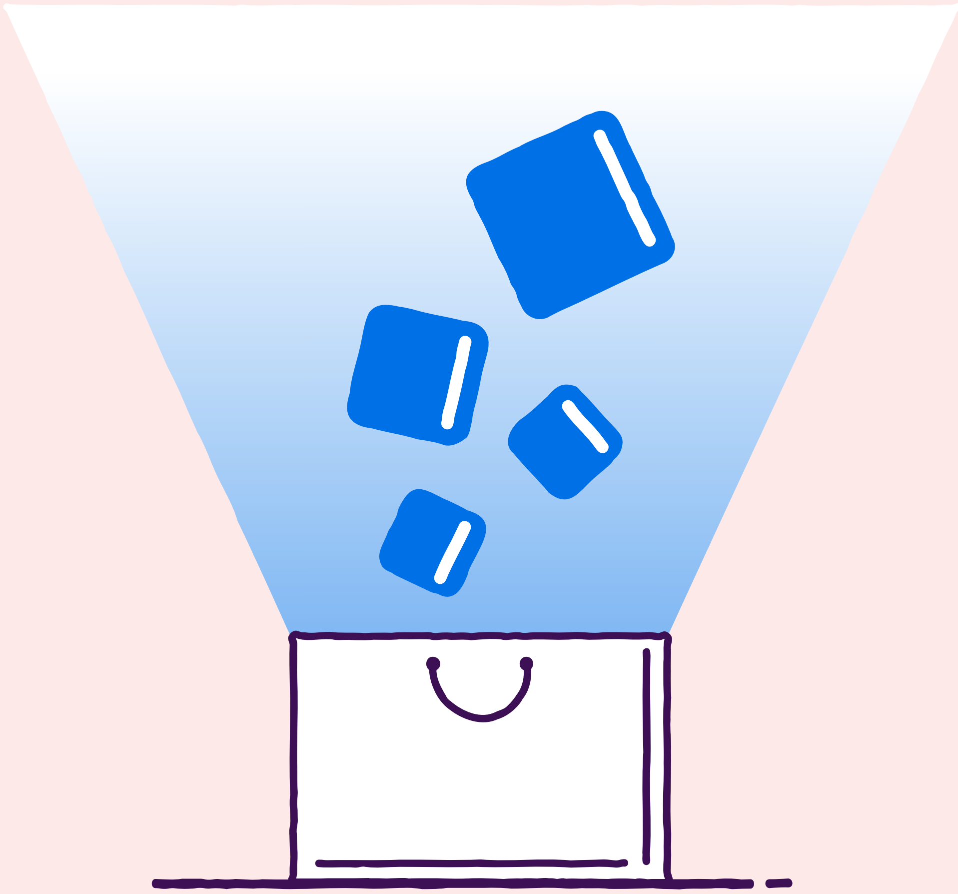
By further breaking down our findings, we start to see innovation hotspots across the UK for specific industries.

We felt it was important to do this. By zooming in on mid-market companies with proven innovation at their core, we can anticipate where exponential growth may occur in the future.

CONSUMER & RETAIL
This is a sector in which innovation truly thrives, with more than 600 commercial mid-market companies growing faster than average. **Manchester** is the largest consumer and retail centre outside of **London**, firmly established as the UK's northern retail hub and home to large shopping districts, including the Trafford Centre, distribution centres and numerous e-commerce businesses.

Little separates the three areas vying for third position (**North Yorkshire, Leeds** and **Buckinghamshire**), though they all lag some way behind the top two spots. While not entirely a tale of two cities, the sheer volume of success stories among innovative mid-market consumer and retail companies in London and Manchester suggests a dominance that may be difficult to challenge.

Consumer & Retail



1. London
2. Manchester
3. North Yorkshire
4. Leeds
5. Buckinghamshire

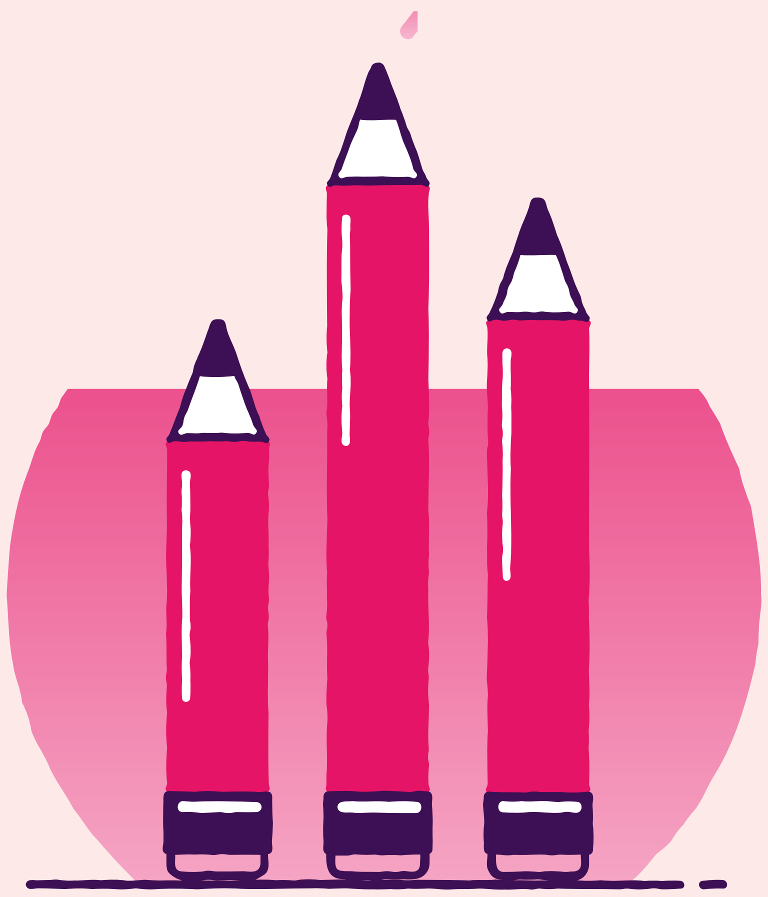
Growth areas within five key innovation sectors

Creative Industries

CREATIVE INDUSTRIES
Manchester once again shines as the UK's regional capital for creative industries – though **London**, unsurprisingly, scores incredibly well with a total of 440 innovative companies growing rapidly.

Manchester's prowess in this field is undoubtedly due to the large concentration of media and digital companies around MediaCityUK, which is fast becoming a major attraction for businesses in the creative sector.

Birmingham (3rd) has a young and diverse talent pool, while the creative credentials of **Oxford** (4th) are bolstered by its video games and publishing industries. **Leeds** (5th) has long served as the creative hub of Yorkshire, with a strong showing in everything from television to global gaming.



1. London
2. Manchester
3. Birmingham
4. Oxford
5. Leeds

Growth areas within five key innovation sectors

LIFE SCIENCES
Outside of **London, Oxford (2nd)** and **South Cambridgeshire (3rd)** excel. With direct links to world-class university research and talent, mid-market life sciences companies in these two regions flourish, bolstered by access to major hospitals, such as the John Radcliffe Hospital in Oxford and Addenbrooke's Hospital in Cambridge – a world leader in cancer genomics, organ transplantation and biomedical research. Spinouts play a key role in securing inclusion in our innovation ranking.

Interestingly, **Manchester (4th)** and **Buckinghamshire (5th)** don't trail too far behind the Oxbridge life science innovators, indicating that excellence in this field exists across the UK.

CLIMATE TECH
Behind London, which once again secures the top position with 122 companies meeting the criteria for inclusion, are Swindon and Manchester in joint second.

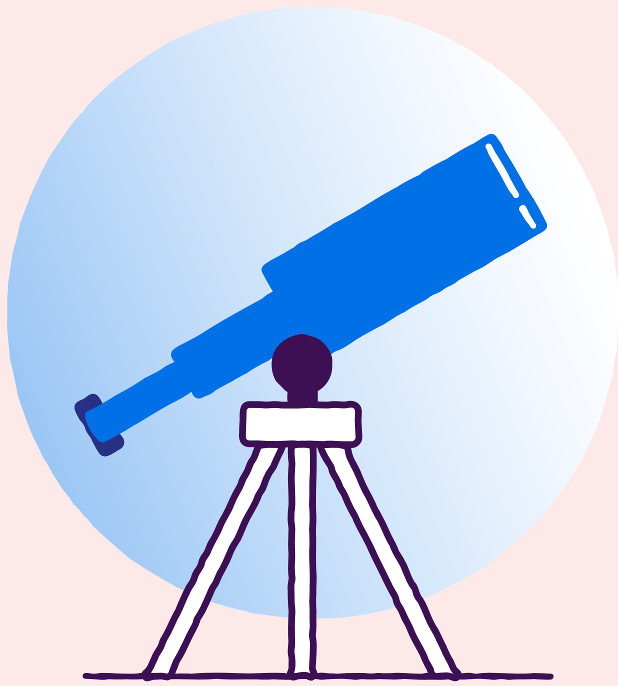
Swindon's exceptional showing reflects its cluster of renewable energy and clean technology firms (hydrogen is a focus for many), often linked to the presence of the National Environment Research Council and UK Space Agency in the area. Swindon and its environs have also become a focal point for several large-scale energy projects, including battery storage and smart energy systems.

In **Manchester**, the new £1.7bn innovation district, Sister, developed in partnership with the University of Manchester, is likely to further enhance the city's reputation as a major climate tech hotspot. Sustainable Ventures, Europe's largest climate tech hub, has a base there.

Chasing the tails of Swindon and Manchester are **Edinburgh** in 4th position and, in 5th, **Leeds**, where a new climate and environment analytics innovation hub opened in 2023.

Scotland's climate tech sector employs some 30,000 people and generates more than £15bn each year.

Life Sciences



1. **London**
2. **Oxford**
3. **South Cambridgeshire**
4. **Manchester**
5. **Buckinghamshire**

Climate Tech

1. **London**
2. **Swindon**
3. **Manchester**
4. **Edinburgh**
5. **Leeds**

Growth areas within five key innovation sectors

FINTECH

Manchester is the self-styled fintech capital of the North, second only to **London** when it comes to innovative MMCs in this sector. There is no denying that the capital has the greatest concentration of UK fintech businesses by a considerable margin – at least 20 times that of Manchester – though some reports say the latter's fintech sector is growing at a faster rate.

Charnwood, in the north of Leicestershire, places third on our table, evidence, perhaps, of Charnwood Borough Council's 2024-27 Economic Development Strategy that emphasises supporting sectors that drive innovation.

In joint 4th position are **Cheshire East** and **Glasgow**, the latter being home of the International Financial Services District, with both cities benefitting from easy access to Liverpool, Manchester, and Birmingham.

Fintech

1. London
2. Manchester
3. Charnwood
4. Glasgow
5. Cheshire East

The Mid-Market Growth Council

The Mid-Market Growth Council launched in March 2025 - established to support the segment and break down barriers to growth.

It followed the publication of NatWest's report, 'The Critical Middle', which found that MMCs represent just 0.5% of UK companies, yet still account for 26% of employment and 30% of UK economic Gross Value Added (GVA).

The report identified several obstacles which mid-market businesses need support to overcome, including a lack of data and transparency, insufficient access to skills and infrastructure, and a lack of a collective identity for the segment.

The Council brings together HM Treasury, the Department of Business and Trade, major trade groups and the private sector. And aim to:

- Give voice to the Mid-Market to facilitate growth and success.
- Collate evidence to better understand the specific issues facing mid-market companies.
- Provide tangible suggestions for policy makers and government to implement the recommendations highlighted in the Critical Middle report.
- Galvanise government, trade bodies and industry activity in to one sustainable forum, utilising existing regional infrastructure to ensure the segment is championed.

Leaders of mid-market companies are integral to the work of the Council and to ensuring its output fills the crucial gaps in support.

The Mid-Market Growth Council

Louise Hellem
Chief Economist, CBI

Louise is the Chief Economist at the CBI and a member of its Executive Committee. Louise and her team provide business leaders with advice on the UK economic outlook and global risks and leads in setting out the business view on economic policy in discussions with senior politicians and policymakers. Louise also oversees the CBI's economic consultancy business CBI Economics.

Previously, Louise was the Director of Economic Policy at the CBI. Prior to that, Louise spent 13 years at HM Treasury as a member of the Government Economic Service, where she led on a number of different analytical and policy issues, including assessing the economic and distributional impacts of policy measures at fiscal events.

"This report underlines the vital role the mid-market sector plays in driving regional growth and strengthening our economy. These businesses are not just surviving, they're expanding, innovating, and investing in their communities. To fully unlock the UK's potential and develop high growth clusters, we should harness their strengths as part of regional growth plans, ensure they are engaged in shaping local skills plans and have greater access to finance to scale."

Henri Murison
Chief Executive, Northern Powerhouse Partnership

Since his appointment in 2017 he has established the Northern Powerhouse Partnership as the business led organisation which convenes the North together. From having made the case consistently for Northern Powerhouse Rail, to challenging for a better deal for the most disadvantaged from the education system, his team are focused on how government, business and partners can drive the North's ambitions.

Before joining the Partnership, he worked in senior research and policy roles in policing and financial services, and as a former senior local government figure in Newcastle upon Tyne remains a commentator on regional and wider industrial policy.

"While London remains an important location for mid-market businesses, this new report from NatWest clearly points to the impressive growth and innovation that is taking place in the North across both Manchester and Leeds, and their respective neighbours across Cheshire and in Wakefield, as well as North Yorkshire and Sheffield. As the Autumn Budget approaches, we should be backing concrete steps towards adoption and diffusion of innovation in businesses that are seeking to scale up, providing more high skilled jobs in Northern towns and cities, and playing a fundamental part in delivering the UK Government growth mission"

Methodology

METHODOLOGY
Beauhurst has identified 29,171 active mid-market companies in the UK with annual turnover between £25m and £500m.

From this cohort, they identified a subset of 2,874 innovative companies that meet at least one of our three innovation signals:

1. Has spun out of an academic institution.
2. Has received a large innovation grant.
3. Has been granted a patent.

GEOGRAPHICAL METHODOLOGY
Local authorities are identified using the company's head office or registered address. Where the local authority aligned closely with a single city or town, this was used to represent the area.

However, in some cases, where there is a concentration of small local authorities across a town or city and a number of mid-market companies are spread within them, then these local authorities are grouped into a recognisable local area.

EXPERT COMMENTARY
Provided by members of the UK Mid-Market Council, Henri Murison of Northern Powerhouse Partnership and Louise Hellem of the Confederation of British Industry.

REGIONAL CASE STUDY
Commentary provided by Asif Ghafoor, CEO of Be.EV. The Manchester-based company launched its first ultra-rapid charging hub earlier in the year, with backing from NatWest and Germany's project and export financier KfW IPEX-Bank.

Annex 1

CONSUMER & RETAIL
- Corner Shops, News Agents, Off-licences and Petrol Stations
- Omni-channel Retailing
- Online Marketplace
- Online Retailing
- Physical Retailing
- Point-of-Sale (PoS)
- Pop-up Stores, Street Markets and Food Trucks
- Pop-ups
- Retail Biometrics
- Retail Consultancy
- Sharing Economy
- Social Shopping
- Subscription
- Supermarkets and Department Stores

CREATIVE INDUSTRIES
- Creative industries

LIFE SCIENCES
- Life Sciences

CLIMATE TECH
- Carbon Capture
- CleanTech
- Biomass and Biofuels
- Renewable Energy
- Smart Energy
- Clean Energy

FINTECH
- FinTech
- Challenger Bank
- Alternative Finance

NatWest

Tomorrow begins today