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London Businesses Report Highest Growth Confidence

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– Categories: Economics



Private business owners in London have expressed the strongest levels of growth optimism in the United Kingdom, according to KPMG's latest private enterprise barometer survey. Despite ongoing concerns over inflation, the capital's business community recorded its highest confidence levels this year.

After a turbulent first half of 2025 marked by tariffs and global uncertainties, confidence in London has surged from 88 per cent at the start of the year to the strongest nationwide level.

Anna Purchas, London senior partner at KPMG UK, commented, “Leaders in London are entering the business end of 2025 with the highest level of growth confidence we’ve seen across the UK this year.”

Appetite for Investment and Diversification

The survey highlighted a growing interest among London firms in seeking private equity support. Around 60 per cent of respondents said they were open to new capital sources to drive expansion and long-term resilience.

Technology development remains a leading priority, with 74 per cent focusing on artificial intelligence and cyber security investments. Businesses are also looking to broaden revenue streams, with nearly 80 per cent considering new service lines and expanded client offerings.

In addition, three-quarters of firms are preparing to enter new markets, up from 58 per cent in January, showing a strong drive for long-term stability. Purchas noted, “Technology remains a top priority, coupled with ambitions to diversify and an increasing interest in new sources of finance. This reflects London’s business community’s focus on sustained growth.”

Challenges of Inflation and Rising Costs

Despite this optimism, inflation continues to weigh heavily on decision-making. Nearly half of business leaders identified inflation as their most pressing concern. Interest rates and employment costs followed closely, with 31 per cent citing them as significant risks to expansion.

Wider National Outlook

While London leads in confidence, the national outlook also remains positive. Across the UK, 93 per cent of respondents reported optimism for the months ahead. Technology development and innovation dominate business strategies nationwide, though interest in sustainability projects declined as companies await further government clarity on net-zero policies.

Looking towards the autumn Budget, businesses pointed to increased research and development investment and new profitability measures as key drivers for further economic

momentum.

Euan West, head of KPMG private enterprise in the UK and EMA, said, “Private businesses have continued to show resilience and adaptability in the face of these challenges, which is reflected in their steady levels of confidence about the future. All eyes will now fall on the autumn Budget to see if the concerns of private businesses are addressed.”