

Hampshire Monthly Labour Market Update August 2025

- National Headlines (survey-based):
 - Employment
 - Unemployment
 - Economic Inactivity
- South-East (survey-based) Labour Market
- Local Monthly (claimant-count) Unemployment
- Local quarterly (survey-based)

The UK economy slowed in Q2 2025 compared to Q1 but performed better than was widely expected. Labour market data points to softening although broadly resilient. Payrolled employment was down but headline survey-based employment rose while the headline unemployment rate only slightly higher.

Economy

- According to the ONS first estimate for Q2 2025, the UK economy grew by 0.3%, following 0.7% growth in Q1 2025. Q2 growth was largely driven services and construction. Q2 growth helped by a modest rebound in June's monthly GDP figures (0.4%), following weaker growth in April and May.
- Services output increased by 0.4% in Q2 2025 following growth of 0.7% in Q1. The largest contributor to growth was from ICT (2.0%), followed by human health (1.1%). However, wholesale and retail output down 0.9%. Consumer-facing services increased by 0.3% in Q1.
- Production output fell by 0.3% in Q2 2025, following 0.7% growth in Q1. The fall in Q2 mainly driven energy supply. However, manufacturing output grew by 0.3% and largely driven by pharmaceuticals (7.0%).
- Construction output grew by 1.2% in Q2, following slower growth in Q1 (0.3%). Output for new work increased by 1.1% (led by infrastructure) and by 1.4% for repair and maintenance.

UK Headline (survey-based) Labour Markets

- Headline survey-based estimates point to cooling in the labour market although data quality issues persist. Timelier PAYE employee numbers and ONS vacancies both decreased although headline employment saw growth.

Payroll and Employment

- Timelier data saw July's early estimate of payrolled employment fall. The Rate was down 0.1% on the month and down by 0.5% on the year as businesses hiring softens against the economic slowdown. As is usually the case, young people generally more impacted by any fall in recruitment.

- The headline working age (16-64-years) employment rate was estimated at 75.3% for the 3-months to June 2025; above estimates of a year ago, and up in the latest quarter.
- Headline employment levels (aged 16+) are estimated at 34.21 million for the 3-months to June 2025, up by an estimated 238,000 on the quarter and by 725,000 on the year. Flows estimates show that there were net movements from economic inactivity into unemployment and into employment, and from unemployment into employment. The redundancy rate decreased in the latest quarter to 3.6 per 1,000 adults (16+).
- Pay growth continues to ease but remains above inflation. Annual pay growth stands at 4.6% for total pay (including bonuses) and 5.0% for regular pay. Adjusted for inflation, real total pay grew by 1.1% and average regular pay by 1.5%. The data suggests that employers are cutting back on incentives, such as bonuses.
- Consumer price inflation (CPI) unexpectedly increased to 3.6% in June (highest since Jan 2024), with rising motor fuel and food prices the main contributors. Core inflation rose to 3.7% while services inflation was unchanged (4.7%). As was widely expected, the Bank of England cut the rate to 4.0 % in August on the back of weaker growth and cooling labour markets but as it stands, there is unlikely to be a further cut in September.

Vacancies (demand for labour)

- Vacancies fell by 44,000 on the quarter to sit at 718,000 for the 3-months to July 2025. This was the 37th consecutive quarterly decline. Anecdotal evidence from the ONS Vacancy Survey suggests some businesses are no longer recruiting new workers or replacing workers who have left with the downturn driven by rising employment costs. Number of unemployed people per vacancy was 2.3 in 3-months to June 2025, up from 2.1 in the previous quarter and up from 1.7 in the same period a year ago. Vacancies decreased across most industries (16 out of 18 broad sectors). Largest cumulative decreases were in traditionally low paid retail and food & accommodation sectors.

Unemployment & redundancies

- Estimated ONS headline measure of unemployment (aged 16+) is 4.7% for the 3-months to June 2025: above estimates of a year ago, and up in the latest quarter. Long term unemployment (12 months+) increased in the latest quarter.
- Headline unemployment levels (aged 16+) stood at an estimated at 1.67 million, up by 59,000 on the quarter and by 206,000 on the year. However, smaller sample sizes make the data highly volatile and making short-term changes hard to gauge if unemployment is trending up, down or unchanged.

Economic Inactivity

- The headline measure of economic inactivity (16-64 years) rate is 21.0% for the 3-months to June 2025; below estimates of a year ago, and down in the latest quarter.
- Latest quarter estimates show 9.07 million people aged between 16 and 64 years were not in the labour force (economically inactive). Overall, the number of those aged 16 to 64 who are economic inactive is down by 156,000 on the quarter and by 404,000 on the year. The quarter fall in economic inactivity was largely because of those who were students or retired.

South-East Region Labour Market

- The South East headline working age employment rate for the 3-months to June was 79.0%, the unemployment rate 3.9% and the economic inactivity rate 17.7%. The South East employment rate is up on the previous quarter by 0.3ppts, the unemployment rate down 0.2ppts, while the inactivity rate is down by 0.1ppts.
- On the timelier (but seasonally unadjusted) unemployment Claimant Count, the South-East rate was 3.1% for July 2025, unchanged on the month and but down on the year (-0.1ppts). The claimant count (183,410) is up by 1,790 on the previous month but down on the year by 1,515.

Local Employment

Hiring intentions (the number of online job postings) in Hampshire and the Solent **saw a seasonal uplift in July** despite survey data pointing to businesses pausing recruitment. Local data points to demand being driven by both higher and lower-skilled jobs. **Online postings were up by 4% for the 3-months to July 2025** and faster when compared to the 3-months to June 2025 (-0.8%).

Provisional **July 2025 payrolled employee numbers for Hampshire and the Solent points to the labour market cooling as hiring intentions continue to fall** (based on revised data). Quarter and long-term annual growth declined as labour markets continue to soften. **Latest payrolled employment estimate was 911,300 for Hampshire and the Solent**, close to 900 fewer on the month and 6,700 fewer than a year ago.

Nearest headline (survey-based from p4) not updated this month.

Unemployment

Nearest headline (survey-based from p4) not updated this month.

Economic Exclusion

Nearest headline (survey-based from p4) not updated this month.

The rate for residents aged 16-17 who are **Not in Education, Employment or Training (NEETS) in the Hampshire County Council area was 3.7% in June 2025**, lower on the month but higher on the year. **The rate for the combined NEET & Unknowns was at 6.8%**, higher on month but lower on the year.

Local ONS Monthly unemployment Claimant Count

On the timelier but seasonally unadjusted provisional ONS monthly claimant measure, **unemployed benefit claimants increased in the Hampshire and the Solent area in July 2025**.

However, the level of increase was insufficient to lift the working age rate which remains unchanged at 3.0% in July. Claimant numbers increased across all three broad age groups but disproportionately affected young people (18-24years).

The Hampshire and the Solent claimant count increased by 340 to 37,970 (July 25). The working age rate was unchanged at 3.0%. The 18-24 age group increased by 170 to stand at 7,040 and the rate rising to 4.2%.

The Hampshire & Two Cities claimant count increased by 345 to 35,020 (July 25). The working age rate was unchanged at 3.0%. The 18-24 age group increased by 165 claimants to stand at 6,460 and with the rate increasing to 4.0%.

The County area claimant count increased by 325 claimants to 20,970 (July 25). The working age rate increased to 2.5%. The youth unemployment increased by 150 to 3,825, with the rate rising to 4.1%.

The comparable UK working age rate is 4.0% and South-East region 3.1% - **all three Hampshire functional economic areas are lower than both the UK and South East rates**.

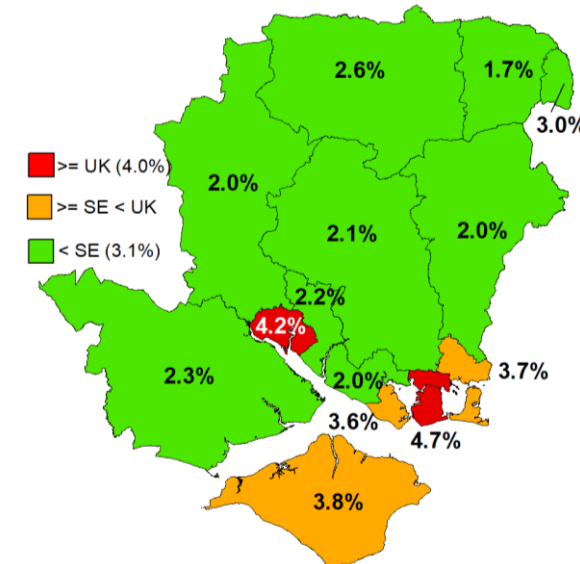
Most of Hampshire and the Solent's 14 authorities have unemployed claimant rates below the two benchmark areas. Only the two cities have rates above the UK average.

The comparable UK young people (18-24 age group) rate is 5.3% and the South-East region 4.4% - **all three Hampshire functional economic areas are lower than the UK and the South East rates**.

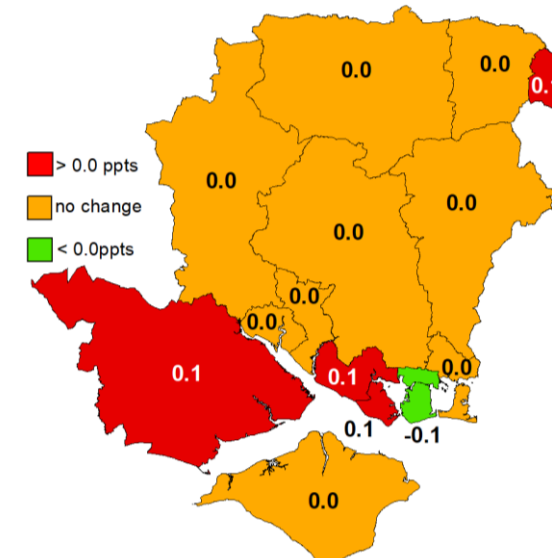
Hampshire Business News

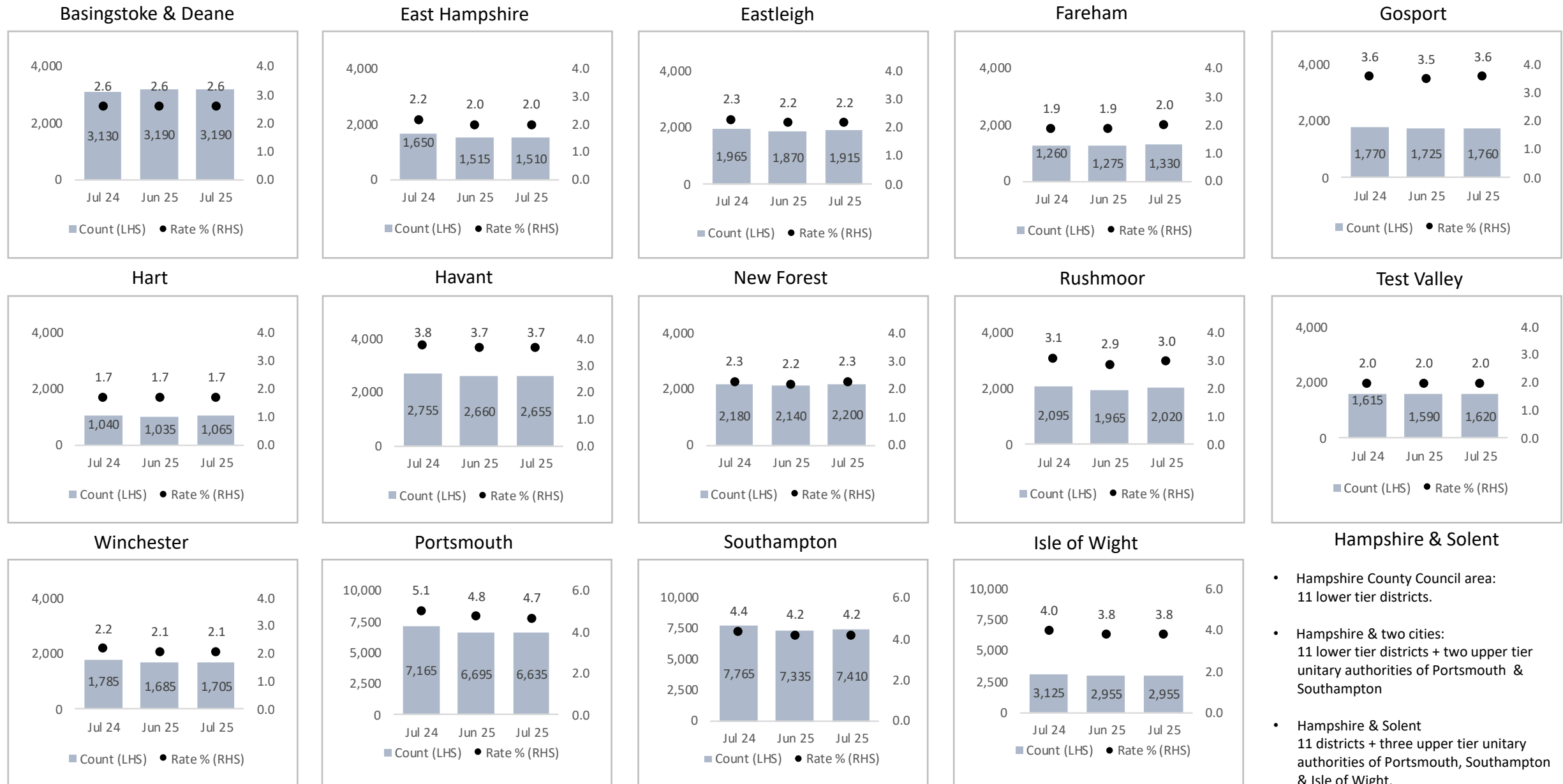
- Fareham-based power management and aircraft component manufacturer Eaton has started construction on a new 176,000 sq ft facility at Solent Airport Daedalus, with completion due by the end of 2026.
- German facilities management company Apleona has acquired Whitely-based facilities management firm Corrigenda.
- River Island will close 33 of its stores across the UK but the three stores in Hampshire and the Solent area avoid closure.
- Milbank Group acquires Winchester-based building company London Lintels Ltd.
- Breach Farm Brewing near Andover receives £10,000 from the Rural England Prosperity Fund (REPF), allowing output to increase.

July 2025 Monthly claimant count Rate (%)



Monthly Rate Change (ppts): Jun 25 – Jul 25





Source: ONS Monthly Claimant Count. Please note the latest month is always a provisional claimant count subject to revision in the next update.

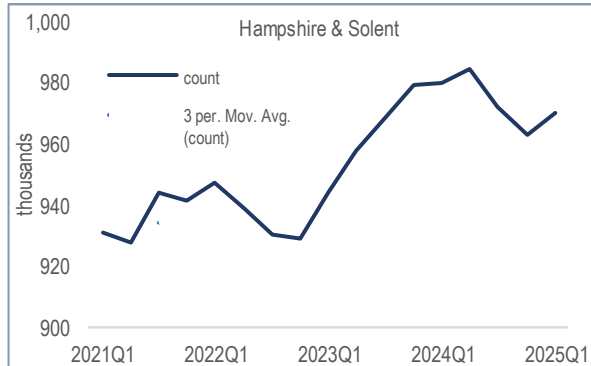
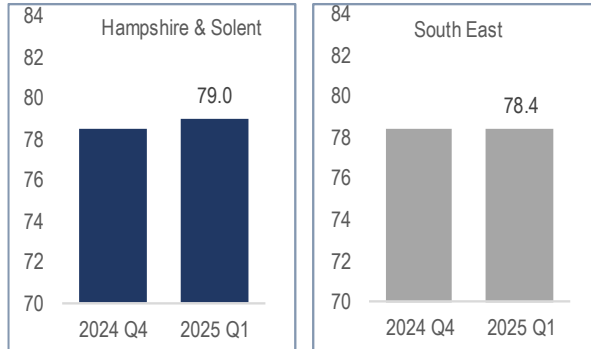
- Hampshire County Council area:
11 lower tier districts.
- Hampshire & two cities:
11 lower tier districts + two upper tier
unitary authorities of Portsmouth &
Southampton
- Hampshire & Solent
11 districts + three upper tier unitary
authorities of Portsmouth, Southampton
& Isle of Wight.

Hampshire & Isle of Wight Quarterly Labour Market Indicators (not updated this month)

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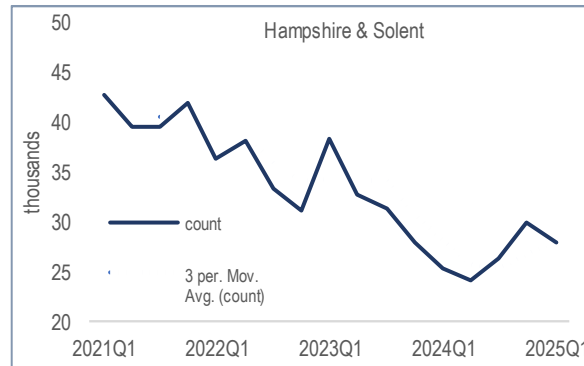
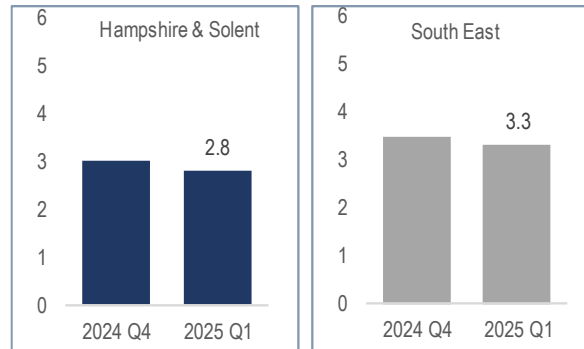
ONS considers APS robust for national and headline regional estimates but concerns with the quality of estimates for local authority geographies. As such, use with caution.

Employment



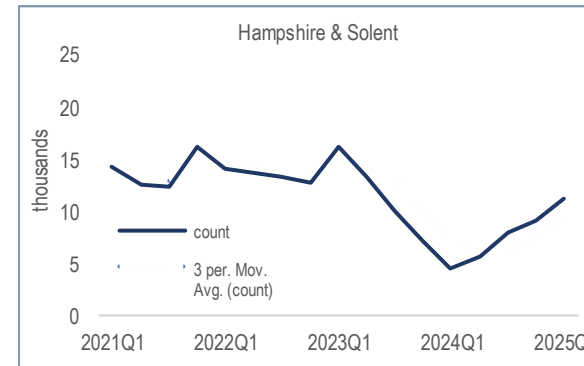
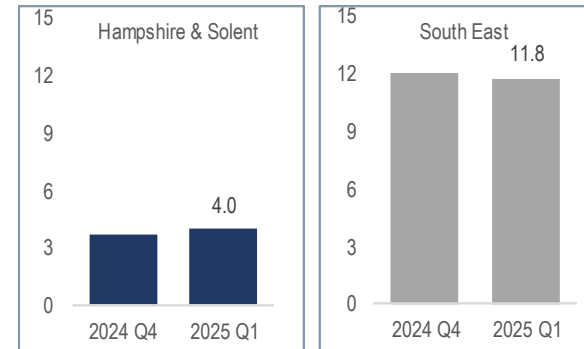
- Long lag in the data for the 12 months to Mar 2025 data (Q1 2025). Sub-regional data is less reliable with changes based on rates.
- An **estimated 970,000 Hampshire & Solent residents were in employment in Q1**.
- The **resident employment rate in Hampshire & Solent increased to 79% in Q1 2025**, up by 0.5ppts on the quarter but down by 1.2ppts on the year. The South East average rate is lower (78.4%).

Unemployment



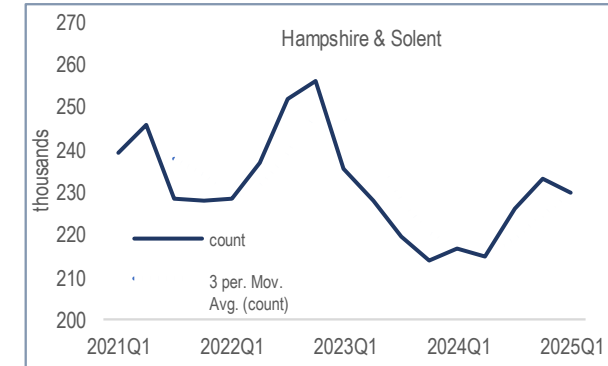
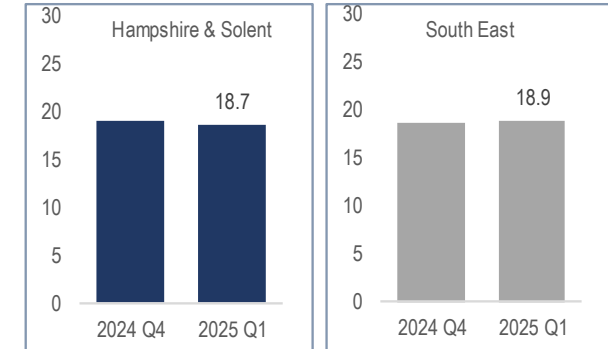
- There were an **estimated 27,900 working age (16-64 years) Hampshire & Solent residents who were unemployed in the year to Q1 2025**.
- **Unemployment** on the headline (survey-based) measure decreased by 0.2ppts on the quarter to **2.8% in the year to Mar 2025** but 0.3ppts higher on the year.
- The rate is 0.5ppts below the South East average (3.3%).

Youth Unemployment (16-24)



- Estimates are less reliable but suggest 11,300 Hampshire & Solent residents aged 16-24 were unemployed in Q1 2025.
- The **youth unemployment rate** on the headline (survey) measure **increased by 1.5ppts on the previous quarter to 4.0% and up by 4.9ppts on the year**.
- The local rate is suspiciously low against the South East rate. Young people are more likely to be unemployed than working age.

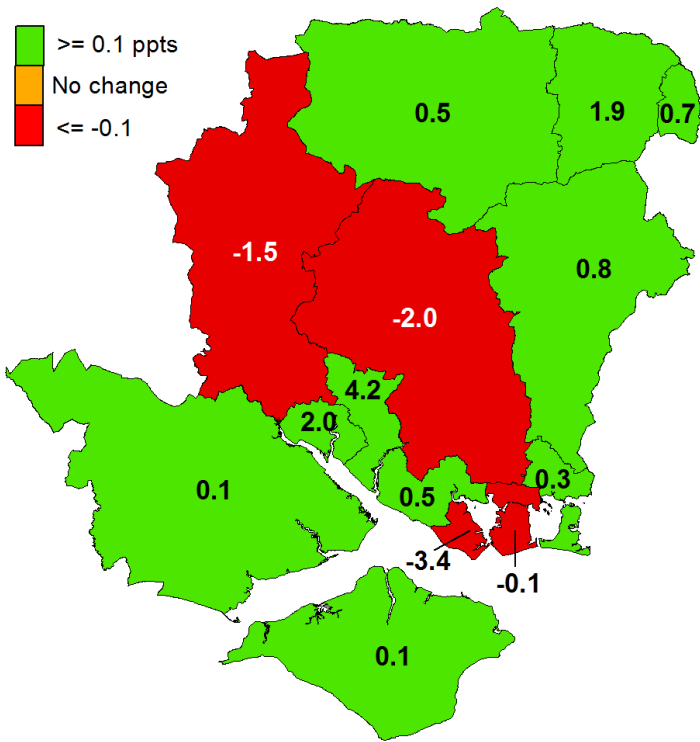
Economic Inactivity



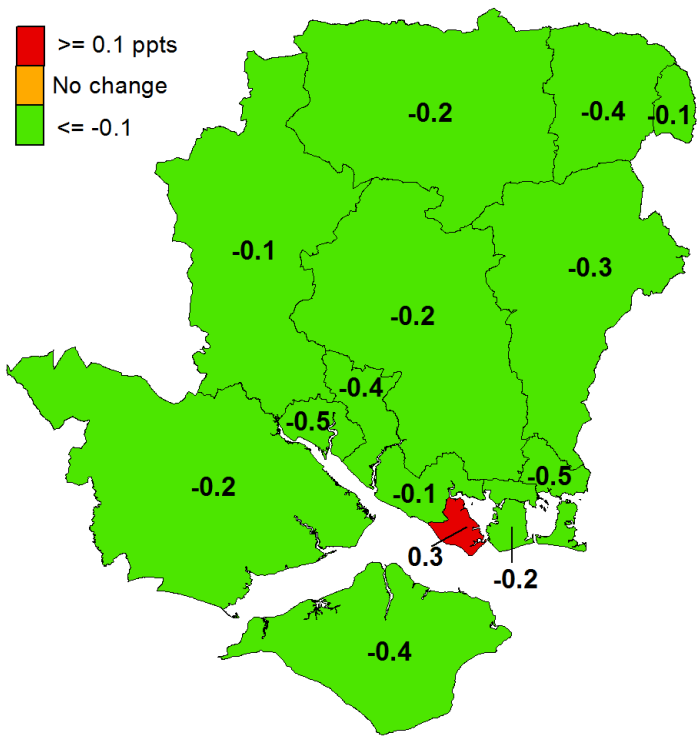
- There are an **estimated 229,700 Hampshire & Solent residents who were economically inactive** in the year to Q1 2025.
- At **18.7%, close to one in five Hampshire & Solent residents were economically inactive in the year to Mar 2025 (Q1)**, with the rate down on the previous quarter by 0.3ppts but up by 1.0ppts on the previous year.
- The local rate is below the South East rate.

ONS considers APS robust for national and headline regional estimates but concerns with the quality of estimates for local authority geographies. As such, use with caution.

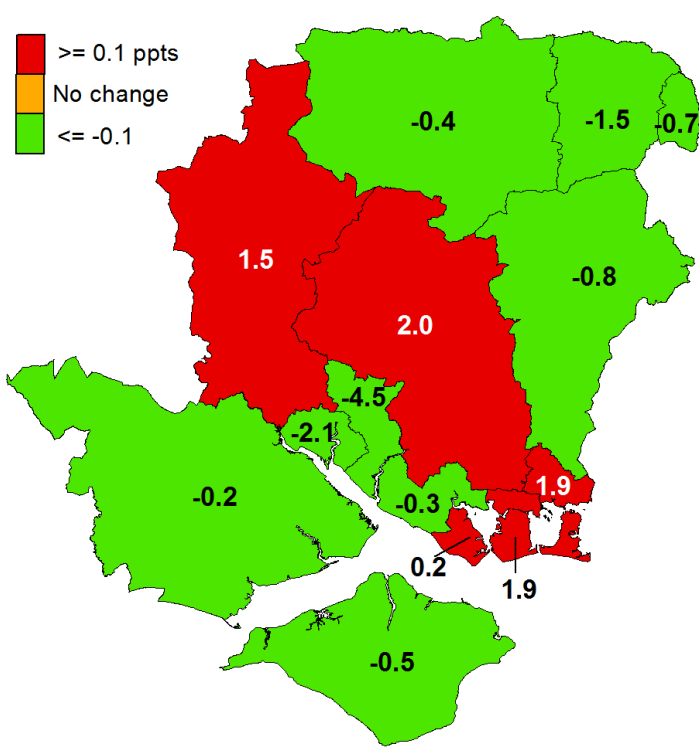
Employment Rate Change (ppts)



Unemployment Rate Change (ppts)



Economic Inactivity Rate Change (ppts)



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How to read 'traffic light' on page 4.

For the Labour market indicators, the change refers to the rate not the level. For example, a rise in the employment rate (on quarter and on the year) would see an upward green arrow, while a decrease in unemployment would see a downward green arrow.



Little or no change on previous period or where annual and quarter changes effectively cancel each other out

Sources:

The primary data source are the Office for National Statistics (ONS) and HMRC while additional data comes from several commercial sources such as, Lightcast.

For further information on Hampshire's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at:

<https://www.hants.gov.uk/business/ebis/reports>

12 months to March 2025 (Q1) Not updated this month	Employment (16-64yrs)		Unemployment (16-64yrs)		Economic Inactivity (16-64yrs)	
	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
Hampshire (CC)	662,700	79.7	17,600	2.6	151,500	18.2
Basingstoke & Deane	87,600	78.2	3,300	3.5	20,800	18.6
East Hampshire	53,100	74.5	1,800	3.0	15,300	21.5
Eastleigh	68,300	86.6	1,800	2.4	9,800	12.4
Fareham	60,200	85.5	1,500	2.5	9,000	12.8
Gosport	41,800	78.0	1,600	3.5	10,100	18.8
Hart	45,700	81.3	1,400	2.5	7,700	13.7
Havant	50,800	70.5	2,900	5.2	19,000	26.3
Isle of Wight	54,400	70.9	2,600	4.2	19,200	25.1
New Forest	78,300	78.2	2,500	2.9	19,900	19.9
Portsmouth	114,400	79.7	5,300	4.3	24,400	17.0
Rushmoor	52,500	82.8	1,900	3.5	10,900	17.2
Southampton	138,400	78.9	6,300	4.2	34,500	19.7
Test Valley	59,300	78.1	1,700	2.6	16,100	21.3
Winchester	65,100	83.6	1,600	2.2	12,800	16.4
Hampshire & Two Cities	915,500	79.6	24,800	2.6	210,400	18.3
Hampshire & Solent	969,900	79.0	27,900	2.8	229,700	18.7
South East	4,436,900	78.4	153,000	3.3	1,069,000	18.9
United Kingdom	31,577,500	75.4	1,280,800	3.9	9,037,100	21.6

This publication is produced by the Economic and Business Intelligence Team, Hampshire County Council. For further information on the bulletin or to subscribe please contact:

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Hampshire
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