

PRESS RELEASE

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Five tech startups launch per hour as business formations reach new record in 2019

More than five new tech startups launched every hour in 2019, contributing to a record 681,704 new business formations over the year – a 2.8% increase from 2018. These are some of the findings of the Centre for Entrepreneurs' sixth annual analysis of Companies House data.

"It is encouraging that despite a politically turbulent year in which business confidence hit new lows, business formations continued to set records" said Matt Smith, director of policy and research at the Centre for Entrepreneurs. "It suggests that entrepreneurial spirit is well and truly embedded across the UK with entrepreneurs continuing to turn their ideas into action".

Over 45,000 tech startups were launched across the UK in 2019, representing 6.6% of all new businesses. 17,401 of these were registered in London (8.2% of total), while tech startups comprised 28% of all new businesses launched in Bournemouth, Poole and Christchurch. Tech startups were also highly represented in Brighton and Hove (15%), Winchester (12.8%) and Cambridge (12.5%).

This insight is possible for the first time as a result of the Centre's novel analysis of industry classification codes that describe the nature of each business. Companies were launched in over 700 different industries, as varied as raising of llamas and alpacas (10 new businesses), credit bureaus (23), driving schools (429) and repair of watches and jewelry (141).

As evidence of the impact that food delivery startups and street food are having, 14,363 new take-away food shops and mobile food stands registered in 2019, greatly outnumbering both licensed restaurants (9,405) and unlicensed restaurants and cafes (7,182). Ten new wine producers, 314 brewing companies, and 347 distillery businesses also launched in the year.

London continues to dominate; business formations increased by 2.4% to 221,373. While Birmingham continues to outperform Manchester in absolute terms (14,509 vs 9,064), the latter is more entrepreneurial when considering population size. This is not the case in Scotland, where Glasgow retains an absolute and per capita lead against Edinburgh.

Formation agents and virtual offices continue to distort London and other inner-city locations; Companies Made Simple provided registered office services in Hackney to circa 16,000 new businesses last year, with 1st Formations behind circa 12,900 formations in Camden. Meanwhile, contractor accounting firms influence numbers in several towns; Quickstep Contracting Services are behind circa 4,000 of the total 5,522 businesses launched in Bromsgrove last year.

"Formation agents and contractor accounting firms will always have a distortionary effect in a handful of areas" said Smith. "But overall, these figures bring to life the entrepreneurial drive that is evident all over the UK".

Strong figures relative to population size in Cheshire East, Salford, Trafford and Stockport also set the North West ahead of its Northern Powerhouse counterparts, leaving the North East and Yorkshire and Humber alongside Wales, Scotland and the South West as the five least entrepreneurial areas of the country.

"While the Northern Powerhouse has the opportunity to significantly boost entrepreneur-led growth across northern regions, the government must not forget that the South West is in as much need there remain regional imbalances in the South West too", said Friederike Andres, lead researcher at the Centre for Entrepreneurs.

*****ENDS*****

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The data – listing the performance of all local authorities – can be downloaded here:
<https://centreforentrepreneurs.org/cfe-research/business-startup-index/>

The methodology can be found in the notes section of the data spreadsheet.

Top 10

Greater London	221,373
Birmingham	14,509
Manchester	9,064
Leeds	7,492
Glasgow City	6,733
Bournemouth, Christchurch and Poole	5,627
Liverpool	5,421
City of Edinburgh	5,155
Leicester	5,060
City of Bristol	5,004

The full ranking and formation data for every local authority going back to 2015 can be found in the spreadsheet above.

*NB this excludes Bromsgrove (5,522) as 83% of businesses are contractor accounting firms that may not represent genuine local business activity.

Sectors

45,229 tech startups were launched in 2019.

This sums the number of businesses across 16 industry classifications that the Centre defines as representing IT technology companies. A full breakdown of businesses per industry can be found in the spreadsheet above.

Top 10 sectors

Management consultancy activities other than financial management	36489
Other letting and operating of own or leased real estate	33447
Other service activities n.e.c.	32365
Other business support service activities n.e.c.	30098
Buying and selling of own real estate	24021
Information technology consultancy activities	23504
Retail sale via mail order houses or via Internet	21132
Freight transport by road	21029
Development of building projects	14434
Take-away food shops and mobile food stands	14363

About the Centre for Entrepreneurs

The Centre for Entrepreneurs (CFE) is the UK's leading entrepreneurship foundation. We work to make the country more entrepreneurial. Our activities are grouped under four key pillars:

- Delivering entrepreneurial development programmes;
- Researching the state of entrepreneurship and how to unlock potential in neglected groups, communities and locations;
- Building thriving entrepreneurial communities;
- Engaging and informing policy makers and the public.

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