

## 2022 Business Startup Index

Key findings from the 9<sup>th</sup> annual analysis of Companies House data



## Introduction

The Centre for Entrepreneurs' annual analysis of Companies House data provides a detailed snapshot of business formations over the previous year.

Our unique analysis, which maps business formations to local authorities, allows policy-makers, journalists and other to gauge the state of entrepreneurial activity across the UK.

Our recent addition of sector analysis provides insight on emerging industry trends and context for the overall figures.

## Methodology

The index is produced using the Companies House Free Data Product (January 2023 release), a register of live UK limited companies. Postcodes of all companies incorporated in 2022 were used to produce the UK and regional business formation figures.

A detailed methodology can be found in the index document.



## The Post-Covid Reset

The key finding of our ninth Business Startup Index is that of The Post-Covid Reset.

The pandemic significantly slowed business registrations during the first lockdown but then led to record formations for the rest of 2020. This surge in formations was also seen in the US, France, Singapore and other countries.

2021 started the Post-Covid Reset. And in 2022, registrations reset to numbers we would expect based on average growth over the last nine years of our study.

The Post-Covid Reset also reflects a change in the sector breakdown of new business formations.

A surge in the 'Covid economy', cleaning, medical, pharmaceutical and PPE businesses, has - with the exception of cleaning businesses - now reset to pre-Covid formation rates.

The 'At-Home Economy' which surged during Covid, has grown further, reflecting an enhanced focus on leisure and lifestyle as a result of increased working from home.

And the hospitality industry, which experienced mixed impacts of Covid has also rebound, albeit at a slower rate.



## Total new businesses

# 790,390

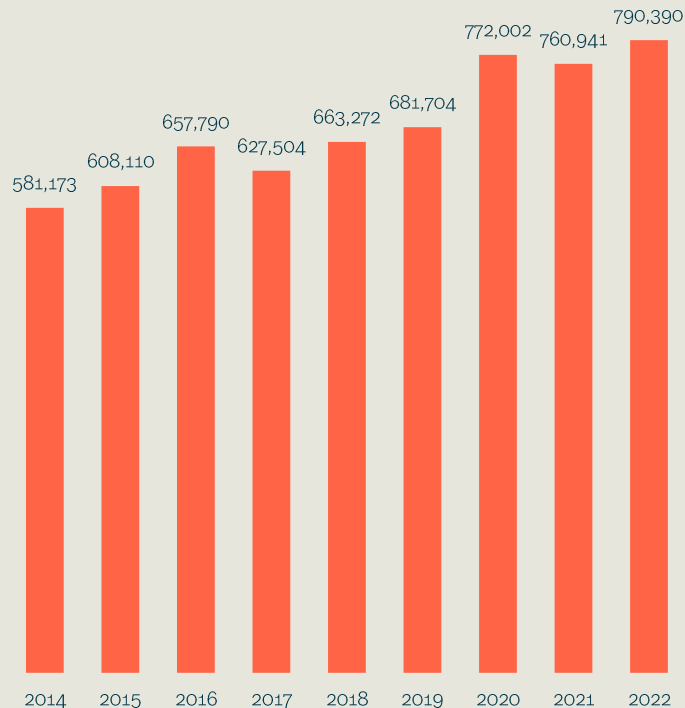
new businesses in 2022

# +4.53%

growth from 2021

Business registrations hit a new record in 2022.

The fall in registrations in 2021 can partly be explained by the record increase in 2020. 2022 reverts to the steady increase in formations that we have observed over the last nine years.





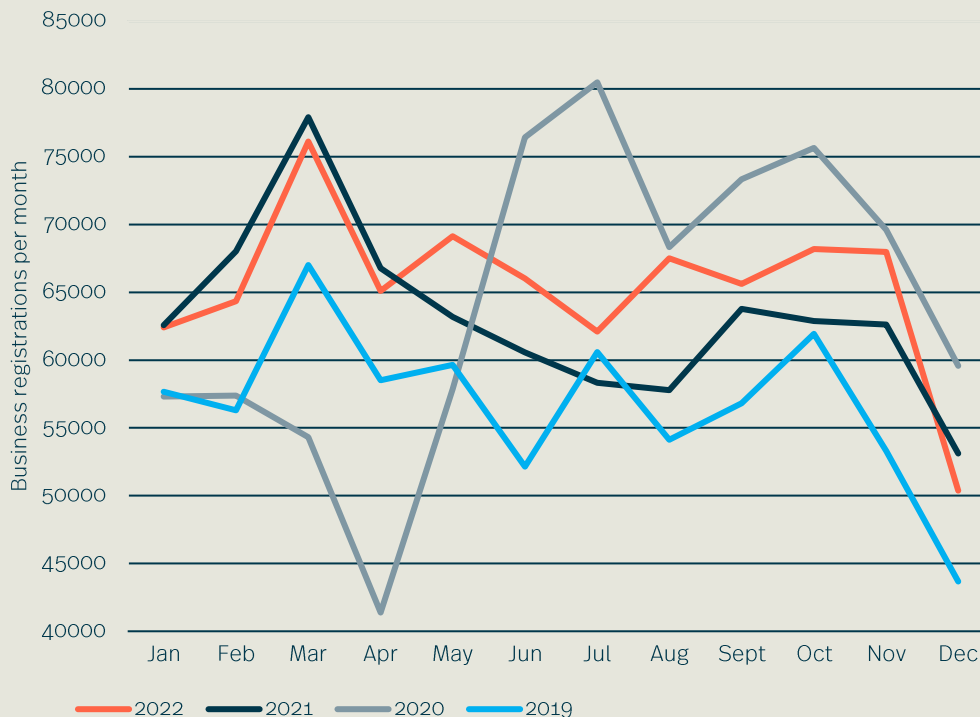
## The year in review

The last two years marked a return to the pre-covid distribution of registrations.

2022 started with 62,403 new registrations in January – a start-of-year record.

The year peaked at 76,104 registrations in March – a new March record, but below the all-time record of 80,469 seen in July 2020 after we emerged from the first lockdown.

2022 saw more sustained registrations over summer and autumn and, ultimately, a lower drop in formations at year-end.

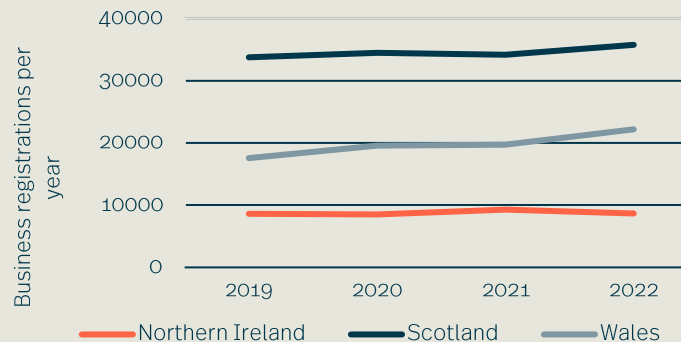




## The devolved nations

While England, Wales and Scotland all experienced a bounce in registrations during Covid (2020), Northern Ireland only experienced this in 2021. England experienced the strongest Covid bounce (+14.3%) followed by Wales (+11.4) and Scotland (+2.2%). However, these led to falls in formations come 2021.

Northern Ireland remains the nation with the lowest formation per capita (4.45 per 1,000), while England remains the highest (12.6).



Region	2019	2020	2021	2022	New business per 1,000 population (2022)
Northern Ireland	8,620	8,478	9,267	8,633	4.45
Wales	17,578	19,583	19,700	22,189	7.00
Scotland	33,767	34,512	34,214	35,760	6.54
England	612,924	700,421	688,455	712,673	12.6



## The English regions

Business formations in London remain far ahead of any other English region, growing 2.5% last year to a total 275,548.

Yorkshire & Humber experienced the strongest growth in formations in 2022 (+13.7%).

The North East continues to experience the lowest business formation rate per capita within England (6.6 per 1,000), while, outside London, the West Midlands (10.81) and the North West (10.67) have the highest formations per capita.

Region	2019	2020	2021	2022	New business per 1,000 population (2022)
East England	61,600	66,006	64,436	62,366	9.95
East Midlands	37,487	41,489	38,501	41,036	8.43
London	221,907	269,734	268,782	275,548	30.61
North East	15,488	17,180	16,811	17,688	6.60
North West	68,546	76,088	74,940	78,587	10.67
South East	74,517	81,788	76,529	80,865	8.77
South West	38,720	40,888	40,848	44,312	7.38
West Midlands	64,437	63,296	62,592	56,370	10.81
Yorkshire and Humber	50,379	44,312	44,656	38,329	9.12



## The Covid economy

In 2020, there was significant growth of the 'Covid economy'. The pandemic led to major increases in manufacturing and retail of medical equipment, pharmaceutical goods, specialist clothing and PPE, and cleaning supplies. It has also boosted cleaning and disinfecting services.

In 2022, most of these have reverted to normal pre-covid registrations, with the exception of cleaning services. This reflects the reality that while PPE and sanitizer usage has reduced, enhanced cleaning of buildings and facilities remains widespread.

Nature of business	Pre-covid (2019)	Covid (2020)	Emerging from Covid (2021)	Post-Covid (2022)
Disinfecting services	95	313	193	158
Manufacture of workwear	66	176	124	144
Retail sale of medical goods	346	852	496	462
Manufacture of medical instruments and supplies	318	671	412	453
Wholesale of pharmaceutical goods	539	1,082	631	645
Manufacture of soap and detergents	226	437	306	227
Specialised cleaning services	1,944	3,733	3,267	3,931
Other building and industrial cleaning activities	790	1,300	1,243	1,552
General cleaning of buildings	3,485	5,524	5,105	7,191
Other cleaning services	2,816	4,382	4,205	4,922



## The at-home economy

In 2020, consumer businesses increased significantly, with business startups in the wholesale and retail industry growing 60.5% year-on-year and totalling 190,379.

Online retail startups more than doubled, totalling 43,127 in 2020. New businesses retailing computers, sporting goods, games and toys also grew strongly in 2020.

Post-Covid, the majority of these have remained strong or grown further. This likely reflects an enhanced focus on leisure and lifestyle as a result of increased working from home.

Nature of business	Pre-Covid (2019)	Covid (2020)	Emerging from Covid (2021)	Post-Covid (2022)
Retail sale via mail order or Internet	21,132	43,217	49,073	52,531
Retail sale of computers, peripheral goods and software	671	1,337	1,351	1,251
Retail sale of sports goods, fishing gear, camping goods, boats and bicycles	1,359	2,687	2,551	2,161
Other retail not in stores, stalls or markets	6,670	13,056	15,871	20,229
Retail sale of games and toys	608	1,149	1,370	1,322
Retail sale of bread, cakes, flour confectionary and sugar confectionary	925	1,640	1,788	1,611
Retail sale of flowers, plants, seeds, fertilizers, pet animals and pet food	994	1,737	1,870	1,709
Retail sale of fish, crustaceans and molluscs	188	316	325	261



## Hospitality

Covid restrictions severely harmed existing hospitality businesses and, in most categories, led to fewer formations in 2020.

Clubs, pubs, hotels and restaurants all saw a fall in business formations in 2020. As did conference organisers and tour operators. While registrations are now recovering, they generally haven't returned to pre-Covid figures.

With ongoing restrictions in 2020 and 2021, takeaway food shops, mobile food stands, camp sites, B&Bs and other guest houses grew significantly. Post-Covid, formations in these sectors seem to have maintained.

Nature of business	Pre-Covid (2019)	Covid (2020)	Emerging from Covid (2021)	Post-Covid (2022)
Other food services	5,576	8,093	6,682	6,050
Take-away food shops and mobile food stands	14,363	17,399	17,658	17,918
Other holiday and collective accommodation	1,516	1,809	2,554	2,300
Recreational vehicle parks, trailer parks and camping grounds	300	341	488	544
Unlicensed restaurants and cafes	7,182	7,523	7,794	8,677
Licensed restaurants	9,405	7,895	7,459	8,572
Hotels and similar accommodation	2,411	2,036	1,998	2,299
Public houses and bars	6,764	5,457	5,223	5,958
Activities of conference organisers	716	559	451	500
Tour operator activities	1,068	818	659	916
Licensed club	538	358	391	396



## Contact Us

[info@centreforentrepreneurs.org](mailto:info@centreforentrepreneurs.org)

[www.centreforentrepreneurs.org](http://www.centreforentrepreneurs.org)

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