

New Study Names Top 10 Cities to Start a New Business in the UK in 2023

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UK businesses have faced significant challenges in recent years; with Brexit, general elections, a global pandemic and the rising cost of living, every industry and sector has been impacted in some way.

Despite these pressures, there is hope for the UK business sector. Analysis of data from Companies House has shown that a record 202,130 new businesses were set up in the UK in the first 12 weeks of 2023 which represents a year-on-year (YoY) rise of 6.5%.

There's no doubt that many businesses of all sizes will face further challenges. However, it is positive that these challenges are not preventing UK entrepreneurs across the country from setting up their own businesses, but where is the best place to launch a new venture in the UK?

A new study* by independent digital agency Dark Horse (<https://darkhorse.co/>) looks at key criteria collected by its data experts including the quality of life, the rate of new businesses opened (competition), internet quality, local education, transport services and GVA.

To determine the results**, data analysts obtained insight from ONS, Numbeo, the Fair Internet Report and the Department for Transport with data tied to UK cities. Each criterion was given a weighted score. The lower the overall score, the higher the city ranks in the list.

Findings from the study reveals that Manchester is the best city to start a new business in the UK, achieving an overall score of 90.

London, traditionally considered the business powerhouse of the UK, is a close second place with a score of 92. Sheffield, one of the fastest-rising cities in the North, ranks third with 93.

The top 10 list also includes Birmingham (4th), Glasgow (5th), Brighton and Hove (6th) Cardiff (7th), Liverpool (8th), Luton (9th) and Leeds (10th).

Results from the research also show that the North is a serious contender for new business. In fact, four cities in the top 10 are in the North, with three in the South. Birmingham is the best place to set up in the Midlands, Glasgow is the top city in Scotland, while Cardiff is the best city to set up a business in Wales.

James Maxfield, data expert at independent digital agency Dark Horse, who analysed the results, explains: "In the past, location was considered everything in business - from logistics to networking it was the be-all and end-all, and to be successful you had to head south. But that's just not the case anymore. Investment in infrastructure, talent acquisition, culture and the digital age has made it possible to set up a business pretty much anywhere in the UK.

"This data clearly shows that businesses have the absolute potential to boom across the UK. As a northern company ourselves, it's great to see a wide variety of cities rank in the top 10. There is no

doubt that with effective investment and opportunities, businesses can grow, and cities can thrive as a result.”

Top 10 cities to start a new business in the UK in 2023

Rank City Overall Score

1	Manchester	90
2	London	92
3	Sheffield	93
4	Birmingham	100
5	Glasgow	111
6	Brighton and Hove	116
7	Cardiff	120
8	Liverpool	127
9	Luton	131
10	Leeds	137

The full list of results of 34 cities are available.

Why does location matter when starting a business?

Location plays a significant role in setting up a business and should always be a top consideration - whether your business is physical or online.

Access to customers: The location of a business determines its proximity to potential customers. Businesses that are situated in areas with high foot traffic or prospects are more likely to attract customers.

Infrastructure: Businesses that require regular materials or products from suppliers or require distribution routes may find it easier and more cost-effective to operate in easily accessible locations. This can help to reduce transportation costs and lead times, making the business more efficient.

Talent acquisition: Location can also impact an employer's ability to attract and retain talent. Some regions may have a larger pool of qualified workers than others, while cities with a high quality of life can be a great incentive for talent to make the jump.

Competition: Some industries or niches may be more concentrated in certain locations, and this can impact the ability of a new business to succeed. Higher competition can influence everything from business acquisition or hiring highly qualified staff.

Networking and collaboration: Whether it's building strong relationships in the industry or working with other enterprises, networking is important for any business. Businesses located in areas with high concentrations of relevant businesses, industry associations, and other relevant resources will have more opportunities to build relationships and access support.

Local regulations: Local regulatory requirements can vary significantly depending on location, across the UK, which can also vary depending on the industry and sector.

Notes to Editors

*Methodology - data analysts at Dark Horse selected 34 UK cities with the largest population and assessed them against a set of distinctive ranking factors, including:

1. Quality of life: Data analysts considered factors such as the average monthly salary, average cost of rent, cost of amenities, and crime rate. Data analysts obtained data from Numbeo for this purpose.
2. Education: Data analysts evaluated the population's qualification level at NVQ Level 4 and above. Census Data was used for this factor.
3. Business activity: Data analysts assessed the start-up survival rate, number of new businesses, business closures, and active business population using ONS Data.
4. Regional Gross Domestic Product: Data analysts obtained data from the ONS to assess the regional economic activity.
5. Internet speed: Data analysts included the average internet speed for each city, as reported by the Fair Internet Report.
6. Transportation: Data analysts evaluated the availability of buses in each city based on data provided by the Department for Transport.

**To develop the index, data analysts collected, cleaned, and analysed the data, ranking the cities based on their base values and value per 100,000 for a fair comparison. This is a penalty-based scoring system, the ranking position is directly tied to points, with a higher number of points indicating a worse position on the leaderboard. This is a 1:1 relationship, the system works in a way that the lower the score, the better the ranking.

For further information and the full list of results of 34 cities across the UK, please contact: samb@darkhorse.co or 077381 96667.