

Statistical bulletin

Business demography, UK: 2022

Annual change in the number of UK businesses broken down by sector of the economy.



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Table of contents

1. [Main points](#)
2. [Business birth and death rates, 2017 to 2022](#)
3. [Industries with the highest business birth and death rates](#)
4. [Regions with the highest business births and deaths](#)
5. [Business survival rates](#)
6. [High-growth businesses in the UK](#)
7. [Business demography, UK data](#)
8. [Glossary](#)
9. [Measuring the data](#)
10. [Strengths and limitations](#)
11. [Related links](#)
12. [Cite this statistical bulletin](#)

1 . Main points

- Between 2021 and 2022, the number of UK business births decreased from 364,000 to 337,000 leading to a fall in the birth rate from 12.4% to 11.5% over the two years.
- The number of UK business deaths increased from 328,000 to 345,000 between 2021 and 2022 leading to an increase in the death rate from 11.2% to 11.8% over the two years.
- This is the first time the business death rate has exceeded the business birth rate since 2010.
- The transport and storage (including postal) industry had the highest business birth rate, at 21.2%, and the highest death rate, at 23.8%.
- In 2022, there were 11,480 high-growth businesses in the UK, measured by employment, compared with 10,695 in 2021.

2 . Business birth and death rates, 2017 to 2022

In 2022 the business death rate (11.8%) was higher than the business birth rate (11.5%). This is the first time this has happened since 2010.

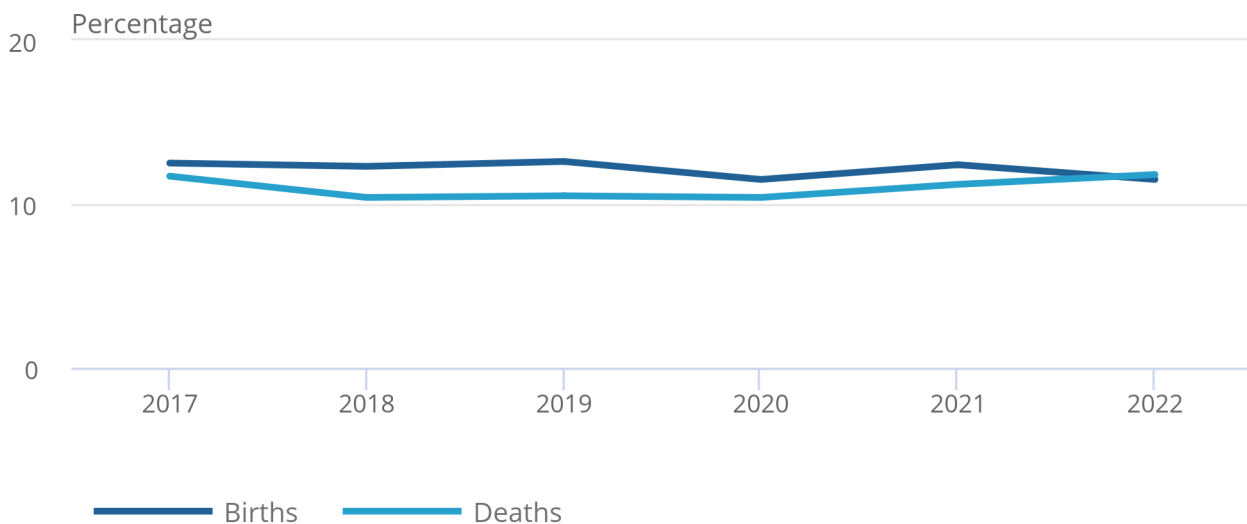
The birth rate in 2022, at 11.5%, is the same as the birth rate in 2020. The last time there was a birth rate lower than 11.5% was in 2012, when the birth rate was 11.4%. The death rate in 2022, at 11.8%, is the highest death rate since 2009, when the rate was also 11.8%.

Figure 1: Birth and death rates of businesses

UK, 2017 to 2022

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UK, 2017 to 2022



Source: Inter-Departmental Business Register from the Office for National Statistics

There were approximately 2.9 million active businesses in the UK during 2022, a decrease of 15,000 on 2021 (Table 1). Estimates for 2022 are available in greater geographical and industrial detail in our [Business demography, UK dataset](#).

Table 1: Business birth and death rates
UK, 2017 to 2022

Count to nearest thousand

	Active Births			Deaths	
	Count	Count	Rate (%)	Count	Rate (%)
2017	2,845	357	12.5	331	11.7
2018	2,841	349	12.3	297	10.4
2019	2,889	364	12.6	303	10.5
2020	2,897	333	11.5	300	10.4
2021	2,940	364	12.4	328	11.2
2022	2,925	337	11.5	345	11.8

Source: Inter-Departmental Business Register from the Office for National Statistics

Notes

1. The death counts provided in this table for 2021 and 2022 are provisional.

3 . Industries with the highest business birth and death rates

Of the 16 industry groups, 4 showed an increase in the birth rate compared with 2021.

The transport and storage (including postal) industry had the highest business birth rate at 21.2%. This industry has had the highest business birth rate since 2017 but the birth rate decreased by 4.7 percentage points from 2021 into 2022. The transport and storage death rate is now higher than the birth rate for 2022. The industry saw increases in births in couriers in 2020 and 2021 and in freight transport by road in 2021. However, both industries show falls in births in 2022 and in the case of couriers, a significant rise in business deaths in 2021 has continued into 2022.

Table 2: Birth and death rates by broad industry group
UK, 2022

Counts given to the nearest thousand

	Active Count	Births		Deaths	
		Count	Rate (%)	Count	Rate (%)
Production	169	15	9.1	16	9.6
Construction	420	49	11.7	43	10.2
Motor trades	89	8	8.6	8	8.8
Wholesale	119	11	9.0	13	10.9
Retail	252	29	11.7	32	12.8
Transport & storage (inc. postal)	172	36	21.2	41	23.8
Accommodation & food services	201	29	14.2	26	12.8
Information & communication	221	22	10.2	30	13.6
Finance & insurance	40	3	6.9	3	8.5
Property	123	12	9.6	9	7.1
Professional; scientific & technical	481	47	9.9	59	12.2
Business administration and support services	272	40	14.7	34	12.6
Education	48	5	10.4	4	9.3
Health	117	11	9.3	9	7.3
Arts; entertainment; recreation and other services	200	19	9.5	19	9.3
Total	2,925	337	11.5	345	11.8

Source: Inter-Departmental Business Register from the Office for National Statistics

Notes

1. The death counts provided in this table for 2022 are provisional.

Births and deaths of businesses can also be measured by employer business demography. This measure shows both the number of new business births (with one or more employees) and also the existing businesses that have started to employ at least one person. Likewise, the deaths show both the number of businesses with employees that cease to trade and also the number of businesses that have stopped employing staff.

Tables 3 and 4 show business births and deaths broken down by industry. They compare the total number of businesses, the businesses with at least one employee, and those businesses with two or more employees.

Analysis of business births shows that most industries have a large proportion of births which were either sole proprietors or single employee businesses in 2022. For example, over 80% of births in the transport and storage industry in 2022 were in this category. Conversely, the accommodation and food services industry shows virtually the opposite to this, with over 70% of businesses having two or more employees.

Table 3: Comparison of business births by industry and employee size bands
UK, 2022

	Business Demography	Employers Demography	2 or more employees
Production	15,325	13,060	4,420
Construction	49,390	44,295	13,355
Motor trades	7,570	7,025	2,095
Wholesale	10,765	9,800	2,160
Retail	29,420	27,700	8,410
Transport and storage (inc. postal)	36,460	20,760	6,955
Accommodation and food services	28,550	28,055	20,635
Information and communication	22,455	21,395	5,165
Finance and insurance (Excl 6420)	2,775	2,690	1,035
Property	11,825	11,350	3,270
Professional, scientific and technical	47,445	44,890	10,895
Business administration and support services	39,965	38,825	13,565
Education	5,000	4,785	1,795
Health	10,890	10,780	3,960
Arts, entertainment, recreation and other services	19,090	17,540	7,705
Total	336,925	302,950	105,420

Source: Inter-Departmental Business Register from the Office for National Statistics

Notes

1. Please note that figures are rounded.

Table 4: Comparison of business deaths by industry and employee size bands
UK, 2022

	Business Demography	Employers Demography	2 or more employees
Production	16,270	14,270	4,690
Construction	42,730	36,560	10,560
Motor trades	7,790	6,370	2,245
Wholesale	12,970	11,500	3,465
Retail	32,305	27,755	9,115
Transport and storage (inc. postal)	40,995	22,275	6,275
Accommodation and food services	25,715	24,840	17,380
Information and communication	30,080	28,925	5,245
Finance and insurance (Excl 6420)	3,415	3,290	1,170
Property	8,680	7,235	2,095
Professional, scientific and technical	58,870	54,580	10,175
Business administration and support services	34,110	32,180	9,180
Education	4,475	4,150	1,490
Health	8,545	8,530	2,945
Arts, entertainment, recreation and other services	18,540	15,395	5,890
Total	345,490	297,855	91,920

Source: Inter-Departmental Business Register from the Office for National Statistics

Notes

1. Please note that figures are rounded.

4 . Regions with the highest business births and deaths

At a regional level, London had the highest business birth rate at 12.7%. The main industry impacting births in the London was professional scientific and technical at 16.5%, with management consultancy contributing almost half of this increase.

The East Midlands was the region with the highest business death rate at 13.2%. The biggest proportion of these deaths was in transport and storage at 15.8%. Freight transport by road and removal services contributed to almost half of this increase.

Table 5: Birth and death rates by region
UK, 2022

Counts given to the nearest thousand

	Active	Births		Deaths	
		Count	Count Rate (%)	Count	Count Rate (%)
North East	78	10	12.4	9	12.1
North West	291	36	12.5	37	12.6
Yorkshire and The Humber	205	26	12.6	24	11.5
East Midlands	197	23	11.5	26	13.2
West Midlands	237	29	12.1	30	12.7
East	290	32	11.0	33	11.2
London	603	77	12.7	77	12.7
South East	442	44	10.0	49	11.1
South West	237	25	10.3	25	10.4
Wales	105	12	11.6	12	11.2
Scotland	174	19	10.8	20	11.3
Northern Ireland	65	5	8.3	5	8.2
Total	2,925	337	11.5	345	11.8

Source: Inter-Departmental Business Register from the Office for National Statistics

Notes

1. The death counts provided in this table for 2022 are provisional.
2. Please note that figures are rounded.

5 . Business survival rates

The region with the highest five-year survival rate was Northern Ireland at 49.0%. The survival rates show the percentage of businesses that survived into 2022. For the second year running, Northern Ireland has shown the highest five-year business survival rate. The largest proportion of these surviving businesses was in the construction industry.

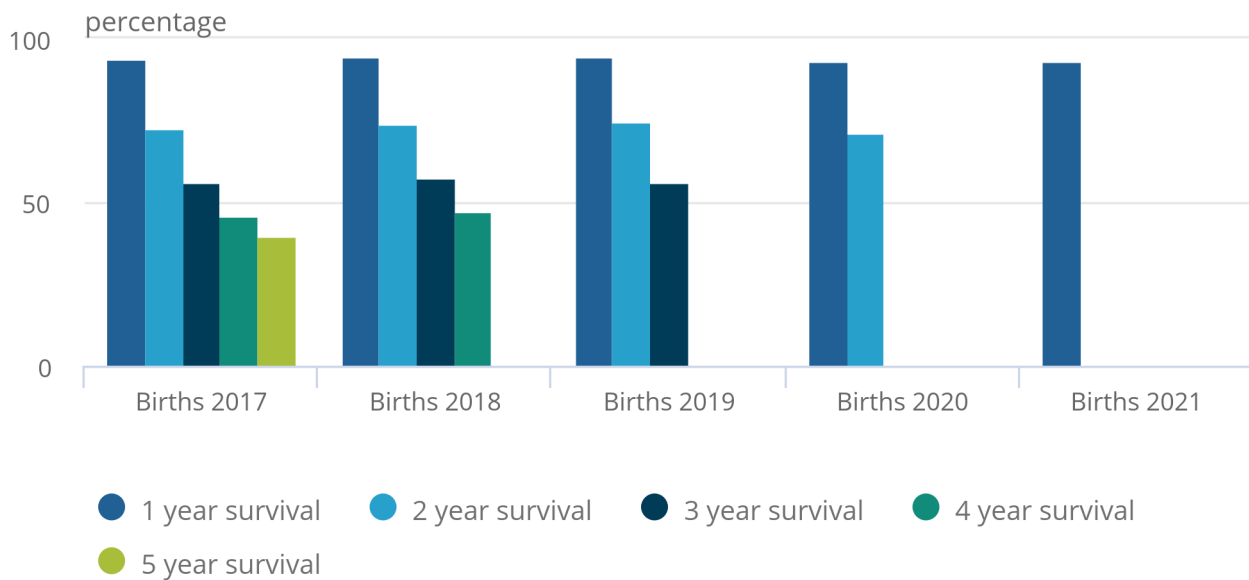
The region with the lowest five-year survival rate was the North West at 31.6%.

Figure 2: The five-year survival rate for UK businesses born in 2017 is 39.6%

Survival rates of UK businesses born between 2017 and 2022

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Survival rates of UK businesses born between 2017 and 2022



Source: Inter-Departmental Business Register from the Office for National Statistics

6 . High-growth businesses in the UK

At the UK level, out of 291,000 businesses that had 10 or more employees in 2022, 11,480 businesses (3.9%) have been classed as being high growth. This is an increase of 0.1 percentage points compared with last year.

Breakdown by region

London was the region with the largest number of businesses showing high growth at 2,710 businesses, with a high-growth rate of 5.3%. Northern Ireland had the smallest high-growth rate at 2.9%.

There were decreases in the high-growth rate in the North East and East Midlands, but the remaining regions stayed the same or had a slight increase. The regions with the largest increase in the high-growth rate were London and South East at 0.4 percentage points.

Table 6: High-growth rates by region
UK, 2022

	High Growth	Actives (10 or more employees)	% Rate
	Count	Count	Rate (%)
North East	340	9,075	3.7
North West	1,210	31,060	3.9
Yorkshire and The Humber	805	22,375	3.6
East Midlands	670	20,060	3.3
West Midlands	805	23,890	3.4
East	985	26,855	3.7
London	2,710	51,340	5.3
South East	1,680	41,450	4.1
South West	985	25,390	3.9
Wales	400	11,200	3.6
Scotland	670	20,770	3.2
Northern Ireland	225	7,650	2.9
Total	11,485	291,115	3.9

Source: Inter-Departmental Business Register from the Office for National Statistics

Notes

1. Please note that figures are rounded.

Breakdown by broad industry group

The industry with the highest percentage of businesses showing high growth was information and communication at 8.1%, followed by finance and insurance at 5.5%. The industry with the smallest percentage of high-growth businesses was property at 2.2%.

Most industries show an increase in the proportion of high-growth businesses with only construction, motor trades, property and health showing a fall. The industry to show the largest increase in high-growth rate was accommodation and food services, moving from 2.6% in 2021 to 3.1% in 2022.

Table 7: High growth rates by broad industry group
UK, 2022

	High Growth Count	Actives (10 or more employees) Count	% Rate Rate (%)
Production	970	31,705	3.1
Construction	740	21,480	3.4
Motor trades	150	6,450	2.3
Wholesale	625	18,120	3.4
Retail	685	20,535	3.3
Transport & storage (inc. postal)	395	10,765	3.7
Accommodation & food services	1,335	43,010	3.1
Information & communication	1,190	14,610	8.1
Finance & insurance	265	4,855	5.5
Property	145	6,565	2.2
Professional; scientific & technical	1,550	29,800	5.2
Business administration and support services	1,360	25,300	5.4
Education	330	8,370	3.9
Health	1,175	32,000	3.7
Arts; entertainment; recreation and other services	565	17,550	3.2
Total	11,480	291,115	3.9

Source: Inter-Departmental Business Register from the Office for National Statistics

Notes

1. Please note that figures are rounded.

7 . Business demography, UK data

[Business demography, UK](#)

Dataset | Released 22 November 2023

Annual data on births, deaths and survivals of businesses in the UK, by geographical area and Standard Industrial Classification 2007: SIC 2007 groups.

8 . Glossary

Active business

The starting point for the calculation of business demography data is the concept of active businesses in a reference year. These are defined as businesses that had either turnover or employment at any time during [the reference period](#).

Business

For the purpose of this release, "business" is used to represent an enterprise. An enterprise is an organisational unit producing goods or services that has a certain degree of autonomy in decision-making.

Business birth

New business registrations (identified through registration of the administrative units, that is, VAT and PAYE) are referred to as business births. The birth rate is calculated using the number of births as a proportion of the active businesses.

Business death

Businesses that have ceased to trade (identified through de-registration of the administrative units) are referred to as business deaths. The death rate is calculated using the number of deaths as a proportion of the active businesses.

Employer business birth

Employer business births include new businesses with at least one employee, as well as existing non-employer businesses that have become employer businesses.

Employer business death

Employer business deaths are businesses that ceased to trade with at least one employee, as well as businesses that ceased to employ staff.

Employer business demography

Employer business demography is an alternative measure of business demography based on businesses with at least one employee.

High growth

High growth, for the purpose of this publication, measures all businesses with an average growth in employment of greater than 20%, per annum, over a three-year period (between 2018 to 2021). The size threshold used to identify these businesses is that they have 10 or more employees.

Inter-Departmental Business Register

The Inter-Departmental Business Register (IDBR) is a database of all businesses in the UK registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE). There are approximately 2.9 million businesses on the IDBR. The IDBR is the register of UK businesses used as a sampling frame for Office of National Statistics (ONS) business surveys.

Survivals

A business is deemed to have survived if it was born in year t or has survived to year t , and it is active in terms of employment or turnover, or both, in any part of $t+1$.

9 . Measuring the data

Data sources

Business demography is an annual publication produced from the Inter-Departmental Business Register (IDBR). The publication focuses on changes to the registered business population, that is, those businesses registered at HM Revenue and Customs (HMRC) for Value Added Tax (VAT) and/or Pay As You Earn (PAYE), and at Companies House.

Quality

More quality and methodology information (QMI) on strengths, limitations, appropriate uses, and how the data were created is available in our [Business demography QMI](#).

10 . Strengths and limitations

The starting point for the calculation of business demography data is the concept of active businesses in a reference year. These are defined as businesses that had either turnover or employment at any time during [the reference period](#).

New business registrations (identified through registration of the administrative units, that is, Value Added Tax, (VAT) and Pay as You Earn, (PAYE)) are referred to as business births. The birth rate is calculated using the number of births as a proportion of the active businesses.

Businesses that have ceased to trade (identified through de-registration of the administrative units) are referred to as business deaths. The death rate is calculated using the number of deaths as a proportion of the active businesses.

The [Eurostat and Organisation for Economic Co-operation and Development \(OECD\) manual on business demography](#) statistics recommends waiting for two years after the reference period to allow for reactivations before deaths figures are calculated.

In this release, we estimated the number of reactivations and adjusted the data accordingly. This adjustment has been applied to all industries, by removing units from the death data. This can lead to different percentage adjustments at the lowest level of aggregation.

Since the level of reactivations is subject to some uncertainty, the latest two years in the publication are considered to be provisional and subject to revision. Table 9 of our [Business demography, UK dataset](#) shows the adjustments made to the death data for reactivations.

In recent years, the number of multiple business registrations at a single postcode on our [Inter-Departmental Business Register \(IDBR\)](#) have increased, affecting the number of births, deaths and survival rates. There are several reasons why these multiple registrations can occur, such as an increase in the use of management and personal service companies, virtual offices and foreign internet sellers.

To help users assess the effect of these registrations, our [Multiple business registrations at a single postcode, UK methodology](#) has been published to explain this issue in more detail. The Business demography, UK dataset gives rounded counts at district level for births of these businesses.

An improvement was made last year to the data shown for all of the years covered in the release by removing businesses that have neither VAT nor PAYE but do have a live company number. They were removed from both annual and quarterly demography because they can misrepresent business birth and death figures.

11 . Related links

[Multiple business registrations at a single postcode, UK: 2022](#)

Article | Released 22 November 2023

Business demography explainer covering additional information on the impact of multiple registrations at a single postcode.

[Business demography, quarterly experimental statistics, UK](#)

Bulletin | Released 26 October 2023

Business births and deaths from the Inter-Departmental Business Register (IDBR) with high-level breakdowns by industry and region. Quarterly Experimental Statistics.

[UK business: activity, size and location: 2023](#)

Bulletin | Released 27 September 2023

UK businesses broken down by legal status, industry, region, employment and turnover size bands.

[Business population estimates](#)

Bulletin | Last updated 5 October 2023

Annual business population estimates for the UK and regions in 2023.

12 . Cite this statistical bulletin

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