



**West Midlands**  
**State of the Region 2026**  
**Executive Summary**



West Midlands  
Combined Authority

Research  
and Insights

# About this report

The West Midlands State of the Region is a high-level, annual review of the condition of the West Midlands. It provides context to help understand the region's performance. It brings attention to the opportunities and challenges in our region.

This report, for 2026, sets out the latest available evidence. Time lags mean that some data will relate to earlier years. Where available, this report uses evidence for the West Midlands Combined Authority (WMCA) area, which covers the seven constituent metropolitan boroughs of the WMCA: Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, and Wolverhampton.

On occasions, data is not available at the WMCA area geography, and the report will use data for the wider West Midlands region, which includes the counties of Herefordshire, Shropshire, Staffordshire, Warwickshire, West Midlands, and Worcestershire. The two geographies are illustrated below: WMCA constituent authorities ("WMCA area") WMCA non-constituent authorities West Midlands Region (ITL1 statistical region).

This is illustrated overleaf.

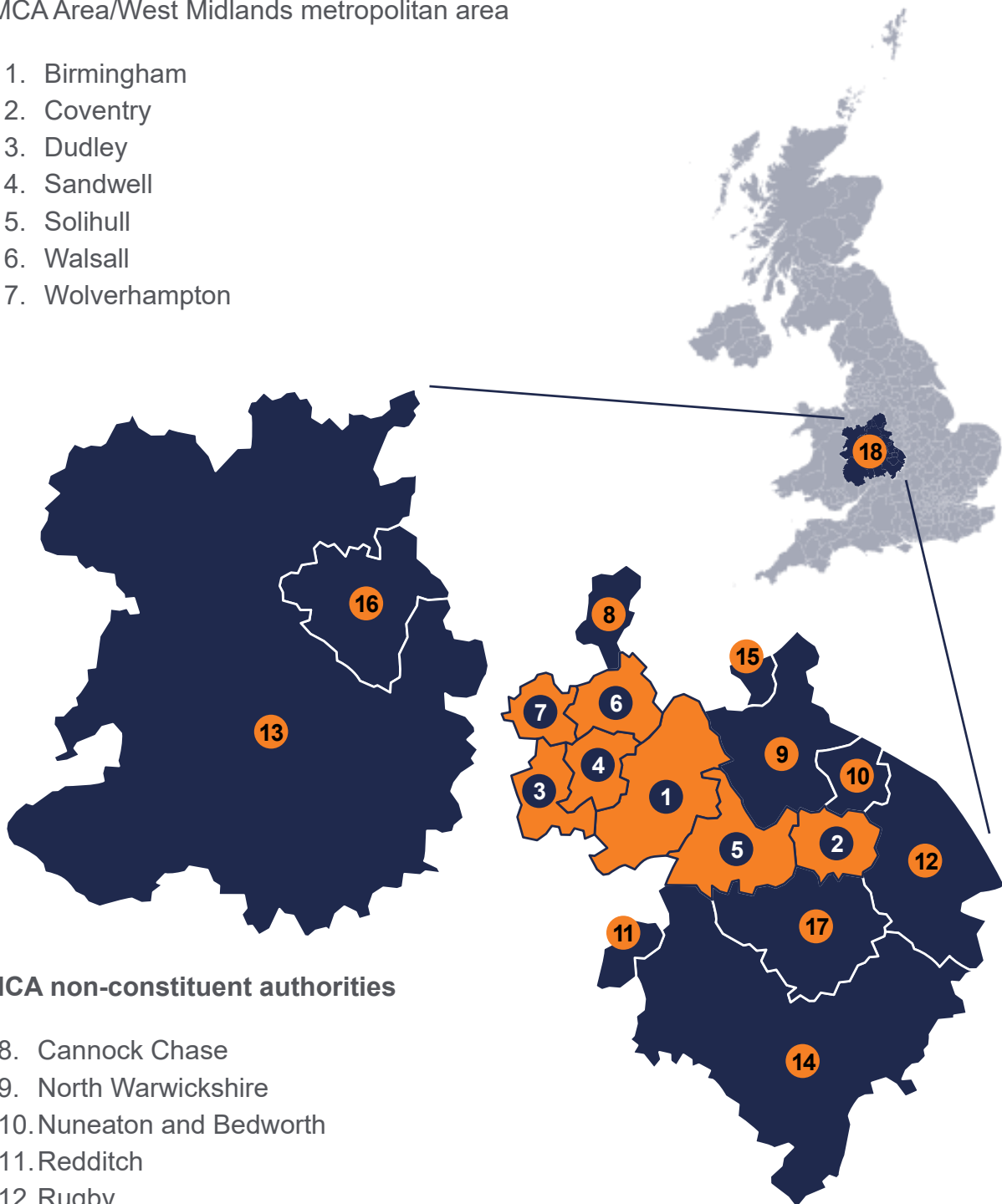
## How this report is structured

This report is structured around the four big changes set out in our regional vision. For each big change, it presents a narrative covering the key challenge, key messages, and a series of thematic sections. In the full report, each section considers: Why is this important? What are the current conditions? What can and is being done? The full report concludes with a Table of Metrics and References.

### WMCA constituent authorities

WMCA Area/West Midlands metropolitan area

1. Birmingham
2. Coventry
3. Dudley
4. Sandwell
5. Solihull
6. Walsall
7. Wolverhampton



### WMCA non-constituent authorities

8. Cannock Chase
9. North Warwickshire
10. Nuneaton and Bedworth
11. Redditch
12. Rugby
13. Shropshire
14. Stratford-on-Avon
15. Tamworth
16. Telford and Wrekin
17. Warwick

**West Midlands Region  
(ITL 1 statistical region)**

18. Wider West Midlands

# Executive summary

The West Midlands State of the Region 2026 shows a region that has stabilised after a turbulent period, is beginning to strengthen in key parts of the economy, but where deep inequalities are hardening and now pose the central risk to future growth. The evidence shows that the conditions for growth in the region are improving, but the benefits are not yet spreading widely or quickly enough.

## What has changed since our last report

Compared with last year's report, the region has moved into a more settled, albeit fragile, position:

- Economic output has recovered to pre-pandemic levels with business confidence and service-sector activity improving.
- Private-sector investment remains a regional strength, with the West Midlands continuing to attract high levels of business-funded research and development (R&D) and inward investment relative to other UK city-regions.
- Labour market participation has begun to improve for some groups, with economic inactivity falling from its pandemic peak and employment rates slowly converging towards national averages.
- Transport, digital and innovation investments are now shifting from commitment to delivery, with new rail stations, Metro extensions, bus improvements, walking and cycling schemes, 5G rollout and innovation assets being foundations for future growth prospects.

At the same time, several pressures that emerged during the pandemic and cost-of-living crisis have not receded and are now becoming more structural.

## Where the region is improving

There are clear areas of progress that strengthen the region's long-term outlook:

- The business base is showing renewed momentum. The number of high-growth firms has increased faster than in comparable city-regions, and private R&D intensity remains among the strongest in England.
- Skills performance is mixed but improving at higher levels. Progression into higher education and adult skills achievement support the region's future pipeline of higher-skilled workers.
- Some environmental metrics are moving in the right direction. Mortality linked to air pollution and preventable causes has declined, and digital connectivity is now among the best in the country.

- Major growth corridors and clusters are becoming clearer and more investable, particularly around advanced manufacturing, electric vehicles and batteries, next-generation services, and green energy systems.

These gains confirm that the region's cluster-led, innovation-driven growth model is sound and that foundations for productivity growth are strengthening.

## Where problems are deepening

Despite these improvements, the evidence is equally clear that inequality is now the binding constraint on growth:

- Long-term sickness and poor health have become a central economic challenge. Economic inactivity due to ill health has risen sharply since the pandemic and remains well above national levels, directly limiting labour supply and household incomes.
- Child poverty and housing insecurity have worsened, with over a third of children living in poverty across the WMCA area and rising numbers of families in temporary accommodation.
- Educational inequalities remain entrenched. Attainment gaps by disadvantage, special educational needs, ethnicity and place persist from early years through to post-16 transitions.
- Growth is increasingly spatially uneven. Economic gains are concentrating in stronger centres, while parts of the Black Country and other communities have yet to see meaningful improvement in living standards.
- More people are in work but struggling. In-work Universal Credit claims remain high, indicating that job quality and progression are not keeping pace with rising living costs.

These trends risk locking the region into a cycle where economic growth continues, but too many residents are unable to participate in or benefit from it.

## What this means for our regional priorities

The evidence in this report strongly validates the direction of the West Midlands Growth Plan — but it also sharpens its priorities.

- First, inclusive growth is essential to delivering growth at all. Without reducing ill health, inactivity, housing insecurity and low pay, productivity gains will remain constrained.
- Second, the challenge is not sector mix, but performance within sectors. Lifting productivity depends on improving leadership, management capability, technology adoption and diffusion across a much broader base of existing firms — including the everyday and social economy.

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- Third, place matters more than ever. Growth will continue to concentrate unless transport, regeneration, skills and housing investment are aligned to improve access and connectivity across the region especially for places most disconnected from opportunity.
- Finally, partnership delivery is critical. The scale and interconnection of challenges — from health to housing to skills — cannot be solved by single institutions. A strong, shared regional narrative and coordinated action across local, regional and national partners are essential.

In short, the West Midlands in 2026 has stronger foundations and clearer opportunities, but the next phase of progress depends on turning economic momentum into rising living standards across all communities. The Growth Plan's four big changes — People, Businesses, Places and Story — provide the right framework. The task now is to deliver them at pace, and at scale, where the need is greatest.

## Key statistics

### People

The West Midlands has one of the youngest and most diverse populations in England, giving the region a strong long-term talent advantage, but also requiring targeted intervention to tackle persistent inequalities.

Educational attainment remains below national averages at key stages, especially for disadvantaged, SEND, and some ethnic minority pupils—highlighting the need for the skills reforms.

Apprenticeship starts remain 31% below a decade ago, with significant disparities by sex and ethnicity, reinforcing the need for a strengthened post-16 technical and vocational offer.

NEET levels (16–17) remain higher than nationally (6.93% vs 5.6%), driven in part by higher levels of “unknown” activity status—supporting the case for a more integrated employment and skills system.

Long-term sickness and poor health are major barriers to work, with economic inactivity due to long-term illness rising sharply since the pandemic. This underscores the importance of the Growth Plan's ambitions to support residents with health conditions back into work.

Healthy Life Expectancy continues to fall, with women living 24 years and men 19 years in poor health—making health equity central to inclusive growth.

Child poverty affects 36% of children, rising to 62% in places such as Ladywood—highlighting the need for a whole-system approach to improving children's outcomes.

Homelessness and temporary accommodation use remain high, with over 7,383 households in temporary accommodation—reinforcing the Growth Plan’s goals on housing security and reducing temporary accommodation.

## Businesses

The regional economy has recovered to above pre-pandemic output, but growth is uneven across local authorities, with Birmingham driving most of the uplift.

Productivity declined slightly in 2023 (GVA per hour -2.4%, per job -3.0%), reflecting cyclical pressures rather than structural issues, and remains below comparator regions.

Five priority clusters account for nearly half of enterprises and GVA, confirming their pivotal role in the region’s future jobs and competitiveness.

Cluster performance is mixed:

- Advanced Engineering saw an increase in output (+9% GVA) and productivity per worker (+8%) between 2022 and 2023.
- Health and Med Tech expanded rapidly between 2022 and 2023 with a 53% increase in output (GVA); however, productivity per worker fell slightly (-3.7%) year-on-year.
- Smart Energy Systems saw overall output and output per worker falling between 2022 and 2023 (-19% and -6% respectively).

These shifts reinforce the need for targeted cluster plans and innovation partnerships.

High-growth firms increased by 11.7% in the last year, outpacing other city regions—demonstrating momentum behind scale-up potential.

Exports fell by 6.2%, underlining the importance of strengthening internationalisation and global competitiveness.

The West Midlands continues to rank highly for FDI job creation, comparable with other major combined authorities—supporting the Growth Plan’s investment agenda.

The Everyday Economy is critical, with women and certain ethnic groups more likely to be in low-paid work—strengthening the case for a regional Good Work Charter and social economy investment.

## Places

The region’s housing market remains highly unequal, with median house prices ranging from £200k (Sandwell) to £329k (Solihull), and affordability worsening across all local authorities.

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Households in the WMCA area spend 29.6% of income on rent, rising to 36% in Solihull—reinforcing the need for affordable homes programmes.

Ethnic minority households spend more on both rent and mortgages than White British households—demonstrating structural inequalities in housing affordability.

Transport connectivity is improving, but gaps remain: Metro extensions, new rail stations, and bus franchising align directly with barriers identified in SoTR relating to access to employment.

Digital connectivity is strong (94% gigabit coverage), with the region leading England in 5G access—supporting ambitions for next-generation infrastructure.

Major growth corridors (UK Central Gateway, Investment Zones, Birmingham, and Black Country regeneration) offer opportunities to unlock tens of thousands of jobs and homes—aligned to SoTR evidence of where economic potential is geographically concentrated.

Environmental pressures persist, with falling preventable mortality, declining air pollution mortality, but static adult physical activity levels—highlighting opportunities for creating healthier places.

## Story

The region's story is one of youthfulness, diversity, innovation, and globally recognised industrial strengths—core assets for reframing the narrative.

Despite economic challenges, the West Midlands demonstrates resilience and strong foundations for inclusive growth, evidenced by rising skills levels, rising employment, and strong R&D intensity.

The State of the Region reveals clear inequalities across ethnicity, gender, disability, and locality—helping sharpen a narrative focused on fairness and shared prosperity.

Partnership working is essential: The scale of issues facing the region (long-term sickness, NEET levels, child poverty, housing affordability) cannot be solved by a single institution, reinforcing the Growth Plan's call for whole-system collaboration and combined regional voice.

The region's economic opportunities (clusters, growth corridors, investment zones) create a compelling story for investors and government.

Levels of civic participation and volunteering are slightly below the national average, and fewer residents believe they can influence decisions affecting their local area.

The region's identity remains an important strength; residents highlight people as what makes the West Midlands special. However, the desire to remain living locally is lower than the national average.

# Delivering our regional vision

The West Midlands is a region of great potential, shaped by its people, places, and economic strengths. Yet it is also a region where deep and long-standing inequalities continue to affect residents' opportunities and wellbeing.

In 2025, the WMCA, alongside its partners in the region, launched the West Midlands Growth Plan. The West Midlands Growth Plan sets out a bold vision to transform the region's economy over the next decade and explains what needs to be done to make it happen.

The vision of the West Midlands Growth Plan is to increase residents' living standards across all parts of the West Midlands. This means bringing more people into good quality jobs, increasing the productivity of the region's economy, and reducing poverty and deprivation, while making further progress towards our journey to net zero.

The West Midlands Growth Plan sets out the outcomes the region needs to achieve in ten years; and the actions we will start to take over the coming three years. It sets out four big changes to realise this vision:

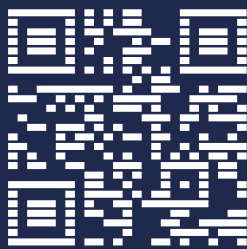
These four big changes are:

- Empowering the people of the West Midlands to get on in life.
- Enabling the businesses of the West Midlands to become more productive and provide good jobs.
- Making the places of the West Midlands more prosperous and resilient.
- Telling the West Midlands' story and strengthening its partnerships.

These are the distinctive building blocks of a better economic future for our region. It will take the combined efforts of our local, regional, and national partners to put them in place. Therefore, this State of the Region report sets out its key messages around the four big changes of the West Midlands Growth Plan – People, Businesses, Places, and Story.

These actions are underpinned by our inclusive growth framework<sup>1</sup>. This states that we are committed to “a more deliberate and socially purposeful model of economic growth, measured not only by how fast or aggressive it is; but also, by how well it is created and shared across the whole population and place, and by the social and environmental outcomes it realises for our people.” The eight fundamentals of Inclusive Growth are: climate and environment; inclusive economy; power and participation; affordable and safe places; connected communities; education and learning; health and wellbeing; and equality. We know our economic growth will only deliver meaningful impact if residents can actively contribute to the social, environmental, and economic change happening across the region, so consequently, inclusive growth is the *approach* in which we achieve the four big changes.

<sup>1</sup> Inclusive Growth <https://wmca.org.uk/inclusivegrowth>



[wmca.org.uk/sotr](http://wmca.org.uk/sotr)



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