

# Home or Away?

## The geographical markets targeted by small businesses for delivering growth

The stories of three industry sectors over time

Quarterly insights from the Business Barometer study, prepared by Novuna Business Finance

September 2025 edition

Tomorrow. Together

# Introduction

**Welcome to this latest edition of quarterly reports that draw on tracking data from our Business Barometer study. This ongoing piece of work, dating back to 2015, has given us the opportunity to listen to small business owners across the UK and to understand their views on growth – and factors that help or hinder it.**

In our new 'Home or Away?' edition, we are pivoting from examining small business growth outlook. Instead, we explore the small business 'map of the world' – the geographical markets they are looking at, or moving into, with a view to diversify their businesses and, in doing so, to invest in future business growth.

We tell the stories of small business owners in three industry sectors – sectors where views vary considerably on the perceived merits of opening up new markets in the UK, Europe and the USA.

This report is timely, coming at a time when many UK small businesses still feel the long-term consequences of Brexit – and when US tariffs have caused concern among many small business owners. The UK government has also been busy announcing favourable tariffs with the USA and new trade deals with countries outside the EU. Despite this, the national findings from our Q3 2025 research suggest that many UK small businesses are now focused on the domestic British market to secure growth over the next 12-months. Specifically:

- The percentage of UK small businesses looking to open up new markets and growth opportunities



within the UK has risen sharply from 64% in 2017 to a record high of 84% this year. The sectors where small businesses say they are most reliant on the UK market to secure future growth were agriculture (97%), construction (96%) and hospitality (87%).

- Interest in expanding into the USA, stable for five years at 16% has fallen back to 12% this year – an eight year low, and well below its 22% peak at the start of 2020.
- The EU was for many years a significant growth market for UK small businesses – but this has also fallen significantly from 24% in 2017 to just 17% this year. Small businesses in the manufacturing sector were the





exception – here 24% of enterprises were looking to find ways to do more trade with the EU market.

- Interest in doing business in European countries outside the EU has halved over the same time period – down from 12% to 6%.

These new findings are possibly a consequence of the frustrations many small business owners have felt for a long time, following major political shifts over the last eight years. For example, in June 2017 our Business Barometer research revealed dismay over Brexit, with nearly a third of small business owners (31%) saying they wanted a new government that would reverse the Brexit decision. Forward wind to the start of 2025 and our Business Barometer survey revealed that more than seven in 10 small businesses (77%) said they were fearful that policies from the new US administration could have an adverse

ripple effect on the outlook for small businesses here in the UK. Our new findings see this playing out, with a growing number of small businesses looking to the local UK market to deliver their aspirations for growth and expansion.

Whilst this is the national average picture among business owners, this report will show there are also shades of grey because the sector-by-sector viewpoint varies significantly. The three sector case study stories we have selected for this report demonstrate this. We hope you enjoy reading the insights in this paper and if you would like to discover more, we will be back with new data from the Business Barometer story this autumn.

**Joanna Morris**  
Head of Insight  
Novuna Business Finance

## Methodology

The research for this report was conducted by YouGov at quarterly intervals since 2014.

For each quarterly cycle of research, a nationally representative sample of more than 1,000 small business decision makers and owners of UK small businesses was surveyed.

The questions on growth outlook are run every quarter. The specific questions on overseas expansion have been asked four times at intervals over the last eight years, most recently in July 2025.

The research was conducted online.

## About Novuna

Novuna is a trading style of Mitsubishi HC Capital UK PLC, a leading financial services company, authorised and regulated by the Financial Conduct Authority (FCA). We have over 2,300 employees, £8.6bn of net earning assets and over 1.3 million customers across our business divisions; Novuna Consumer Finance, Novuna Vehicle Solutions, Novuna Business Finance, Novuna Business Cash Flow and our European division specialising in Vendor Finance providing innovative finance solutions to enable consumers and businesses to grow and prosper.

We are a wholly owned subsidiary of Mitsubishi HC Capital Inc., strengthening our relationship with one of the world's largest and most diversified financial groups, with over 11trn yen (£57bn) of assets.

## About Novuna Business Finance

Novuna Business Finance provides business finance to SMEs and bigger corporations across the UK. This includes asset finance, stocking, block discounting and sustainable project finance provided through brokers, vendor organisations, manufacturers and direct to the business community.

With an asset portfolio of more than £1.9bn, the business is active across multiple sectors from transport and agriculture to construction and manufacturing and was awarded Best Leasing and Asset Finance Provider at the 2025 Business Moneyfacts Awards.

The business' Sustainable Project Finance team is also supporting the development and construction of sustainable energy and transport projects, which are critical to the decarbonisation of the UK's infrastructure.

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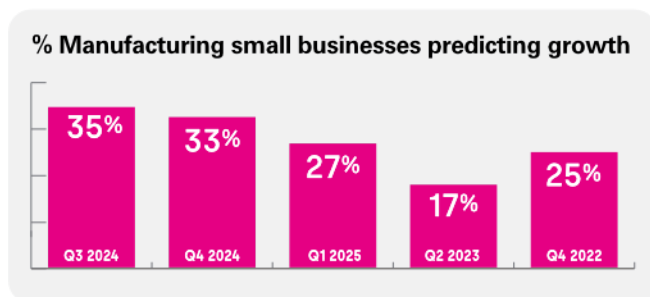


# Chapter 1

## Manufacturing: A resilient focus on the EU, despite Brexit challenges

### Recent sector growth forecasts

2025 so far has seen a fall in the percentage of manufacturing small businesses predicting growth each quarter. After a record low-point in Q2, there have been signs of modest recovery but, overall, growth forecasts remain significantly down on last year.

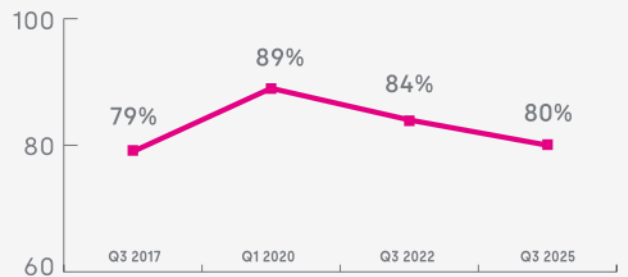


### Overseas growth outlook

Despite the challenges faced, the longer-term picture shows that enterprises in the sector continually look for innovative ways to open up new growth opportunities and, as part of this, at least four in five small business owners have been looking for new markets to open up and expand into.

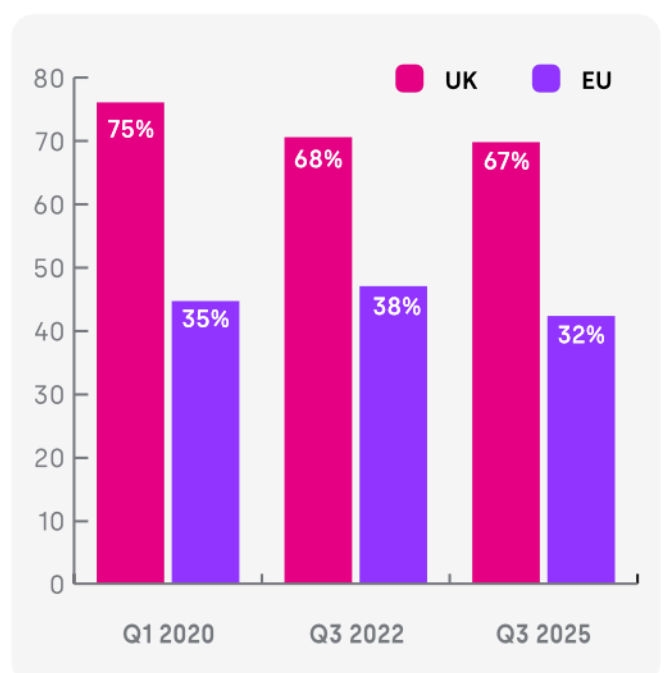
Of those manufacturing enterprises looking to expand into new markets, 34% targeted overseas markets outside the UK. For manufacturing, this is twice the national average of 16%. Manufacturing businesses have maintained a focus on the EU market,

**% looking at new markets**



while interest has fallen across other UK industry sectors.

Since 2020, manufacturing presents a picture of remarkable consistency, with just over two thirds of small business owners looking for domestic growth opportunities within the UK market and just over a third maintaining a focus on EU countries. Given the seismic shockwaves of Brexit, Covid lockdowns and then the cost-of-living crisis, the consistency of focus on the UK and EU markets from manufacturing enterprises is impressive. It also underscores that despite the immense market challenges and faltering sector growth predictions during 2025, manufacturing enterprises are resolute in their ambition to invest in future growth opportunities.



## Europe beyond the EU

Mirroring continued interest in - or the need to trade with - the EU, manufacturing small businesses were also the sector most likely to want to open up new market opportunities with European countries outside the EU – countries such as Switzerland, Norway, Iceland, Liechtenstein, Andorra, Bosnia and Herzegovina, Albania, Serbia, Montenegro and Armenia. For the manufacturing sector, the percentage of enterprises that wanted to open up new opportunities with non-EU European countries was double the national average for UK small businesses (12% v 6%). Whilst the percentage is lower than EU countries, the findings underline the continued importance of the EU to UK manufacturing despite the red tape, cost and logistical challenges since Brexit.

## USA falls

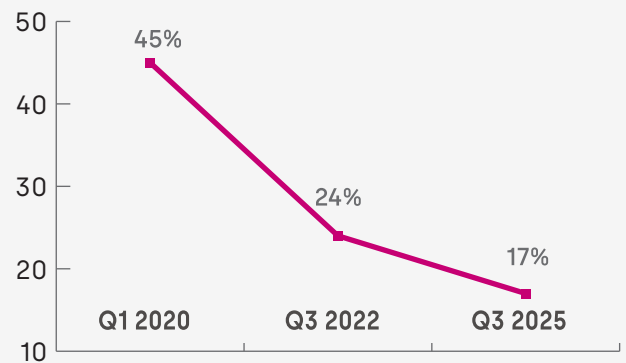
At the start of 2025, our research indicated small businesses were worried about the possible impact of the new US administration on trade for UK enterprises. Key concerns included the prospect of:

- Tariffs on UK exports to the USA - 43%
- Increased market volatility that impacts UK growth forecasts and interest rates - 33%
- Weakening of the UK's special relationship with the USA - 30%
- The UK finding itself isolated – outside the EU and no longer close to the USA - 29%

2025 has so far seen fewer manufacturing small businesses predict growth opportunities in the US market. Set against sustained manufacturing interest in the EU

market, there has been a sharp fall in the percentage of UK small businesses looking to open up markets in the USA. Interest in trade peaked before Covid, and since the pandemic, has fallen from 45% to 17%. Whilst 43% of small businesses feared the impact of US trade tariffs at the start of 2025, the sliding interest in doing trade with the USA started long before that.

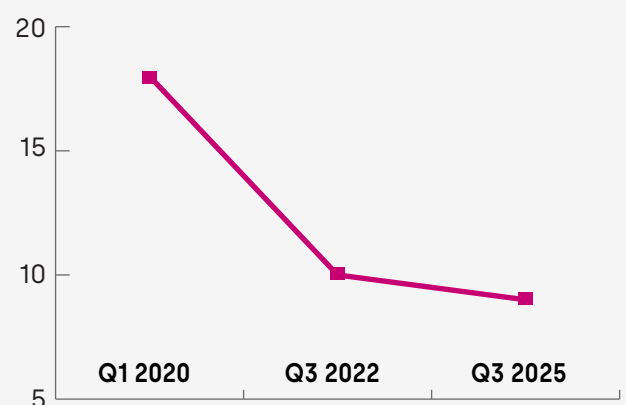
**% seeing growth opportunities in the USA**



## Other markets for trade

For manufacturing small businesses, there was low-level interest in securing growth opportunities in India and Southern Asia (5%), North Africa (5%) or China (2%). When it came to Australia and New Zealand, manufacturing was the third most likely sector to be looking at this market - behind IT/telecoms and retail - although interest levels have halved over the last five years

**% seeing growth opportunities in Australia and New Zealand**



## Observations

“After the surge in small business confidence this time last year, there has been a slide in the percentage of business owners predicting growth for the last four quarters – and enterprises in the manufacturing sector have had a particularly challenging time. Many have tried to offset these sobering short-term growth forecasts by working on new projects to unlock future growth – and opening new markets overseas is particularly important to manufacturing businesses. What is clear from our research is the majority are not looking to open up new markets around the world, they continue to focus on the importance of Europe and particularly the EU countries. With the UK Government committed to a growth agenda, manufacturing enterprises clearly would like it to be simpler, faster and more cost-efficient to solidify their trading relationships in key EU markets.”



**Jo Morris**

Head of Insight  
Novuna Business Finance

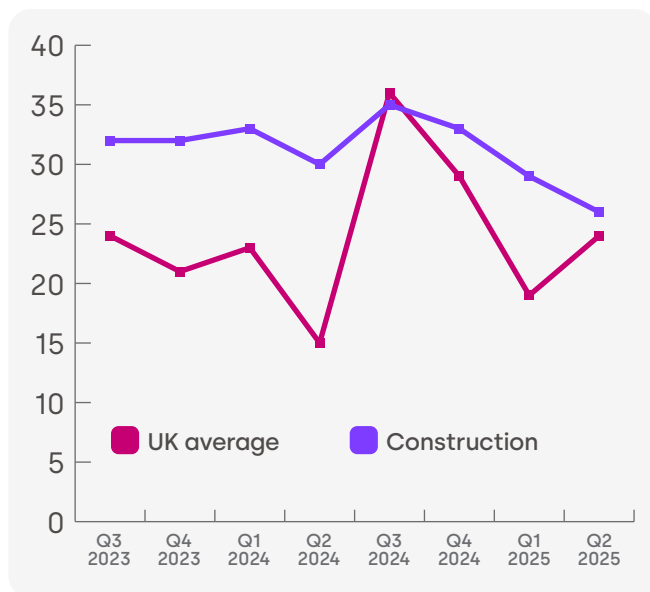


# Chapter 2

## Construction: All eggs in one basket – the UK

### Recent sector growth forecasts

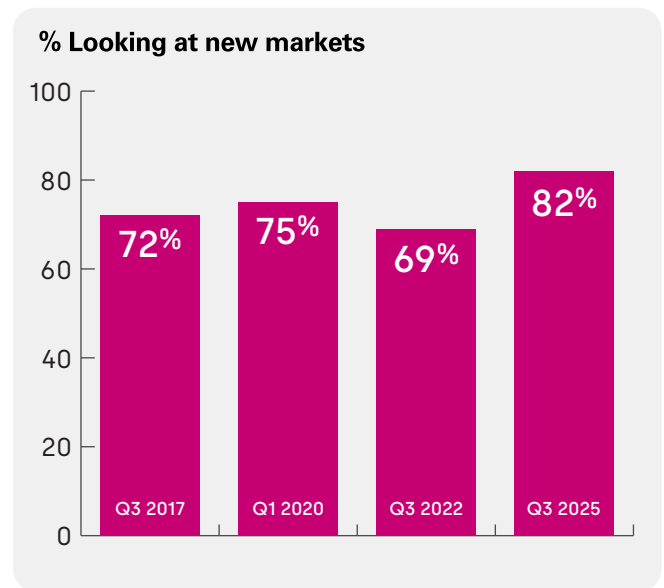
For more than a decade, the Business Barometer study has tracked the percentage of small businesses that predict growth each quarter. Findings for the last two years show that the construction sector has usually trailed the national average, and most other sectors, typically with only around a one in four or one in five predicting growth in any given quarter.



### Opening up new markets

Despite the subdued quarterly growth forecasts, small business owners in the sector have, for many years, been consistent at looking to secure future growth and, for many, opening up new markets to reach new customer segments has always been key to this. In fact, figures for summer 2025

revealed a new sector high, in terms of the number of enterprises looking to open up new markets.



### Home or abroad?

In stark contrast to the European focus of manufacturing enterprises, in the construction sector the focus was almost purely focused on the domestic market – opening up new customer segments and regional markets within the UK. Whilst, nationally, Novuna's data shows small businesses pulling back from Europe and the USA, the figures for construction are extreme, with 96% of small businesses reliant on the UK market.

The Government's commitment to investing in infrastructure and house building may be welcome news for the construction sector, but relying so heavily on one market for growth also carries risks.

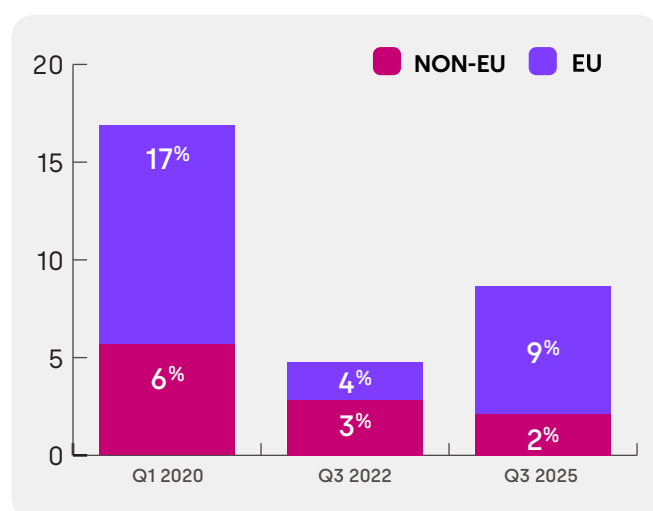


**Percentage of small businesses predicting growth opportunities from the domestic UK market, by industry sector**

	Q3 2025	Q3 2022	Q1 2020
Construction	96%	94%	90%
Retail	86%	76%	84%
Manufacturing	67%	68%	75%
Transport	64%	71%	81%
IT / Telecoms	63%	79%	71%
Hospitality	57%	87%	73%
Agriculture	54%	88%	94%

## Europe falling

Whilst construction by its nature would be expected to have a predominantly UK customer base and supply chain, Novuna's data over time demonstrates that before the pandemic around a fifth of construction small businesses did business and saw growth opportunities with mainland Europe. Diversifying business across multiple markets also helps to spread risk, which itself is part of managing a growth strategy. The decline of European investment for the sector since 2020 has been significant.



## USA a non-starter

The USA has probably always been too far away to be a viable growth market for small businesses in the UK construction sector. That said, supply chain partnerships, business referrals and raw materials can make it a viable market for many UK sectors. Relative to other industry sectors, construction is the sector that by some distance is least likely to see growth opportunities in the USA.

	Q3 2025	Q3 2022	Q1 2020	Q3 2017
IT / telecoms	27%	22%	31%	28%
Retail	19%	22%	21%	17%
Manufacturing	17%	24%	45%	27%
Transport	5%	8%	17%	28%
Hospitality	3%	3%	14%	21%
Construction	1%	2%	5%	3%





## Observations

“At face value, The Government’s grand plan to build 1.5 million homes by 2029 should be well received by small businesses in the construction sector – and be sufficient to suggest there’s no need to look at market opportunities in other countries.

“But there’s also an implicit risk with relying on any single market for growth, because small businesses are completely at the mercy of a single market. Recent news from the sector underlines this, with reports of a decade-low in UK housebuilding. Rising material costs and uncertainty surrounding landfill tax are both possibly factors at play. In many respects, the longer-term growth outlook of small businesses in the construction sector will remain heavily linked to the success of the Government’s housebuilding plan and the effectiveness of Budget announcements in supporting small business confidence.”

“Aligned with the sector’s focus on the UK market is a focus on managing costs – chasing late payments, taking steps to improve cashflow and there’s also been an upturn in the percentage of construction small business owners that are using this uncertain period to reassess their finance commitments to free up working capital – a trend that is up across six industry sectors this quarter. At Novuna Business Finance, we provide flexible, tailored financial solutions to help established small businesses plan for long-term growth and transformation– enabling them to turn the corner and realise their full potential.”



**Chris Powell**

Head of Sales

Novuna Business Finance



# Chapter 3

## IT and telecoms: Seizing the international opportunity

### Sector context on growth

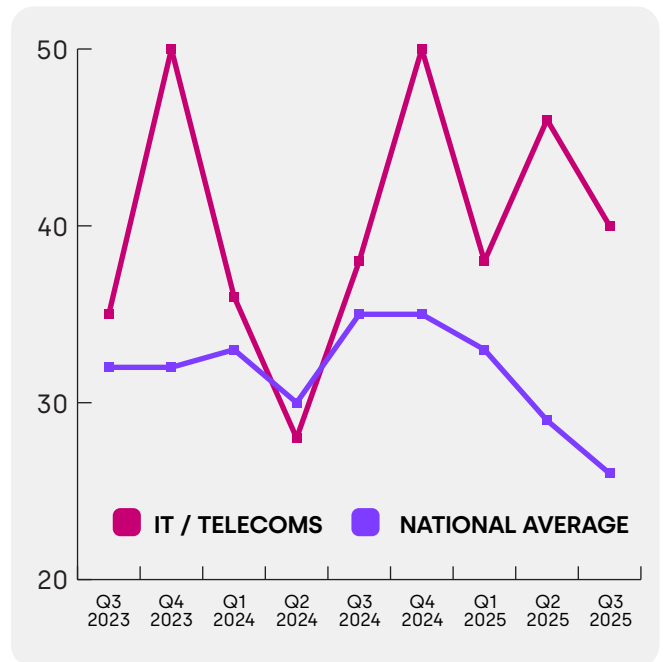
In many respects, the UK's technology sector is one of our great success stories when it comes to innovation and business growth. In 2022, the UK became only the third country (behind USA and China) in the world to reach the landmark of having its tech sector valued at over \$1 trillion. In recent years the UK's tech sector has grown faster than other sectors in the broader economy<sup>1</sup>. Artificial Intelligence (AI) has been lauded as an area of UK excellence and potentially an area of partnership with the USA, with a record £2.9 billion invested in British AI companies last year<sup>2</sup>.

This sense of innovation and success is also mirrored among small businesses, and for the last 10 years Novuna Business Finance has included a broad grouping of IT/telecoms small business owners within its tracking study.

Looking at the percentage of small businesses that have predicted growth each quarter since 2023, the IT/telecoms sector performs well above the all-sector national average for small businesses – and in Q3 2025 stood well above the 26% national average at 40%.

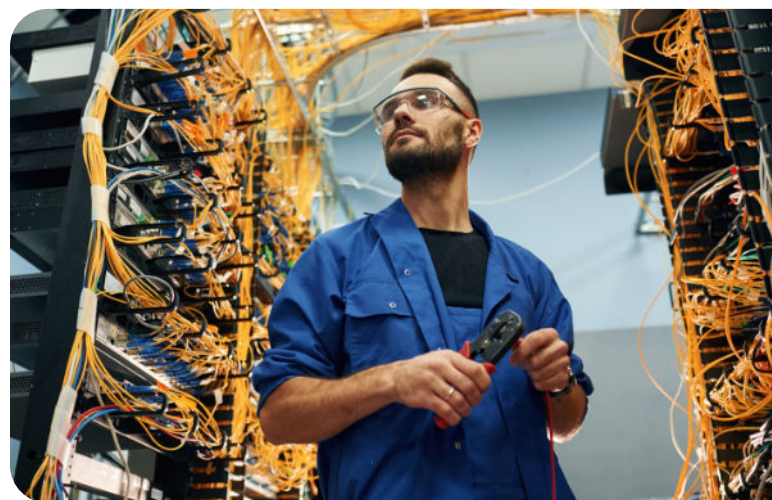
<sup>1</sup> <https://www.techuk.org/resource/techuk-growth-plan.html>

<sup>2</sup> <https://www.gov.uk/government/news/investment-in-british-ai-companies-hits-record-levels-as-tech-sec-pitches-uk-as-global-magnet>



### UK market too limiting for business growth

In contrast to the national picture of small businesses pulling back in varying degrees from the EU and USA, the opposite is true in this sector. There's actually a year-on-year reduction in the percentage of IT/telecoms businesses that see growth opportunities from the domestic market. As sectors such as construction, retail and manufacturing hold firm on their belief in the UK market, for IT and telecoms it's on the decline.

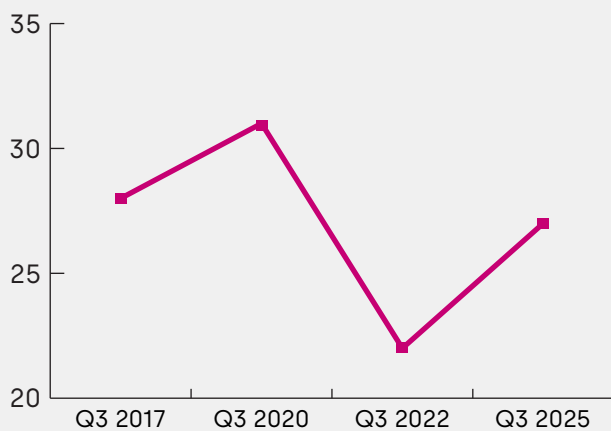




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## Full-steam ahead into the USA

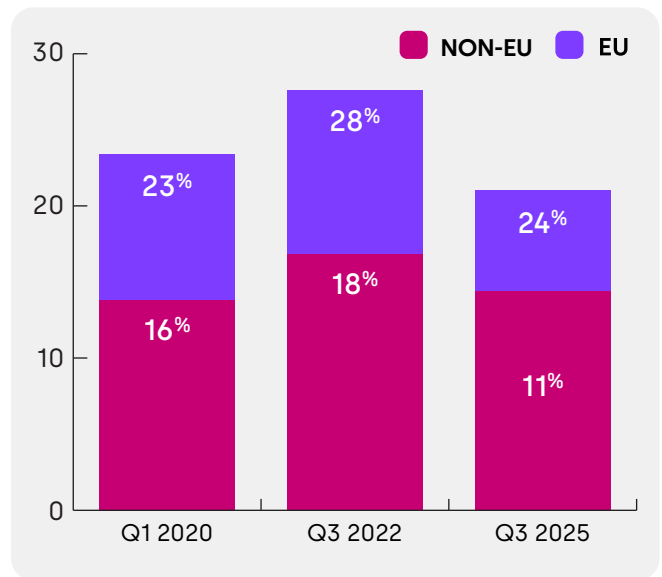
Whilst many UK small businesses expressed concerns at the start of 2025 on the prospect of US tariffs, IT/telecoms is the one UK industry sector where a significant number of small businesses see strong growth opportunities in the USA. In fact, it has risen since 2022 from 22% to 27%.



## Europe holds firm

In many other UK industry sectors, there has been a fall in the percentage of small businesses that now see expansion opportunities in Europe – whether EU or non-EU countries. This is not the case with IT/telecoms enterprises, where interest in opening up markets in mainland Europe is remarkably consistent over time. Some

slight changes, but given the seismic impact of Brexit and its long economic tail, the data suggests a position of consistency and opportunity from the IT/Telecoms sector.



## Map of the World

Beyond the major markets of Europe and the USA, small business owners in the IT/telecoms sector were also likely to look further afield. Whilst the numbers are relatively smaller, there is a vocal minority of small businesses in this sector looking fully at a range of new markets. Technology after all is largely borderless.

Five new markets to explore:

- Australia / New Zealand ..... **6%**
- Middle East ..... **5%**
- Japan and Southern Asia ..... **5%**
- China ..... **3%**
- South America ..... **2%**

## Observations

“In contrast to the UK focus of construction businesses and the European alignment of manufacturers, for small business owners in the IT/telecoms sector there is a much broader world view. Technology and digital businesses are, after all, more international in their nature and it’s also a UK sector championed by the Government for innovation and growth.”

“We have put a spotlight on this sector for this report because its international outlook stands in stark contrast to the picture generally among UK small businesses. These three case study sectors serve to remind us that small businesses are not all the same, they don’t all think the same. That’s why at Novuna Business Finance, we go to such lengths to treat small business owners as individuals and tailor products and tools to their specific and individual needs.”



**Sabrina Ahmed**

Communications Manager  
Novuna Business Finance



# Concluding remarks



Our sector snapshots in this report underscore that small businesses are not a simple homogenous group. Across the sectors and UK regions, there are widely contrasting views on opportunity and risk, and these shape overall business owner views on growth and the projects to back to deliver it – in both the short and long-term.

Taking time to listen to small businesses helps us to frame the products and services that can best support them – and our decade-long Business Barometer study has proven helpful in allowing us to follow trends over time.

As we approach the final months of 2025, all eyes are on small business growth outlook going into 2026. Nationally, the percentage of small businesses predicting growth has been on a slide for consecutive quarters since autumn 2024. Set against that, the number of businesses taking steps to invest in new growth initiatives for the longer-term is impressive and this includes plans to open up new markets, reviewed in this report. We also note that many small businesses are reviewing their finance and funding commitments – and looking to free

up working capital and invest in new equipment. These are all areas where we have been busy supporting small businesses and will do so going forward, to positively support the Government's growth agenda.

We hope you have enjoyed the highlights from this report – it is the latest of a series and I do encourage you to explore the various other titles available on our website. If you have any discussion points or requests for further information, we would love to hear from you.

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## **Geoff Maleham**

Managing Director  
Novuna Business Finance

September 2025