

Business Monitor DACH – Q2 2025

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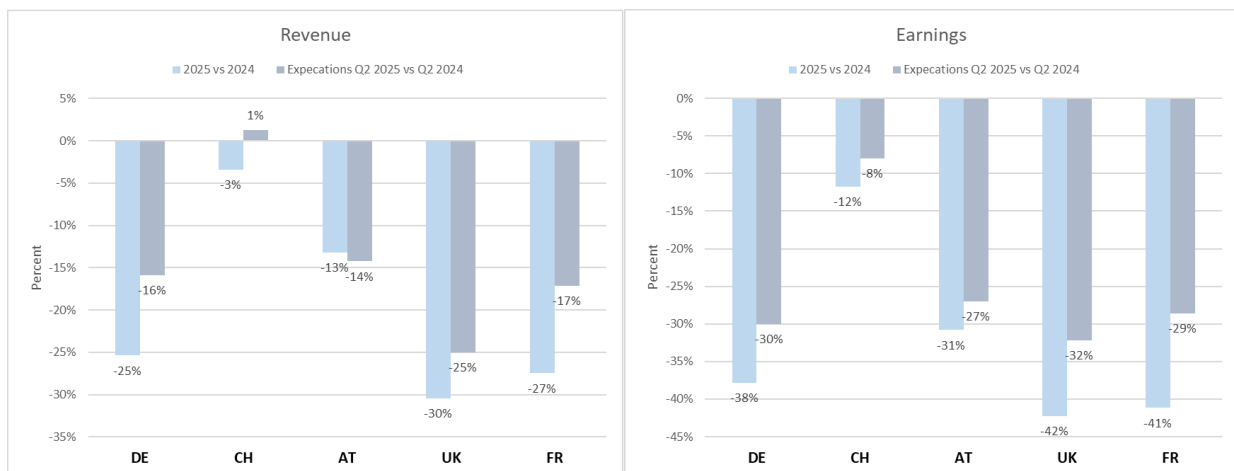
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European Business in Q1 2025: The Breaking Point

Economic Uncertainty Triggers Workforce Cuts and Investment Freezes

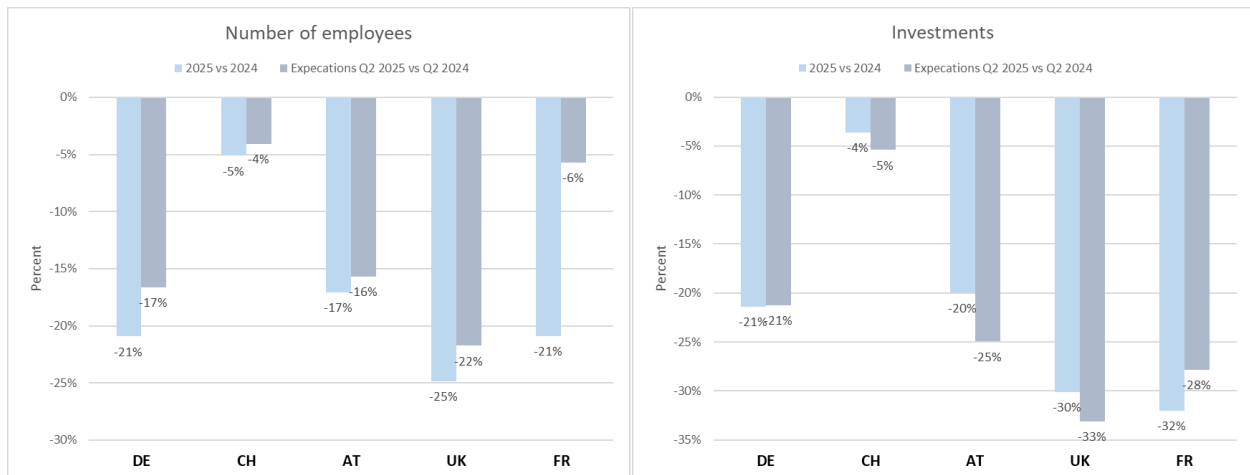
As the first quarter of 2025 unfolds, European businesses are grappling with a mix of economic uncertainty, declining demand, and rising operational costs. Companies across Germany, the UK, France, Austria, and Switzerland are feeling the pinch, with job cuts and reduced investment becoming the norm rather than the exception.

The UK (-15%), Germany (-12%), and France (-10%) are leading the trend in workforce reductions, with companies bracing for further declines in Q2. Investment levels paint a similarly bleak picture, with the UK (-22%) and Germany (-18%) seeing significant pullbacks as businesses focus on cost containment rather than expansion.



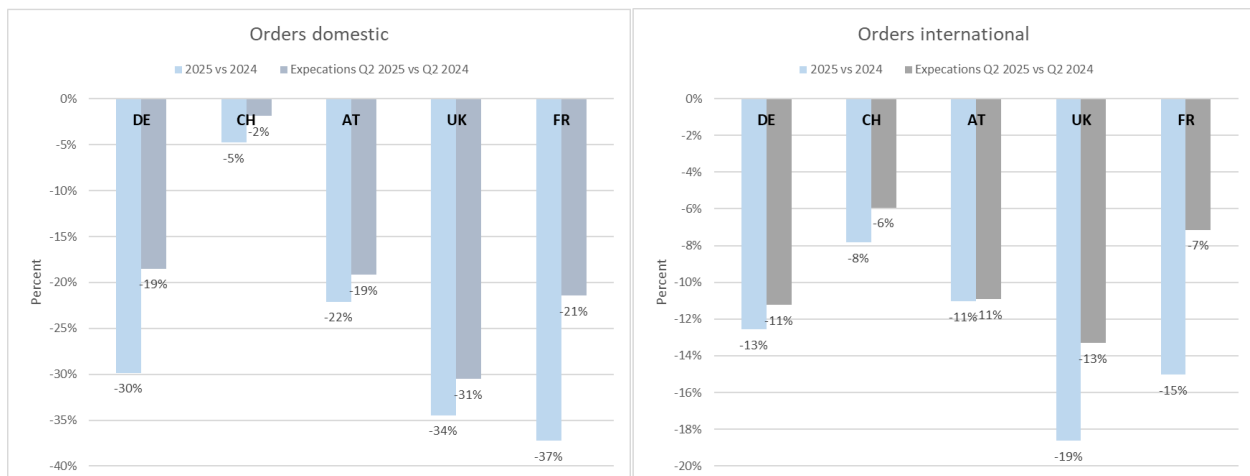
Demand is Shrinking—Both at Home and Abroad

Domestic demand is collapsing at an alarming rate, with the UK (-34%) and France (-37%) reporting the most severe contractions. Germany (-30%) and Austria (-22%) are also seeing noticeable declines, signaling a broader downturn across the region. While international demand is also falling, the decline is less dramatic—Germany (-13%), Switzerland (-8%), and Austria (-11%) remain relatively insulated compared to the steep drop in domestic orders.



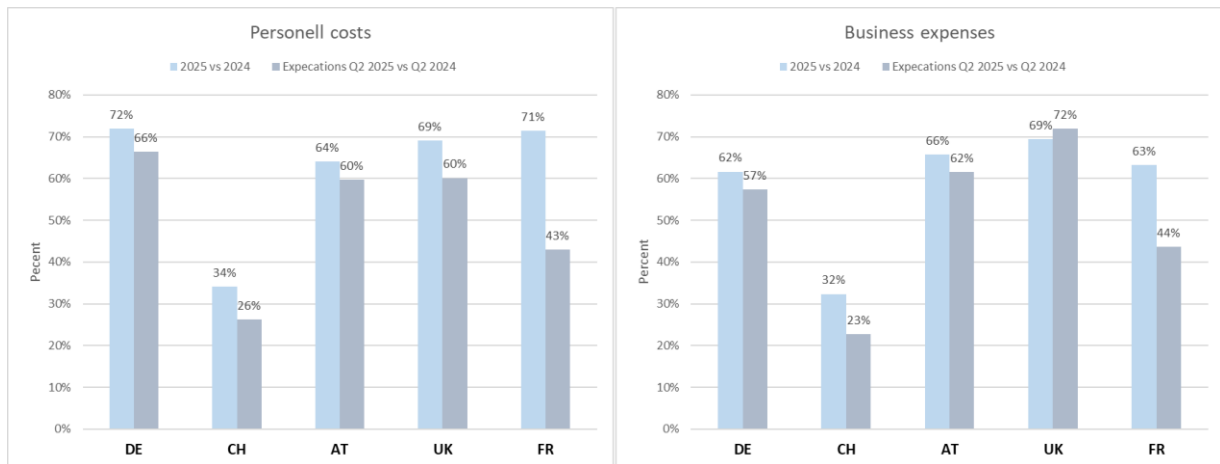
The Cost of Doing Business is Soaring

Perhaps the most pressing challenge for European companies is the sharp rise in operational costs. Personnel costs are skyrocketing, with Germany (+72%), France (+71%), and the UK (+69%) experiencing particularly steep increases. These labor cost surges are placing immense pressure on companies already struggling with falling demand. Meanwhile, overall business costs are following suit, with the UK (+69%), Austria (+66%), and Germany (+62%) bearing the brunt of the financial strain.



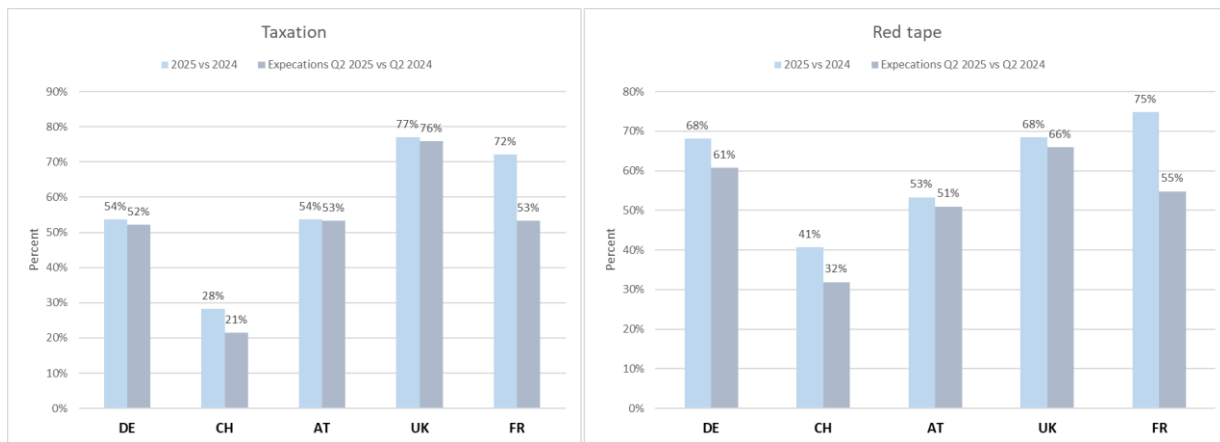
Regulatory and Tax Pressures Add to the Burden

If rising costs weren't enough, businesses are also dealing with an increasingly complex regulatory environment. Tax burdens are growing across all five markets, with the UK (+77%) and France (+72%) experiencing the most significant increases. Additionally, bureaucratic red tape is tightening its grip, making business operations even more cumbersome. Government-imposed administrative burdens have surged in the UK (+76%) and France (+75%), with Germany (+68%) not far behind.




A Tumultuous Road Ahead

The outlook for Q2 2025 offers little relief. Companies anticipate further reductions in workforce and investment, continued increases in costs, and more government-imposed hurdles. While Switzerland remains relatively stable, the UK and France are emerging as the epicenters of economic distress. In this high-stakes environment, businesses must adopt strategic cost-cutting measures and innovative resilience strategies to navigate the storm ahead.



Econcast, a research initiative by Connect4B AG, conducts studies with high-net-worth business owners, providing economic forecasts, marketing insights, and bank branding analysis to support data-driven decision-making.

In February and March, the survey was conducted in Germany, Switzerland, Austria, France, and the UK, with plans to expand into additional markets. Over 3,600 interviews were conducted across these regions.

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