

The year in North East business 2024 – economic turmoil impacts on firms

Our end-of-year round-up of the North East business scene traditionally begins with a view on the state of the economy – not always happily in recent years.

It has been some time since we could give a particularly positive outlook and this year is no different. 12 months ago we slightly optimistically described the economic picture as “mixed” and that assessment might just – but only just – work again.

There are some positives to be had, if you look hard enough. Unemployment in the North East and inflation are both relatively low, and wages being higher than inflation means people should be feeling better off.

As the CBI noted, July’s decisive General Election result has brought a level of political stability after the previous administration somehow managed to get through three Prime Ministers, five Chancellors and five Business Secretaries in one parliamentary term.

Nobody would sensibly think that good times would have followed immediately after the election, given the state of the public finances and widespread problems in public services.



Crown Works Studios could aid the launch of a creative hub in the region

(Image: Lichfields)

Labour decided not to sugarcoat those challenges, despite warnings that the downbeat tone adopted by Ministers helped reduce business confidence. But it was October's Budget that brought the most unwelcome news for many businesses, notably the decision to increase employers' National Insurance contributions and a significant increase in the National Living Wage.

The CBI this week said the "economy is headed for the worst of all worlds" and Chancellor Rachel Reeves had to admit that challenges on the economy are "huge" after new figures showed that UK production essentially flatlined in the third quarter of the year.

The North East is not immune to any of those challenges, though there have small signs of some greater resilience in this part of the country. The normally upbeat Entrepreneurs' Forum found that 57% of members polled were more pessimistic for their own business and only 6% felt that [the Budget](#) would help growth.

But the North East Chamber of Commerce's most recently quarterly survey reported increasing UK sales and a big jump

in the number of companies seeing growth in exports. Recent surveys by both NatWest and Lloyds provided a mix of both positive and negative sentiments. If this year's national election did not bring an immediate upturn in the country's economic fortunes, the North East's first region-wide mayoral vote was more impactful.

The election of Labour's Kim McGuinness and a cabinet that has representation from all three main political parties have shown that devolution can bring decisions to boost the region's economy closer to home. Projects approved during the year included a £17m boost for the North East's rural economy, a similar sum to back green energy and progress on key housing schemes. Policies to provide lower bus fares and reduce child poverty – while not directly affecting businesses – will be broadly welcomed nonetheless.



New Nissan Qashqai's pass along the production line at the

company's Sunderland plant.

(Image: Nissan)

There have been positives too at an individual company level and in promising developments planned for the region.

The Crown Works film studios plan in Sunderland won financial backing from the Government and has secured broad support from around the region with promises to bring thousands of jobs and major film and TV productions to the North East.

That was not the only boost for the region's cultural sector, with entertainment giants Warners Brother saying they will create a "world class" music studio in Newcastle and New Writing North providing a number of positive developments for the region's publishing sector.

In Northumberland, it was announced that American investment firm Blackstone and its data centre subsidiary QTS had reached agreement with Northumberland County Council to build a series of data centres on land at Cambois that had previously been earmarked for the Britishvolt battery site.

Though the plans will bring hundreds of jobs rather than the thousands envisaged by Britishvolt, the fact that these plans are likely to actually come to fruition – creating key infrastructure for the region's digital economy and a £110m jobs fund for the council – was broadly welcomed.

It was a good year for Greggs, which opened its 2,500th shop and overtook McDonalds as the country's leading breakfast outlet, and for County Durham technology firm Filtronic, which secured investment from Elon Musk's SpaceX firm. 2024 proved trickier for Nissan, which announced major job losses globally and had to lobby the Government (successfully so far, it would seem) to relax some of the guidelines around the zero emissions vehicles mandate.

Housebuilder Bellway saw continuing falls in sales as the housing market struggled to recover and Virgin Money, which

had taken over Northern Rock in 2011, was itself acquired by Nationwide, returning it to the mutual sector. There was sad news towards the end of the year as much-loved music store JG Windows closed in Newcastle city centre.

Businesses big and small will be hoping Labour's bet on raising tax revenues to fix public services can filter down to their bottom lines.

How quickly and successfully that happens could be the big story of 2025.