

North East Business Confidence Hits 73%, Second-Highest in the UK

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Business confidence in the North East surged to 73% in July, according to the latest results from *The Business Barometer*, marking the region as the second most optimistic in the United Kingdom. The confidence index, compiled through monthly surveys of 1,200 firms nationwide, reflects a significant rise of 19 percentage points compared to the previous month.

The sharp rise in headline confidence is largely attributed to a substantial improvement in firms' outlook on the UK economy. While confidence in their trading prospects dipped slightly by two points, economic optimism among North East businesses rose by 41 points to 69%. Additionally, 81% of businesses in the region now anticipate increasing staff numbers over the next 12 months, a 27-point rise month-on-month.

Nationally, overall business confidence edged up by one point to 52%, its highest since 2015, representing the third consecutive month of growth. Across the UK, optimism in individual firms' trading prospects increased by one point to 58%, and confidence in the broader economy rose by two points to 47%.

Among the sectors driving national sentiment was the services industry, where confidence rose by 11 points to 61%. However, this gain was tempered by declines in other sectors, retail dropped by eight points, manufacturing by four, and construction by six.

In the North East specifically, businesses remain focused on growth, with 57% aiming to invest in workforce development through training. Meanwhile, 52% are looking to enter new markets, and 42% plan to adopt emerging technologies such as artificial intelligence (AI) and automation.

Commenting on the figures, Martyn Kendrick, Regional Director for the North East at Lloyds Bank, said: "This is now the fourth month in a row where North East confidence has been ahead of the national average. Local firms are firmly focused on making the most of new opportunities, and it's incredibly encouraging that so many have hiring as part of those plans."

Hann-Ju Ho, Senior Economist at Lloyds Commercial Banking, noted: "This continued upward trend reflects a growing sense of cautious optimism across the UK economy, underpinned by both improved trading prospects and broader economic sentiment. Despite ongoing cost pressures, firms are positioning for growth, particularly in services where hiring and investment plans are accelerating."

The Business Barometer, which has run since 2002, serves as an early indicator of economic conditions across the UK. July's data signals a strengthening business outlook, particularly in regions like the North East, where firms appear increasingly prepared to invest and expand despite prevailing economic challenges.