

# Foreign Direct Investment Attractiveness Survey

Australia and New Zealand  
2026



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# Contents



# Foreword



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EY Regional  
Chief Economist  
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For decades, Australia and New Zealand have sold a simple story to the world: we are prosperous, safe and stable places to invest. That story has served us well.

But this is no longer enough. In a more geopolitically fragile, fragmented and technology-intensive global economy, capital is selective. Strong institutions and high quality of life might get us on the shortlist, but don't necessarily secure the investment.

Foreign direct investment is central to the long-term prosperity of our highly open, export-orientated market economies. From 2015 to 2025, almost US\$400 billion in announced greenfield foreign direct investment - physical inward investment that creates new facilities and jobs rather than portfolio investments, or mergers and acquisitions - has flowed into our countries across more than 4,600 projects, supporting nearly 400,000 jobs.<sup>1</sup> In 2025 alone, announced capital expenditure reached US\$45 billion.

This international investment builds infrastructure, transfers expertise, accelerates innovation, enhances business ecosystems, develops skills and supports high-growth sectors, while helping fund the services that our citizens expect.

Australia and New Zealand possess structural and geographical advantages that position us favourably for the next wave of global capital. But the *EY Australia and New Zealand Foreign Direct Investment Attractiveness Survey* also points to obstacles and lessons for policymakers.

This survey captured the views of 300 international business decision-makers across a range of industries, markets and organisation sizes. Respondents were drawn from both Asia-Pacific and global markets in March 2026.

Perceptions of workforce productivity and capability, innovation and regulatory complexity could undermine our region's future investment appeal. Just 16% of respondents viewed Australia's approvals processes for foreign investment as "not at all restrictive", for instance. This falls to 5% for New Zealand.

Investors identified labour and input costs as the leading competitive disadvantage in both markets, cited by 30% of respondents. Innovation capability (26%) and the regulatory environment (25%) were also seen as key weaknesses.<sup>2</sup>

This report sets a clear baseline: how global investors see us today, where we can build on our strengths and where we need to lift our game to stay competitive. Enhancing our position will depend on how effectively we translate our structural advantages into faster, more productive and innovation-led growth.

# Executive summary

From 2015 to 2025, more than 4,600 foreign direct investment projects worth almost US\$400 billion were announced across both Australia and New Zealand, supporting nearly 400,000 jobs.

Australia ranked fifth and New Zealand ranked eleventh overall for investment attractiveness, despite being assessed alongside larger regional blocs, according to the *EY Australia and New Zealand Foreign Direct Investment Attractiveness Survey*.

Australia and New Zealand continue to benefit from strong institutional and social fundamentals. Investors ranked quality of life, safety, diversity and culture (30%), political stability (27%), and climate and sustainability settings (25%) among the region's strongest advantages.

## Foreign direct investment footprint, 2015-2025

### Australia:

4,008

total projects from

65 countries

\$371bn

(USD)

338,507

total jobs created

### New Zealand:

619

total projects from

38 countries

\$28bn

(USD)

47,532

total jobs created

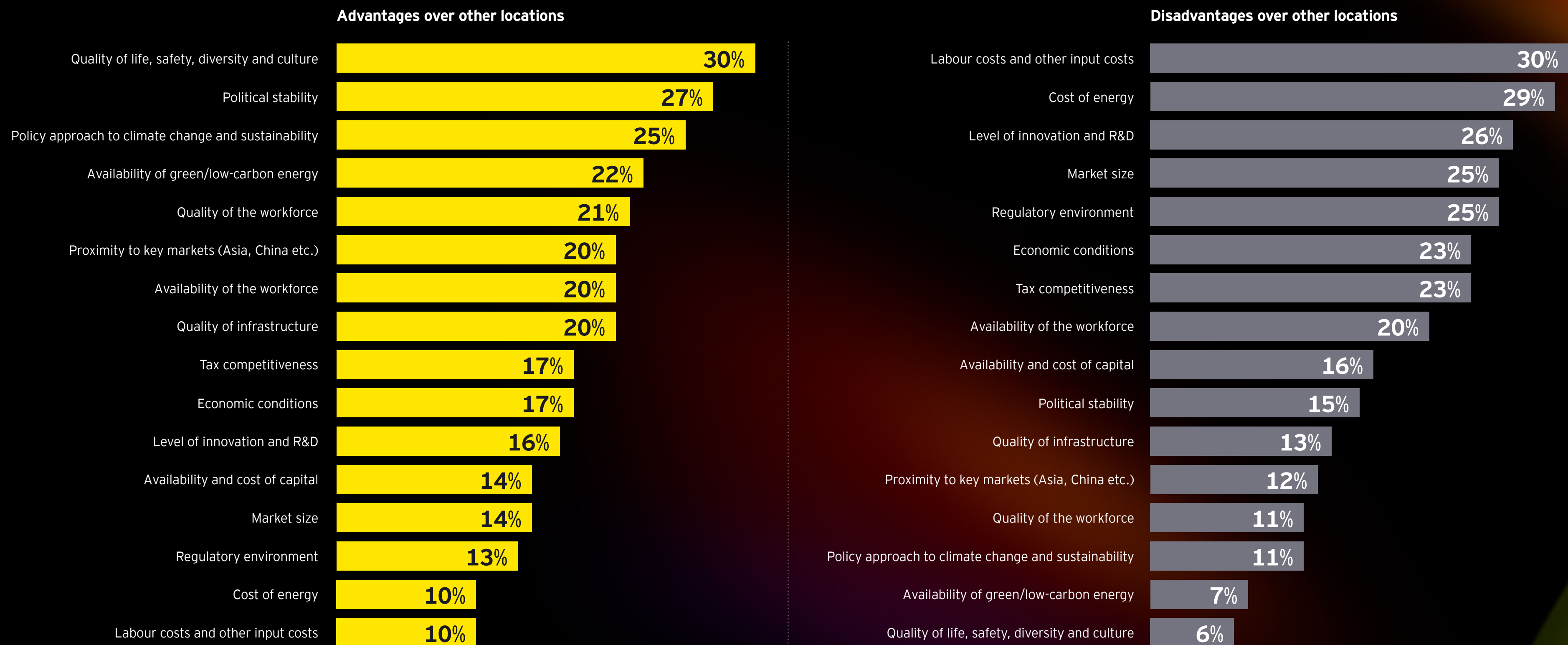
However, investors also identified a range of structural competitiveness pressures. Labour and input costs were the most commonly cited disadvantage (30%), followed by energy costs (29%), levels of innovation and R&D (26%), market size (25%) and the regulatory environment (25%).

The findings point to a growing tension at the heart of the Trans-Tasman investment proposition. Australia and New Zealand are seen as attractive but increasingly difficult places to scale investment quickly, efficiently and competitively.

Importantly, Australia and New Zealand's reputational strengths are not fully aligned with the capabilities investors say they value most when allocating capital.

Regulatory complexity was one of the clearest investor concerns identified in the survey. Only 16% of respondents viewed Australia's approvals processes for foreign investment as "not at all restrictive". In New Zealand, this was 5%. This aligns with broader international competitiveness indicators.

**Exhibit 1A: Australia and New Zealand perceived advantages and disadvantages over other locations**



Source: EY ANZ Attractiveness Survey 2026

Investors are opting for destinations where plans are easier to execute, and Japan, Europe and India emerged as the top three destinations for redirected capital.

At the same time, the findings negate any suggestion of large-scale capital flight. Geopolitical uncertainty may be the biggest risk on the investment radar, but a majority (57%) of investors said they had made no adjustments to their strategies over the last 12 months.

Investors have five clear priorities for the Australia and New Zealand governments to maintain their international appeal.

- 1 Invest in major infrastructure projects
- 2 Support strategic industries
- 3 Reform regulation
- 4 Support digital innovation and competitiveness
- 5 Reduce and simplify taxation

Based on the survey findings and broader investment trends, this report offers three strategic priorities for policymakers to strengthen:

- 1 Innovation, AI and the digital economy
- 2 Workforce, mobility and productivity
- 3 Tax competitiveness and investment certainty

Investors are hunting for economies that can deploy infrastructure quickly, build workforce capability rapidly and commercialise innovation effectively.

# The Trans-Tasman investment story

## A decade of foreign investment data

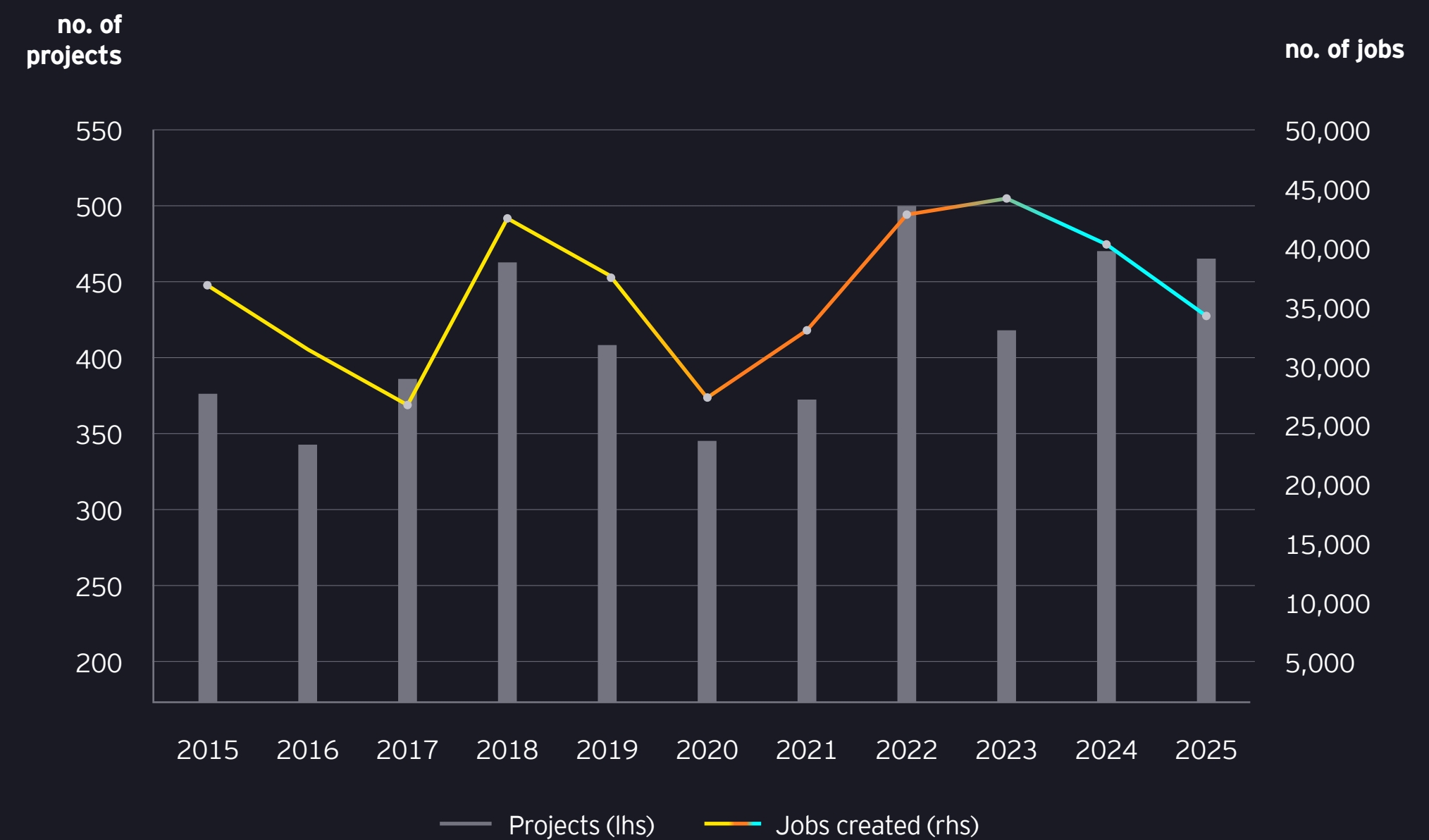
Foreign investment into Australia and New Zealand has flowed over a decade shaped by geopolitical disruption, the COVID-19 pandemic and rising global economic uncertainty.

Between 2015 and 2025, more than 4,600 foreign direct investment projects were announced on both sides of the Tasman.

Announced capital expenditure almost quadrupled between 2015 and 2022, peaking at more than US\$74 billion in 2022, before easing to US\$45 billion in 2025.

Job creation grew more gradually than capital expenditure, pointing to an investment profile concentrated in infrastructure, energy transition and high-technology sectors.

Exhibit 1: Foreign direct investment into Australia and New Zealand, projects and jobs created, 2015-2025



Source: fDi Markets, from the Financial Times Limited, 2026.

Note: Capex figures include estimated values and is based on announced projects.

## Australia's foreign investment footprint: 2015-2025

Foreign investment into Australia remained resilient through a decade of global disruption, supported by strong relationships with economic allies, institutional alignment, expanding free trade agreements and long-standing trade ties.

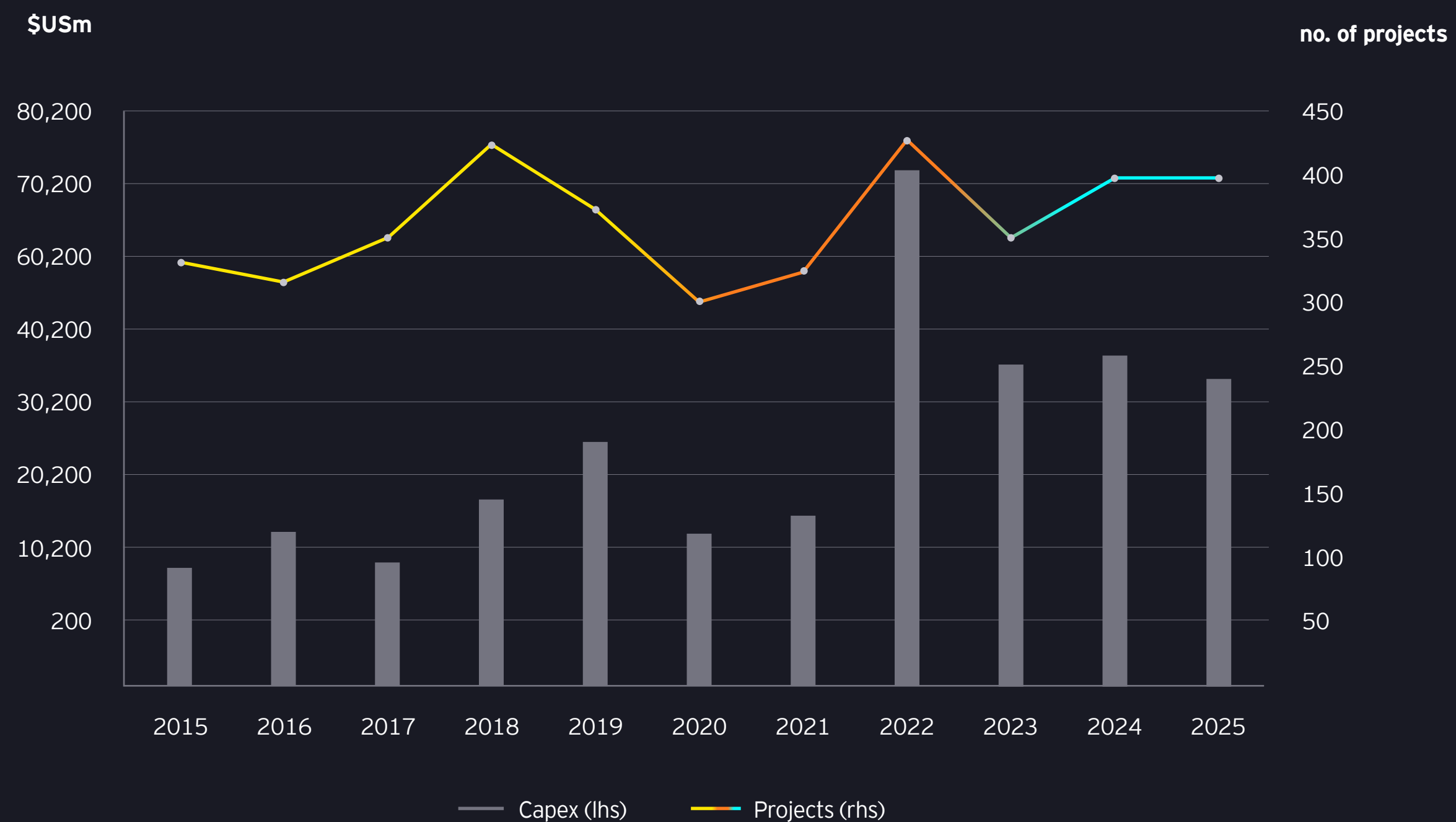
Based on announced foreign direct investment projects between 2015 and 2025, annual project volumes have fluctuated over the period, and activity has increasingly concentrated in larger, more capital-intensive projects.

**4,008** total projects from **65** countries

**\$371bn** (USD)

**338,507** total jobs created

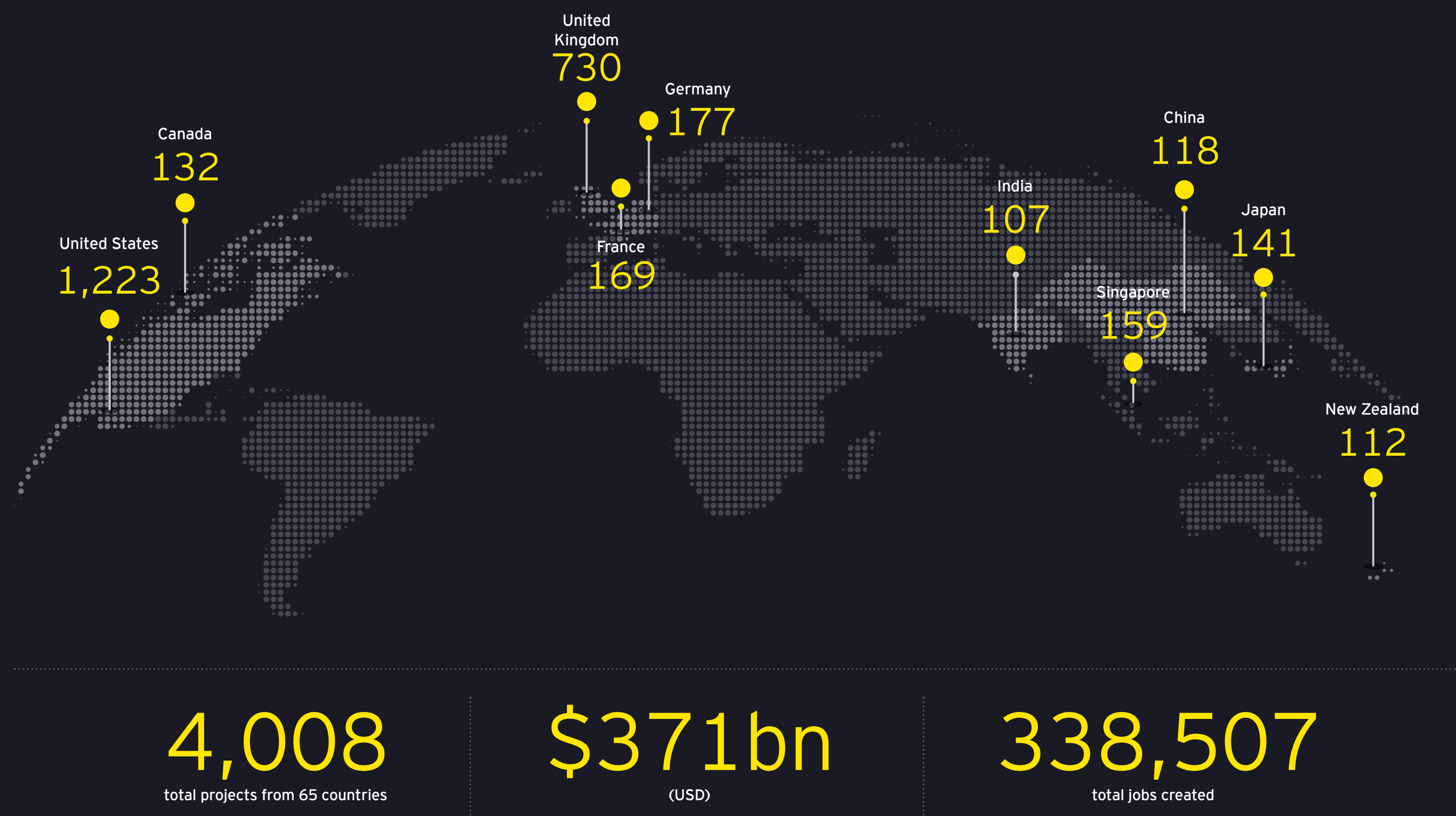
Exhibit 2: Foreign direct investment into Australia, 2015-2025



Source: fDi Markets, from the Financial Times Limited, 2026.

Note: Capex figures include estimated values and is based on announced projects.

Exhibit 3: Foreign direct investment into Australia, top 10 countries by projects, 2015-2025



Investment follows trusted relationships

Australia’s capital base is both highly concentrated and globally diversified.

The **United States** and the **United Kingdom** accounted for more than 53% of all announced projects from Australia’s top 20 investment sources between January 2015 and December 2025, reinforcing the importance of long-standing institutional, economic and strategic relationships. Together, these nations were associated with more than 145,000 announced jobs, totalling US\$114 billion over the period.

However, countries outside Australia’s top 20 investment partners accounted for more than 330 projects and over US\$66 billion in announced capital expenditure, pointing to a broad and complex investment ecosystem.

Of note:

- **Singapore** recorded the highest average capital expenditure per project (US\$264.6 million).
- **China** recorded the highest average number of jobs created per project (198).
- **Canada** recorded a very high average capex (US\$217.4 million).
- **Europe** is an important source of diversified capital, with **France**, **Spain**, **Germany** and the **Netherlands** among Australia’s leading investment partners.

Source: fDi Markets, from the Financial Times Limited, 2026.

Note: All capex and jobs data includes estimated values and is based on announced projects.

### Capital moves towards future capability

Investment activity has been increasingly concentrated in future-focused sectors linked to digital capability, the clean energy transition and long-term infrastructure demand.

Software and IT services recorded the highest number of announced projects between 2015 and 2025; however, renewable energy overwhelmingly dominated announced capital expenditure, attracting more than US\$185 billion over the period.

Communications, real estate, transportation and warehousing also recorded strong investment activity, suggesting investors see long-term opportunity in infrastructure, connectivity and urban growth.

### Job creation by source country, 2015-2025

United States	United Kingdom
<b>97,096</b>	<b>48,559</b>
Singapore	China
<b>24,030</b>	<b>23,480</b>
Japan	
<b>17,916</b>	

### Exhibit 4: Australia's top 5 sectors for announced projects and capex, 2015-2025

Sector	Projects	Sector	Capex (US\$)
<b>1</b> Software and IT services	<b>1,041</b>	<b>1</b> Renewable energy	<b>185,784</b>
<b>2</b> Business services	<b>653</b>	<b>2</b> Software and IT services	<b>30,434</b>
<b>3</b> Renewable energy	<b>294</b>	<b>3</b> Communications	<b>29,990</b>
<b>4</b> Communications	<b>275</b>	<b>4</b> Coal, oil and gas	<b>24,294</b>
<b>5</b> Financial services	<b>255</b>	<b>5</b> Metals	<b>22,746</b>

Source: fDi Markets, from the Financial Times Limited, 2026.

Note: All capital investment (capex) is in US\$ and includes estimated values. Jobs data also includes estimated values. Figures are based on announced projects.

## From capital flows to national capability



**Peter Horn**

Head of Investment and Chair National Investment Forum, Austrade

As an open, globally connected economy, Australia benefits from extensive trade links, strong integration with Asian markets and a broad network of trade agreements. Decades of growth further reinforces this attractiveness.

Strong institutions and governance provide investors with a stable and predictable operating environment. Australia's transparent regulatory systems, rule of law and robust financial institutions support confidence in long-term investments and protect capital.

Australia's highly educated and skilled workforce, combined with a strong research and innovation base, supports productivity and competitiveness. Australia ranks highly across measures of education and research quality, with leading universities and growing capabilities in advanced technologies such as quantum computing, contributing to a dynamic innovation ecosystem.

As Australia's national investment promotion agency, the Australian Trade and Investment Commission (Austrade) plays a leading role in promoting, attracting, and facilitating foreign investment and capability into Australia.

Austrade channels the efforts of staff across more than 60 locations around the world towards sectors where international capital and expertise can yield the most significant economic and strategic returns.

Austrade's investment focus is guided by Australian Government priorities - especially those tied to decarbonisation, economic security and policy frameworks like Future Made in Australia.

Internationally, Australia is increasingly viewed as a stable, trusted destination for long-term, high-quality investment, especially in sectors aligned to decarbonisation and critical technologies.

Austrade also plays a broader system role by generating commercial insights from engagement with global firms and feeding these into policy development across government, helping to improve the overall investment climate.

Austrade also supports Australian businesses with outward investment and international expansion, particularly across Southeast Asia and the Pacific and other markets where strong export opportunities exist.

In essence, Austrade's investment attraction function goes beyond increasing capital inflows - it's about shaping and securing high-quality, productive investment that delivers lasting economic benefits.

## New Zealand's foreign investment footprint: 2015-2025

Investors view New Zealand as a stable, well-connected and commercially attractive market, particularly for services, technology and infrastructure-related investment.

While Australian foreign investment is largely driven by the US and UK, New Zealand's international investment landscape has been dominated by Australia, both in terms of project numbers and jobs.

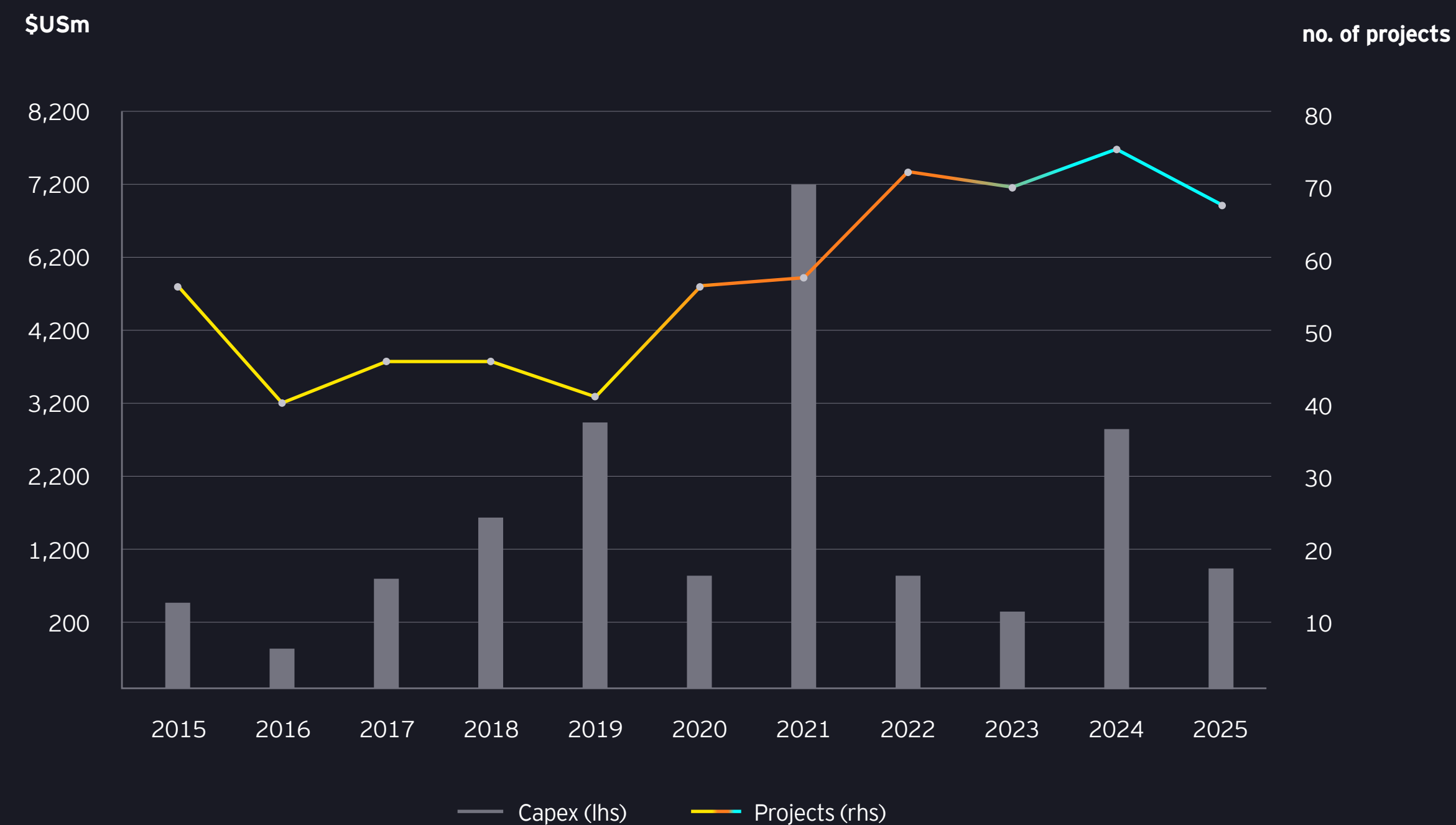
Based on announced foreign direct investment projects between 2015 and 2025, project activity remained relatively steady, with 619 projects over the decade.

**619** total projects from **38** countries

**\$28bn** (USD)

**47,532** total jobs created

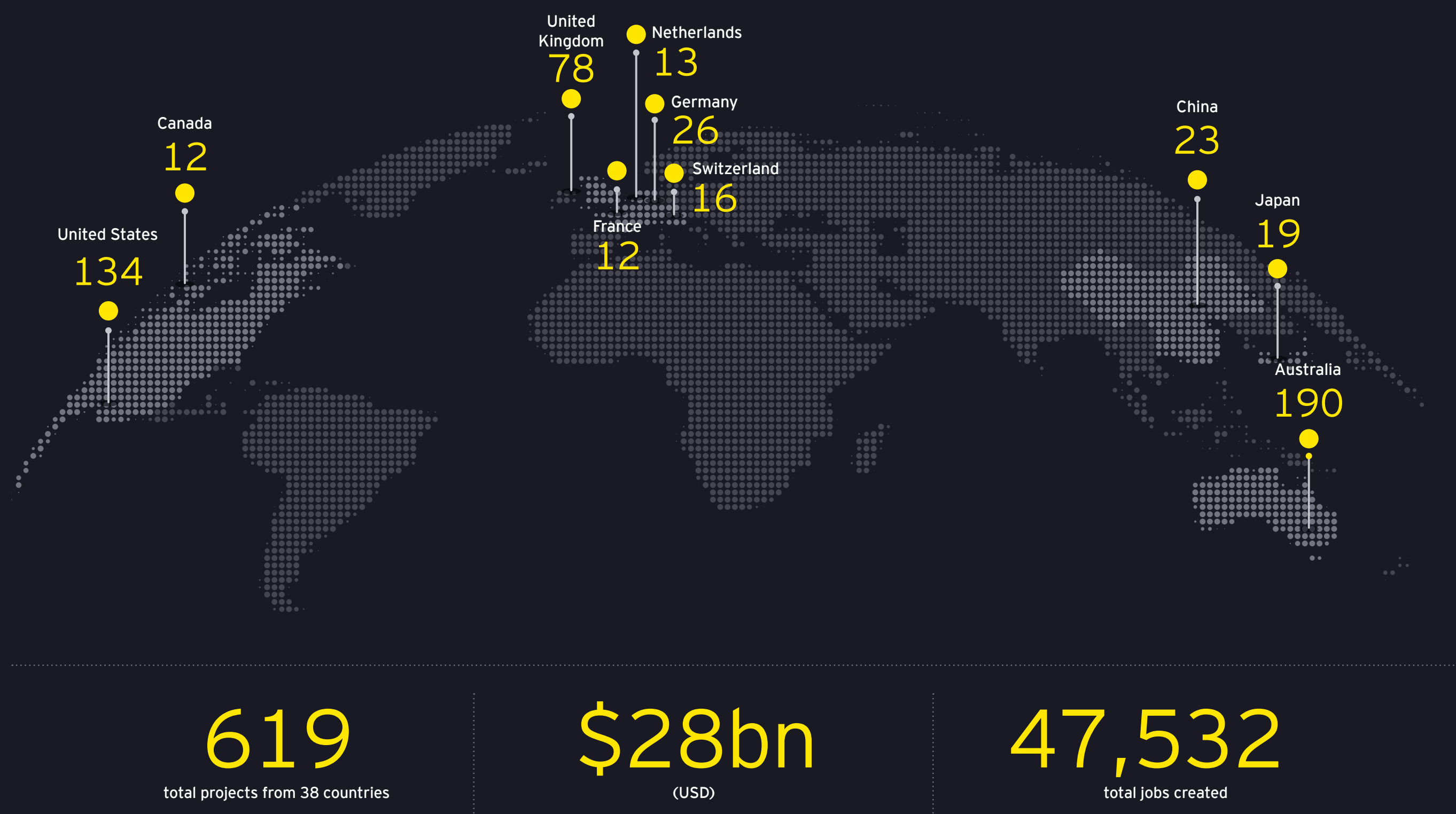
Exhibit 5: Foreign direct investment into New Zealand, 2015-2025



Source: fDi Markets, from the Financial Times Limited, 2026.

Note: Capex figures include estimated values and is based on announced projects.

Exhibit 6: Foreign direct investment into New Zealand, top 10 countries by projects, 2015-2025



Investment follows regional alignment

**Australia** was the largest source of foreign direct investment projects into New Zealand between 2015 and 2025, accounting for 190 announced projects and almost 15,000 jobs, valued at US\$6.6 billion. This reflects the close bilateral relationship between the two countries.

The **United States** ranked second by project volume, but first by announced capital expenditure, contributing more than US\$11.6 billion over the period.

While investment flows are concentrated among a smaller number of key partners other than Australia, the data points to a globally connected investment ecosystem. Of note:

- **Canada** recorded one of the highest average capital expenditure levels per project (US\$96.1 million across 12 projects).
- **Norway** recorded the highest average capex overall (US\$123.5 million), albeit across only four projects.
- **Germany** and **Singapore** recorded high average job creation per project (138 and 135 respectively).
- **China** contributed more than US\$1.1 billion in announced capital expenditure across 23 projects.

Countries outside New Zealand’s top 20 investment partners accounted for 25 projects, more than US\$800 million in announced capital expenditure and almost 1,750 jobs.

Source: fDi Markets, from the Financial Times Limited, 2026.

Note: All capex and jobs data includes estimated values and is based on announced projects.

### Capital seeks connectivity and services

New Zealand’s investment profile is less dominated by large-scale resource and energy projects than Australia, although the energy transition is an important long-term investment theme. Overall, international capital is more concentrated on services and connectivity.

Several sectors recorded high average job creation per project, including real estate, transportation and warehousing, textiles and healthcare.

### Job creation by source country, 2015-2025

Australia	United States
<b>14,867</b>	<b>11,611</b>
Germany	United Kingdom
<b>3,588</b>	<b>2,746</b>
Japan	
<b>2,276</b>	

### Exhibit 7: New Zealand’s top 5 sectors for announced projects and capex, 2015-2025

Sector	Projects	Sector	Capex (US\$)
<b>1</b> Business services	<b>125</b>	<b>1</b> Communications	<b>8,166</b>
<b>2</b> Software and IT services	<b>114</b>	<b>2</b> Renewable energy	<b>5,234</b>
<b>3</b> Financial services	<b>60</b>	<b>3</b> Software and IT services	<b>2,208</b>
<b>4</b> Communications	<b>50</b>	<b>4</b> Financial services	<b>2,024</b>
<b>5</b> Transportation and warehousing	<b>41</b>	<b>5</b> Hotels and tourism	<b>1,803</b>

Source: fDi Markets, from the Financial Times Limited, 2026.

Note: All capital investment (capex) is in US\$ and includes estimated values. Jobs data also includes estimated values. Figures are based on announced projects.

## The role of capital, confidence and connectivity



**Colin McKinnon**

Executive Director,  
NZ Private Capital

A stable and well-functioning investment environment is critical to New Zealand's long-term economic performance. As a small, open economy, New Zealand benefits from access to both domestic and international capital to support business growth, innovation and productivity.

New Zealand Private Capital (NZPC) plays an important role in fostering this environment by representing private equity and venture capital investors who back New Zealand businesses at all stages of development.

Private capital supports companies to scale, improve capability and expand into global markets. Alongside funding, investors bring governance expertise, strategic discipline and international networks. This is particularly important in New Zealand, where many high potential businesses require access to global connections and capital to realise their full value.

Foreign direct investment is part of this mix. When well targeted, international capital can complement domestic investment by strengthening balance sheets, accelerating innovation and enabling companies to compete internationally. For a geographically distant market, the ability to attract and retain high-quality offshore investment is a practical enabler of growth.

At the same time, investment settings need to reflect New Zealand's broader interests. NZPC's advocacy typically supports a balanced approach, with regulatory frameworks that are clear, predictable and proportionate, while maintaining appropriate safeguards for sensitive assets and national priorities. Confidence in the investment environment is shaped as much by transparency and consistency as it is by openness.

Collaboration between investors, businesses and government is also important. Alignment on areas such as innovation, sustainability and infrastructure can help channel capital into sectors that support long-term economic resilience.

A strong investment climate in New Zealand relies on stable settings, access to both domestic and international capital, and effective collaboration. Together, these elements help create the conditions for businesses to grow, compete globally and contribute to broader economic outcomes.

## Market signals

While Australia and New Zealand retain strong institutional advantages and continue to attract global capital, multiple indicators suggest pressure is building around productivity, regulation, tax competitiveness, innovation capability and digital readiness.

### UNCTAD World Investment Report 2025 (June 2025)

Global foreign direct investment fell by 11% to US\$1.5 trillion in 2024. Australia ranked eighth globally for foreign investment inflows, while New Zealand's position was favourable relative to the size of its economy. Digital economy investment was the only major growth sector worldwide.

### OECD Foreign Direct Investment Regulatory Restrictiveness Index (October 2024)

Australia has the most restrictive foreign investment regulation in the OECD, while New Zealand is the fifth most restrictive. This is predominantly due to screening and approval processes. While these settings reflect national interest and security considerations, they also influence how international investors assess the speed, predictability and accessibility of investing in Australia.

### Business Council of Australia Global Investment Competitiveness Index (February 2026)

Australia ranked 21st out of 42 countries in 2025, down from 17th in 2019. Regulation (37th), business taxation and investment restrictions (both 38th) and labour market settings (17th) weighed on competitiveness, while trade (2nd), rule of law (10th) and energy (11th) remained relative strengths.

### IMD World Competitiveness Yearbook 2026 (June 2026)

Australia ranked 17th out of 70 economies in 2026 for overall competitiveness, according to the International Institute for Management Development. New Zealand placed 37th. Australia's rank improved to 17th for performance on inward direct investment flows as a share of GDP, while New Zealand's rank slipped to 55th.

### EY AI Sentiment Index (March 2026)

AI exposure is now mainstream: 77% of Australians and 80% of New Zealanders reported using or interacting with AI in the previous six months. Yet confidence remains comparatively low, with sentiment scores of 52 in Australia and 53 in New Zealand against a global average of 66. For international investors, this matters because AI increasingly influences productivity growth, innovation capability, workforce transformation and operating models.

### BusinessNZ Business Sentiment Survey 2025 (August 2025)

Businesses report growing concern about New Zealand's international tax competitiveness, with 61% of respondents saying the country's 28% corporate tax rate was too high or insufficiently competitive to attract foreign investment.





# Investor perceptions of Australia and New Zealand today

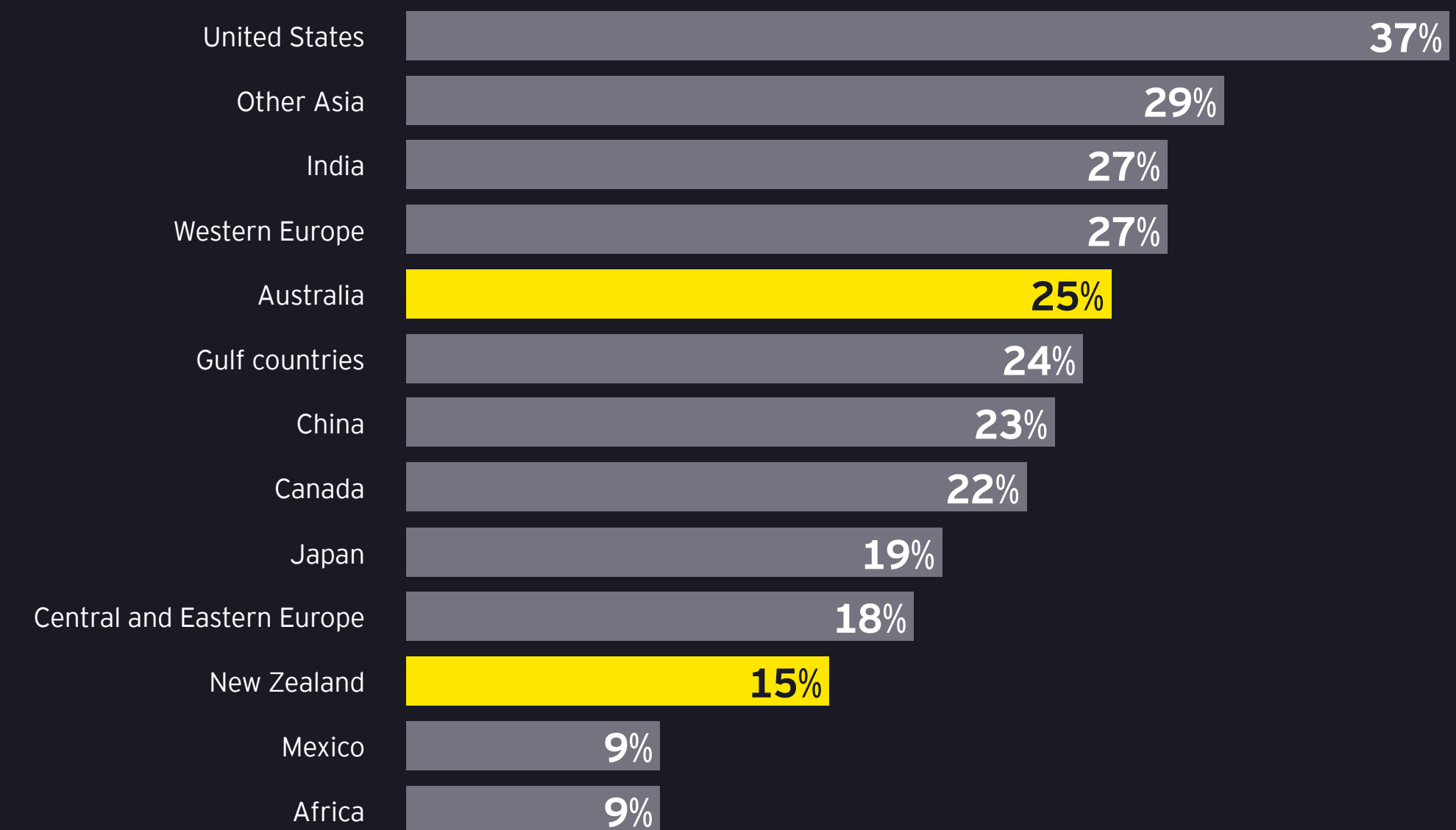
## Perceptions of attractiveness, competitiveness and capability

Global investors view Australia and New Zealand as resilient, stable and strategically positioned investment destinations.

Australia ranks fifth and New Zealand ranks eleventh overall for foreign investment attractiveness, despite being assessed alongside larger regional blocs including Western Europe and the Gulf countries.

The findings suggest both are well positioned to strengthen their standing provided key barriers to capital, capability and project delivery can be addressed.

## Exhibit 8: Most attractive regions for foreign investment



Source: EY ANZ Attractiveness Survey, 2026.

**Trans-Tasman advantages and disadvantages**

Australia and New Zealand continue to benefit from strong institutional and social fundamentals. Investors ranked quality of life, safety, diversity and culture (30%), political stability (27%), and climate and sustainability settings (25%) among the region's strongest advantages.

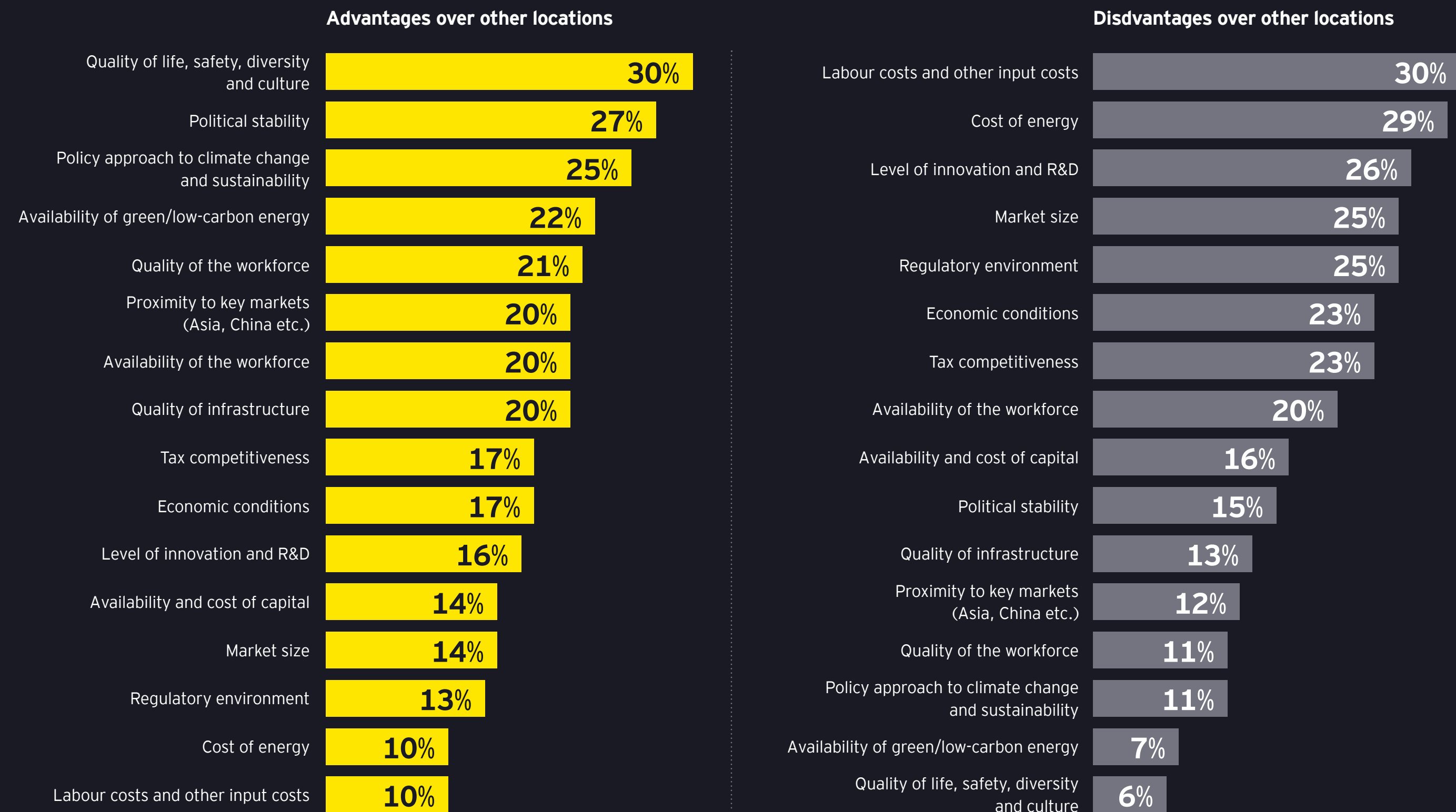
These are not soft advantages. Geopolitical instability, fractured supply chains and policy unpredictability are reshaping how investors assess risk, in turn enhancing the appeal of markets seen as stable, transparent and dependable.

The availability of green or low-carbon energy emerged as a growing strategic advantage, reflecting rising investor interest in energy transition industries, AI infrastructure and lower-carbon industrial capability.

However, investors also identified mounting structural competitiveness pressures. Labour and input costs were the most commonly cited disadvantage (30%), followed by energy costs (29%), levels of innovation and R&D (26%), market size (25%) and the regulatory environment (25%).

The findings point to a growing tension at the heart of the Trans-Tasman investment proposition. Australia and New Zealand are seen as attractive but increasingly difficult places to scale investment quickly, efficiently and competitively.

**Exhibit 9: Australia and New Zealand perceived advantages and disadvantages over other locations**



Source: EY ANZ Attractiveness Survey, 2026.

Importantly, some of Australia and New Zealand's strongest perceived advantages are not factors investors rank most highly when allocating capital.

Quality of life, safety, diversity and culture ranked as the region's top competitive advantage over other locations, for instance, yet only ranked eighth globally among investors' preferred investment criteria. Political stability ranked second as a relative advantage, but only ninth in importance when investors assessed what matters most in investment destinations.

Conversely, investors placed greatest weight on workforce capability, labour and input costs, innovation capacity and market scale. These are areas where Australia and New Zealand face competitive pressure.

#### Exhibit 10: Preferred factors for investment destinations

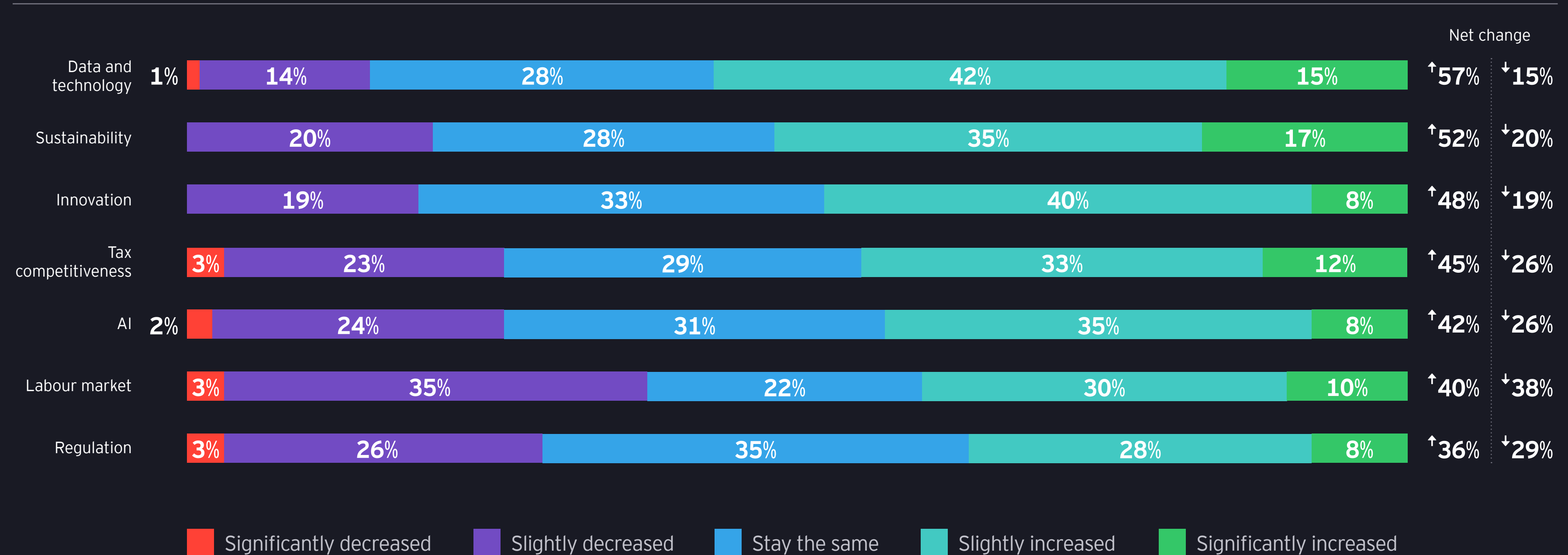
1	30%	Availability and quality of the workforce	9	18%	Political stability
2	29%	Labour costs and other input costs	10	18%	Regulatory environment
3	26%	Level of innovation and R&D	11	18%	Economic conditions (growth, inflation, etc.)
4	21%	Market size	12	15%	Availability of green/low-carbon energy
5	21%	Tax competitiveness (incl. availability of tax credits)	13	15%	Cost of energy
6	20%	Availability and cost of capital	14	15%	Geographic location
7	20%	Quality of infrastructure (transportation, telecom, energy, etc.)	15	12%	Policy approach to climate change and sustainability
8	19%	Quality of life, safety, diversity and culture			

Source: EY ANZ Attractiveness Survey, 2026.



Trans-Tasman perceived attractiveness has increased in areas linked to modern industries: data and technology, sustainability and innovation. Labour market constraints recorded the weakest results - and this is the primary factor investors are looking at.

**Exhibit 11: How Australia and New Zealand's approach to the following has influenced their attractiveness compared to other locations over the past 3 years**



Source: EY ANZ Attractiveness Survey, 2026.

**Regulatory approval restrictiveness is a key friction point**

Regulatory complexity was one of the clearest investor concerns identified in the survey.

Only 16% of respondents viewed Australia’s foreign investment approvals processes as “not at all restrictive”. In New Zealand, this fell to 5%.

This aligns with broader international competitiveness indicators. According to the OECD Foreign Direct Investment Regulatory Restrictiveness Index, Australia has the most restrictive foreign investment regime in the OECD, while New Zealand ranks fifth.<sup>3</sup>

While these settings reflect national interest and security considerations, investors assess markets on the speed, predictability and simplicity of doing business.

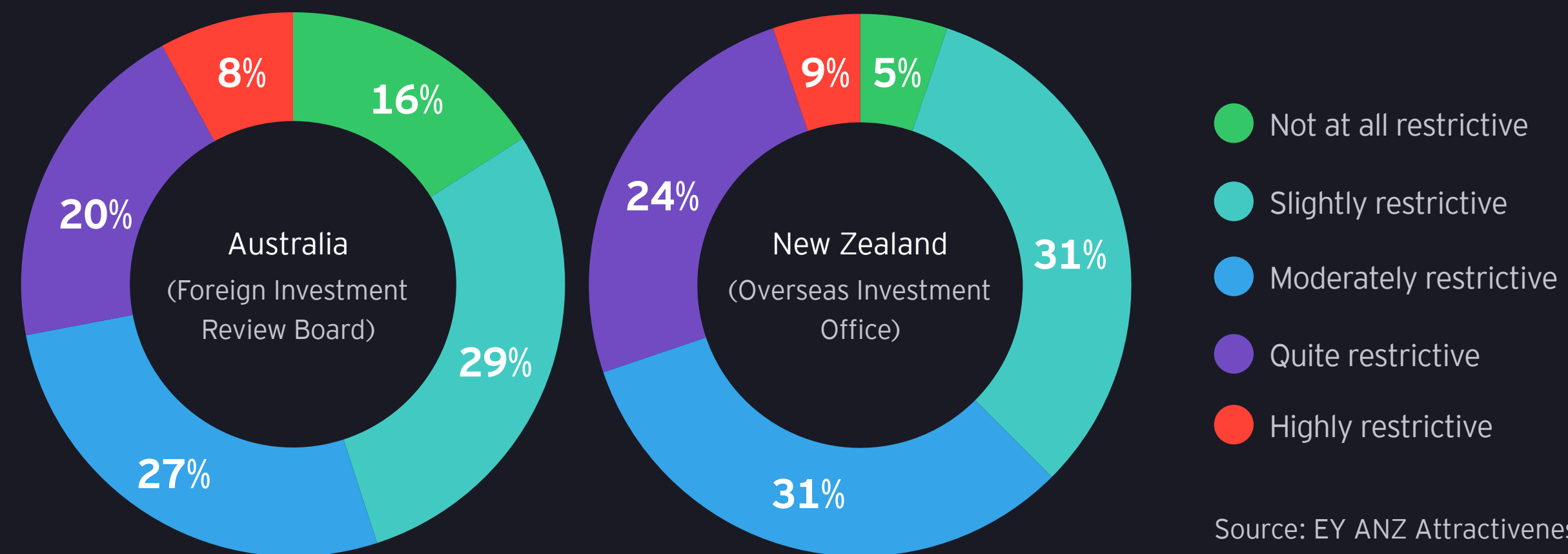
Australia has progressively reformed its Foreign Investment Review Board (FIRB) framework, introducing the Investor Front Door initiative with faster processing targets, streamlined pathways for lower-risk investments and a greater focus on nationally significant sectors.

In 2024, Australian Treasury set a target of processing 50% of foreign investment proposals within the 30-day statutory decision period.<sup>4</sup> In May 2026, the Australian Government announced a second round of reforms to further accelerate approvals, with all low-risk applications targeted for decision within 30 days from 1 January 2027.<sup>5</sup> Other measures include expanding exemptions for frequent low-risk investors, removing approval requirements for selected lower-risk transactions and strengthening enforcement powers in sensitive sectors.

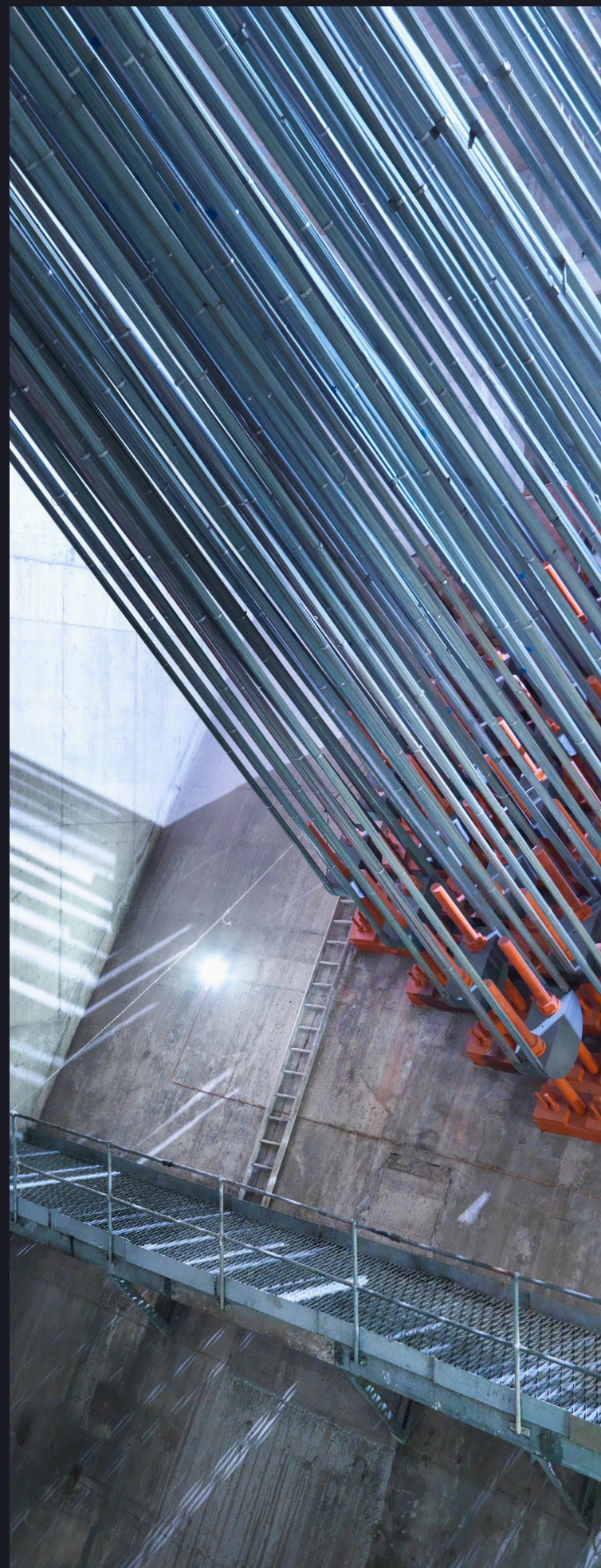
In July 2025, New Zealand Trade and Enterprise introduced a new agency, Invest New Zealand, with a clear mandate to attract international capital, infrastructure investment, ideas and expertise.<sup>6</sup> This aims to provide a streamlined entry point for international investors, target large-scale and growth-oriented investment opportunities, and support globally mobile capital through initiatives such as the Active Investor Plus Visa.

However, the survey findings suggest investors still see approvals as complex and regulatory fragmentation as significant barriers to investment readiness.

**Exhibit 12: Perception of regulatory approval restrictiveness for foreign investment in Australia and New Zealand**



Source: EY ANZ Attractiveness Survey, 2026.

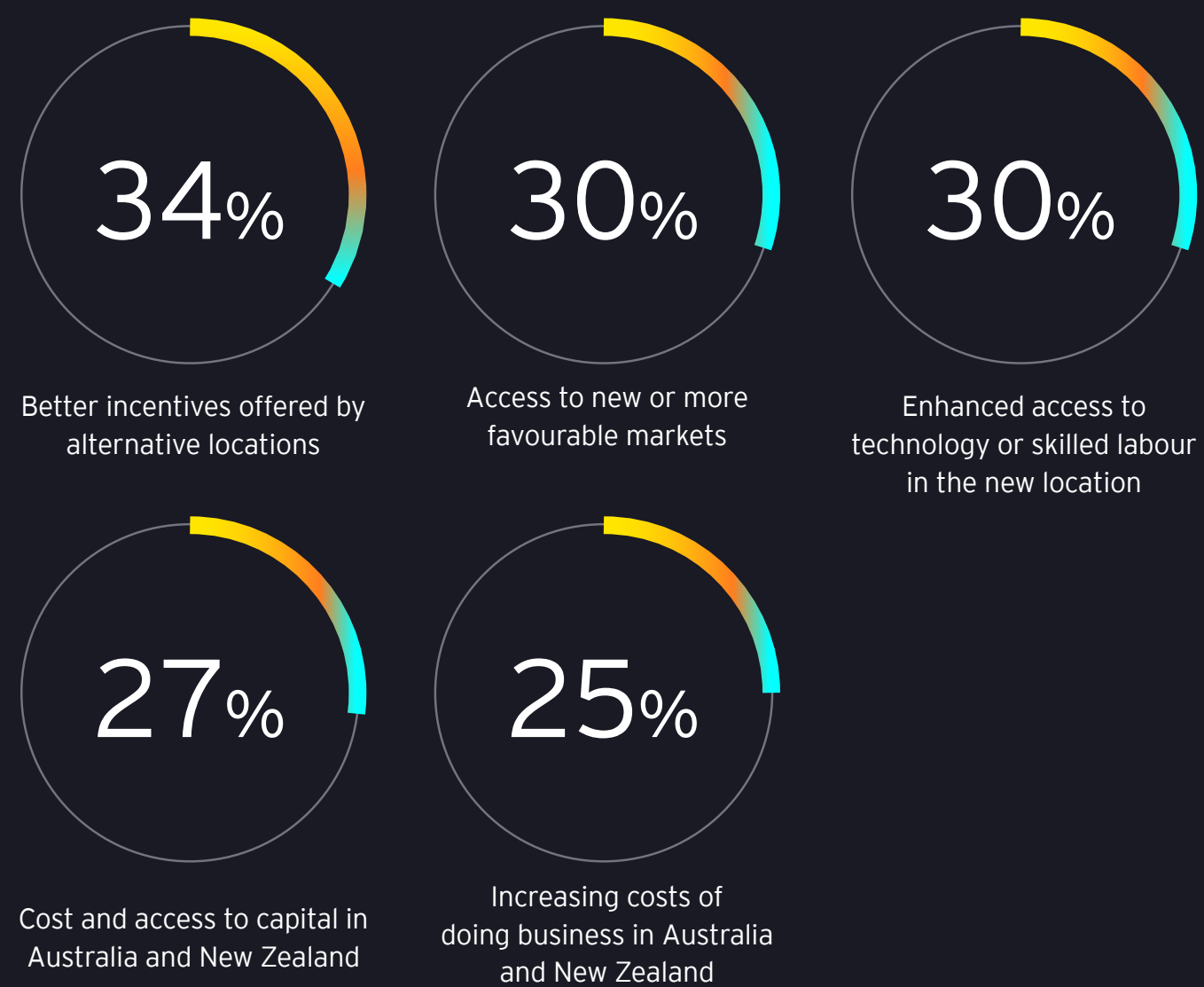


**Strong demand, stronger competition**

As competition for global capital intensifies, some investors are moving to countries perceived to offer stronger incentives, better market access or greater access to technology and skilled labour.

The reasons why are clear cut: investors are opting for destinations where plans are easier to execute.

**Exhibit 13: Factors influencing investment relocation decisions**



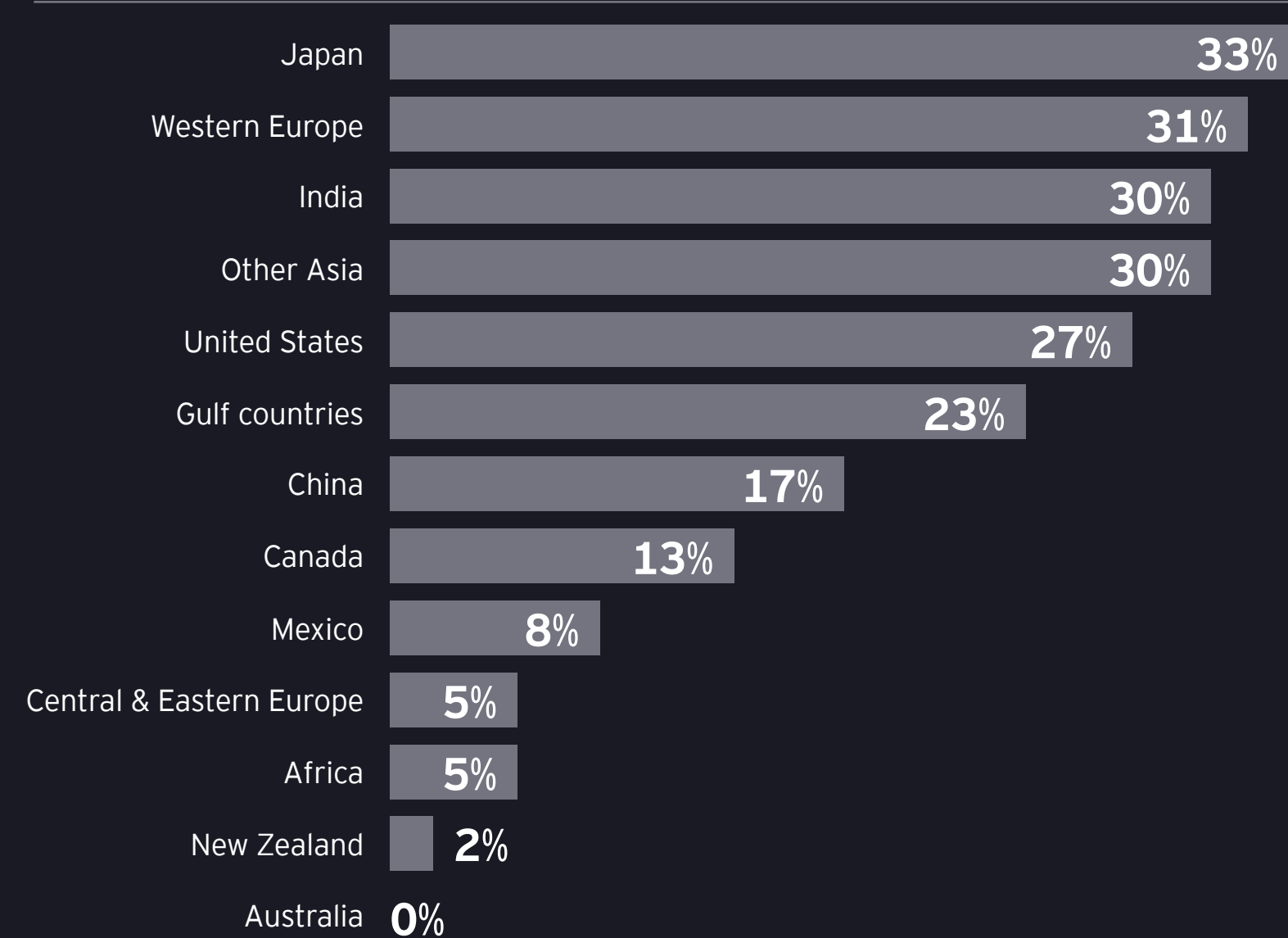
Source: EY ANZ Attractiveness Survey, 2026.

**Japan** emerged as the leading destination for redirected investment capital, identified by 33% of respondents. The national government is deploying significant state subsidies in key areas such as semiconductors, energy transition technologies and digital infrastructure. Combined with political stability, advanced manufacturing capability, trusted supply chains, a weak yen and low interest rate environment, these settings are strengthening Japan’s attractiveness for global capital.

**Western Europe** followed closely at 31%. While parts of Europe continue to face weak economic growth and industrial pressure, the region is simultaneously repositioning itself around strategic sectors tied to sovereignty, resilience and decarbonisation. Industrial policy support, energy transition funding and large-scale investment incentives are reshaping parts of the investment landscape, particularly in advanced manufacturing, defence, AI and clean energy.

**India** and other parts of **Asia** reflect the search for scale, labour capability and growing domestic markets. India’s appeal is partly competitive operating costs and tax incentives, but also its manufacturing capability, major infrastructure pipeline, digital growth and large consumer economy.

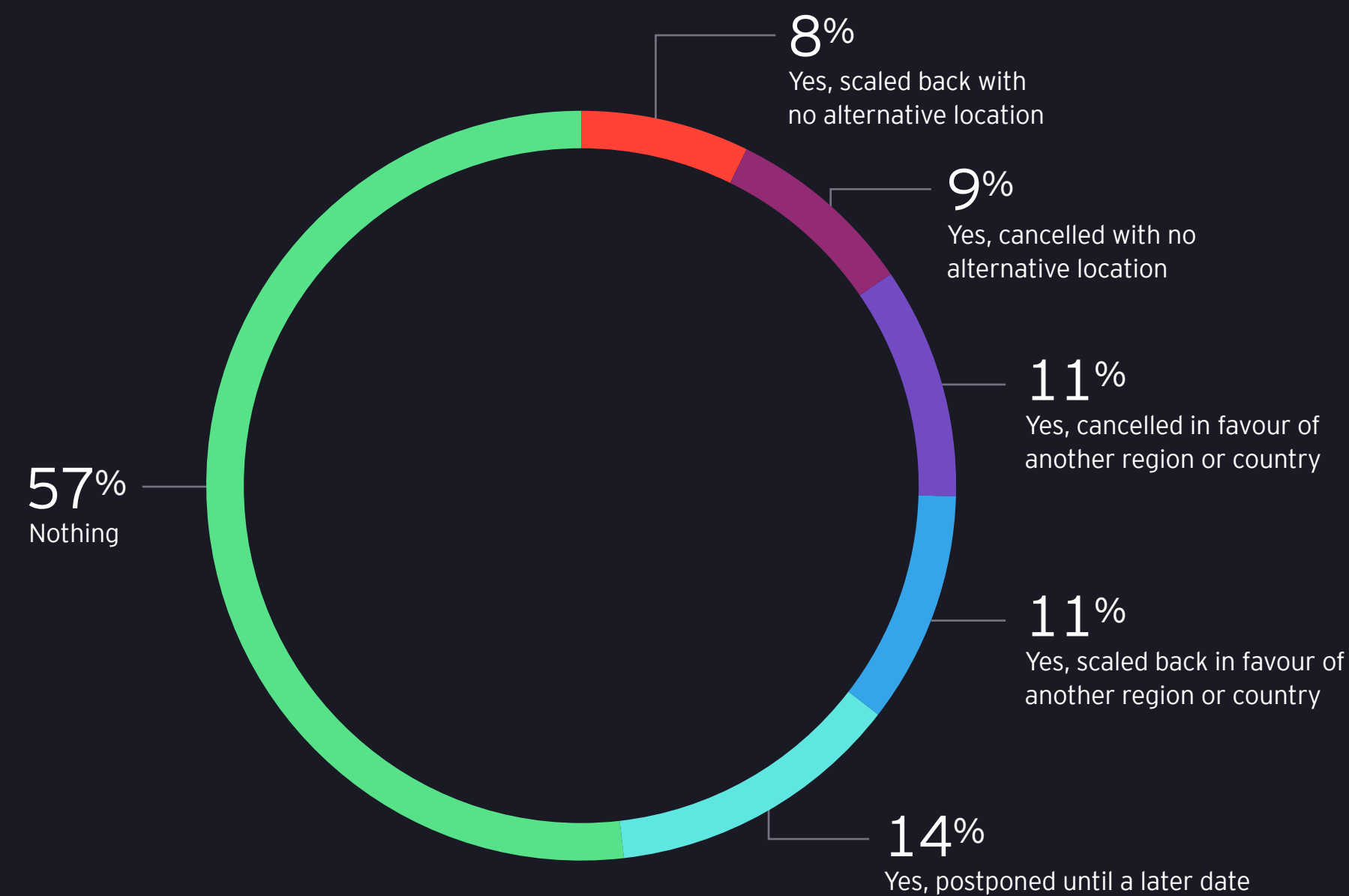
**Exhibit 14: Preferred destination for redirected investment plans**



Source: EY ANZ Attractiveness Survey, 2026.

At the same time, the findings negate any suggestion of large-scale capital flight. While some respondents reported postponing, scaling back or redirecting investment in the last 12 months, most have not fundamentally changed course. A majority (57%) said they had made no adjustments at all.

**Exhibit 15: How investors have postponed, scaled back or cancelled investment plans over the past 12 months**



Source: EY ANZ Attractiveness Survey, 2026.

Our findings point to a more sophisticated form of competition between jurisdictions. Investors are looking for favourable ecosystems rather than simply destinations.

# Investment intentions in a more volatile world

## What investors intend to do next

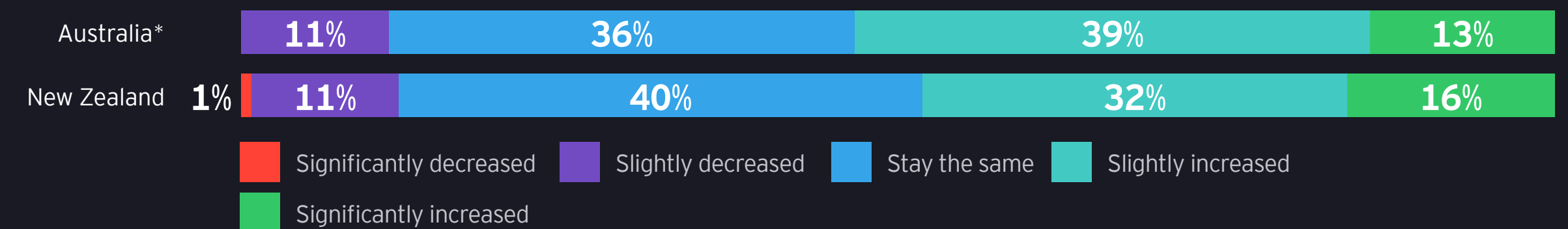
In the Department of Foreign Affairs and Trade's 2025 snapshot, Australian Foreign Minister Penny Wong observes that "we live in a world of increasing strategic surprise - ever more uncertain and unpredictable."<sup>7</sup>

Across the Tasman, New Zealand Prime Minister Christopher Luxon struck a similarly sober note in his 2026 pre-Budget speech, warning that New Zealand could no longer rely on geographic isolation as a form of protection: "Geography gives us time, but it doesn't give us immunity."<sup>8</sup>

Geopolitical tension was identified as the factor most likely to affect Australia and New Zealand's attractiveness over the next three years, nominated by 30% of respondents. This was closely followed by macroeconomic conditions at 29%.

Despite this, our survey finds 52% of investors expect Australia's investment attractiveness to increase over the next three years, with 48% having the same expectations for New Zealand. In fact, Australia ranks second and New Zealand third from five countries and regions most likely to increase in attractiveness over the next three years, behind only the United States.

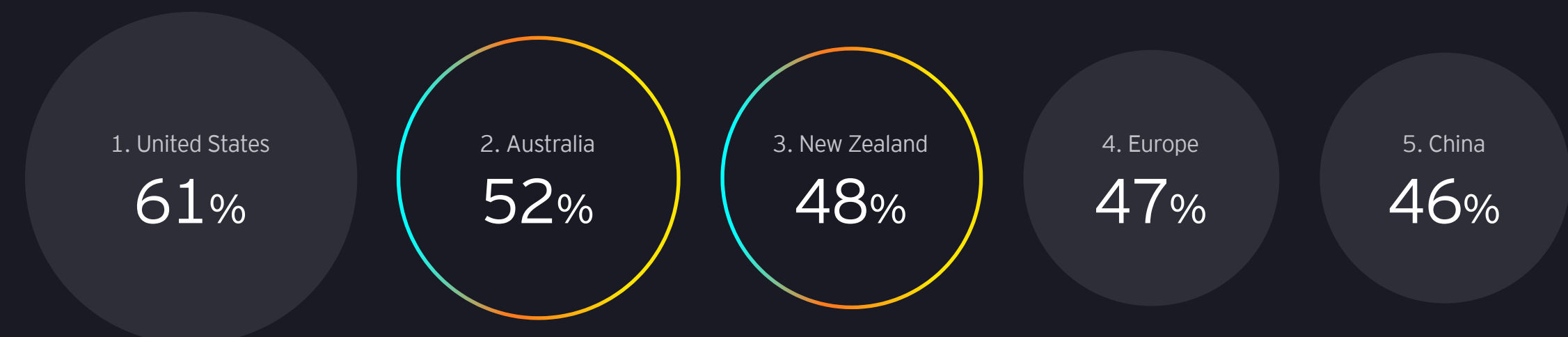
## Exhibit 16: Expected change in attractiveness over the next 3 years



Source: EY ANZ Attractiveness Survey, 2026.

\* Does not equal 100% due to rounding.

## Exhibit 17: Countries most likely to increase in attractiveness over the next 3 years



Source: EY ANZ Attractiveness Survey, 2026.

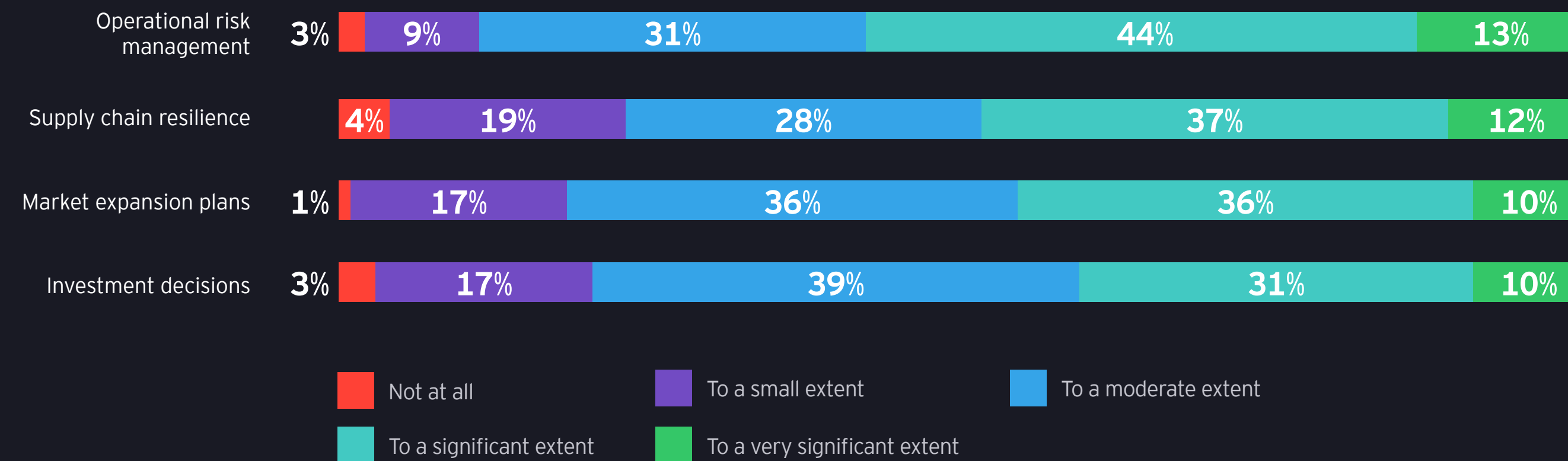
Geopolitical tensions are influencing investment decisions around the world. The EY 2026 European Attractiveness Survey found 41% of investors into Europe were concerned about geopolitical instability, which was ahead of macroeconomic volatility (35%).

Almost all respondents (97%) to the Australia and New Zealand survey said geopolitical or economic volatility had influenced their investment decisions to some extent. But investors also indicated they were more focused on operational models, supply chain strategies and risk management frameworks. This suggests something more nuanced than simple investor risk aversion. Geopolitical disruption is being treated not as a temporary external shock, but as business as usual.

While geopolitical risks are the biggest threat to our competitiveness, the next tier of risks for our region is largely self-inflicted or domestically manageable: over-regulation, labour availability, tax settings and innovation pace. Investors are effectively saying: if you cannot control the world, at least make your own market easier to invest in.

European investors were significantly more focused on tariffs and trade barriers (a concern for 27% of European respondents), reflecting the continent’s heightened exposure to industrial policy fragmentation and shifting trade relationships with the United States. Tariffs ranked lower for Australia and New Zealand despite both economies being highly trade exposed, a likely reflection of our stronger trade integration with China and broader Asia-Pacific markets.

**Exhibit 18: Extent of business changes driven by geopolitical and economic uncertainty**



Source: EY ANZ Attractiveness Survey, 2026.

**Exhibit 19: Main risks affecting Australia and New Zealand’s attractiveness over the next 3 years**



Source: EY ANZ Attractiveness Survey, 2026.

Investors have five clear priorities for Australia and New Zealand to maintain their international appeal. These are practical reforms that would improve capability, productivity and project execution. Infrastructure, digital competitiveness, regulatory coordination and support for strategic industries all ranked alongside tax reduction and simplification, reinforcing the theme that investors are looking for favourable ecosystems, not just favourable projects.

**Top 5 priorities to remain competitive**



Source: EY ANZ Attractiveness Survey, 2026.



# The capabilities investors are backing

## Opportunities that will shape the next decade

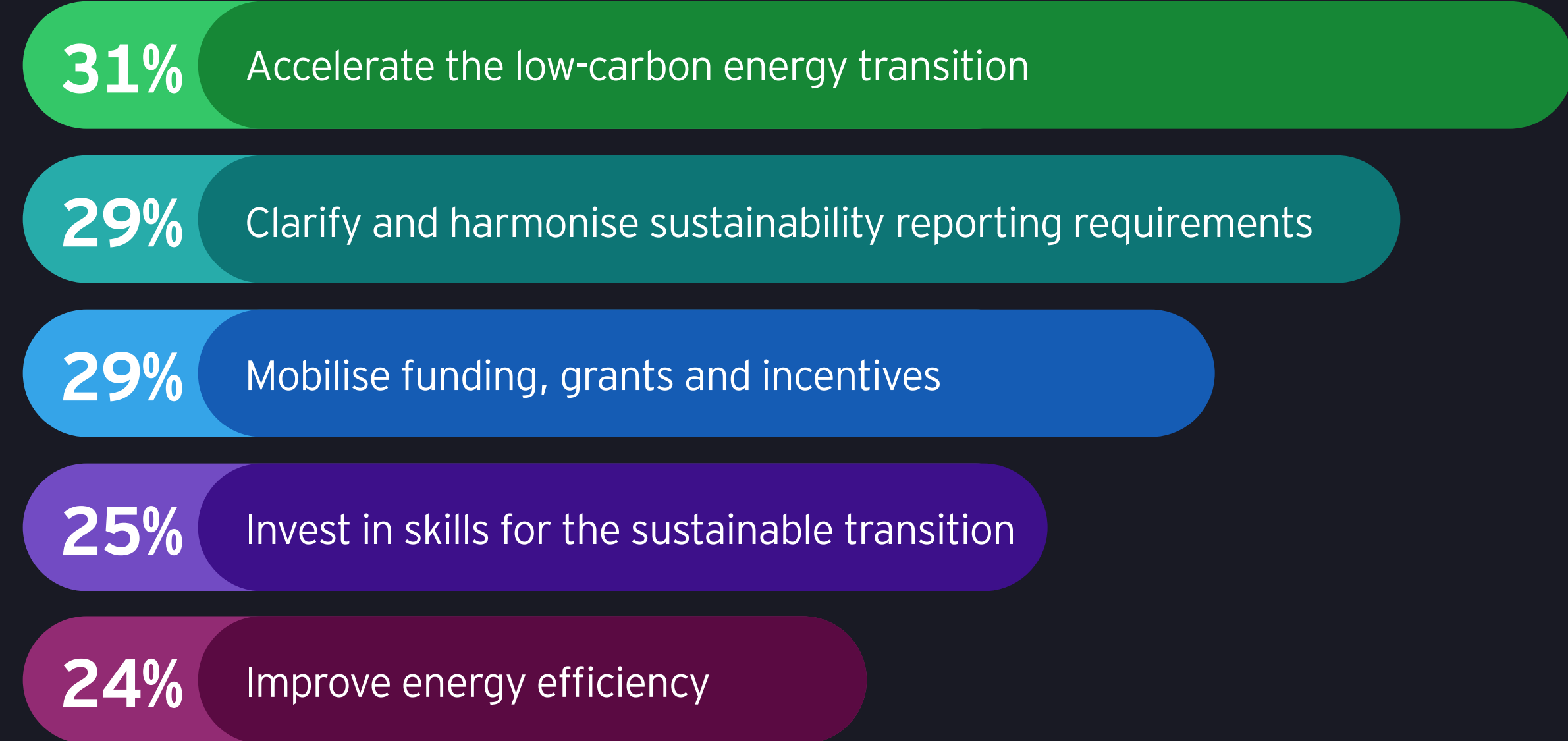
To better understand where Australia and New Zealand should direct focus, we explored the specific factors investors believe will have the greatest influence on long-term attractiveness. The following sections unpack insights across key areas including sustainability, innovation and R&D, AI and the digital economy, workforce capability, regulation and tax competitiveness.

## | Sustainability

The policy approach to climate change and sustainability, and the availability of green or low-carbon energy, were among the strongest competitive advantages for both Australia and New Zealand, ranking third and fourth respectively among perceived advantages over other investment destinations.

Both countries have structural renewable energy advantages. Renewables accounted for over 40% of Australia's electricity grid in early 2026. A range of programs, including the Capacity Investment Scheme, are designed to attract private capital into renewable generation and storage projects by reducing revenue risk through long-term underwriting agreements.<sup>9</sup> In New Zealand, 88% of electricity already comes from renewable sources, and the country is the world's fifth-largest producer of geothermal energy.

## Top 5 sustainability priorities



Source: EY ANZ Attractiveness Survey, 2026.

However, both countries face growing pressure to convert structural renewable energy advantages into faster project delivery and long-term industrial competitiveness. Grid constraints, planning complexity, transmission bottlenecks and workforce shortages risk slowing deployment as global competition for clean energy capital intensifies.

## Innovation, research and development

The level of innovation and R&D ranked as the third most significant competitive disadvantage for Australia and New Zealand relative to other investment destinations.

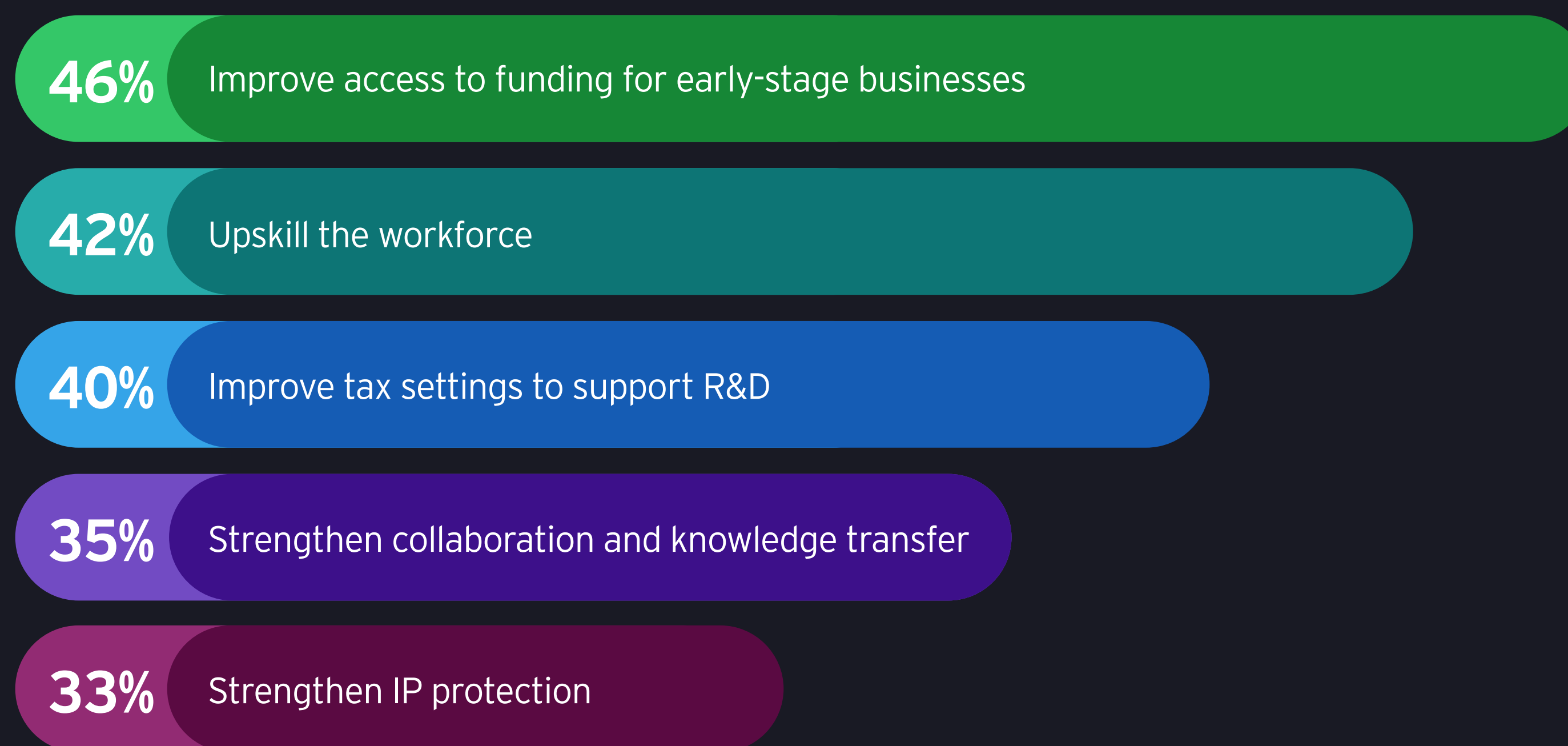
Investors identified access to capital, workforce capability and commercialisation as key barriers. The message? Both markets need stronger systems to help scale up innovation.

Changes announced in Australia’s May 2026 Federal Budget reshape Australia’s R&D Tax Incentive by increasing support for core R&D activities, lowering intensity thresholds and limiting refundability of offsets to companies less than 10 years old. While these reforms are intended to better target innovation incentives, some scale-ups and established R&D-intensive businesses like biotechnology and advanced manufacturing, may face reduced access to refundable support where their business models rely on long development or commercialisation horizons to build scale.

The priorities identified by survey respondents also suggest innovation competitiveness depends on access to global expertise, networks and commercial relationships, as much as access to capital.

Changes to New Zealand’s Active Investor Plus visa, introduced in April 2025, were designed to attract capital investment, with recipients required to invest either NZ\$5 million or NZ\$10 million over three or five years respectively.<sup>10</sup> While capital is important, participants have also highlighted the value of the international networks, market access and commercial relationships these investors can bring into local innovation and business ecosystems.

### Top 5 innovation and R&D priorities



Source: EY ANZ Attractiveness Survey, 2026.

## Artificial intelligence and digital economy

As AI infrastructure emerges as a new frontier for global capital, data centre investment could scale to AU\$100 billion in Australia over the next decade, and around NZ\$10 billion in New Zealand.<sup>11</sup>

Both governments are moving to strengthen national AI capability, digital infrastructure and governance settings. New Zealand released its first National AI Strategy in July 2025; Australia’s National AI Plan followed in December 2025.<sup>12</sup>

The Australian Government-funded Future Skills Organisation forecasts a shortfall of more than 61,000 digital jobs by 2030.<sup>13</sup> Microsoft, for example, has committed AU\$25 billion to AI infrastructure, security and skills in Australia, with a pledge to help three million Australians build workforce-ready AI skills by the end of 2028. In New Zealand, Microsoft has promised to upskill 300,000 people by the end of 2028.<sup>14</sup> These are signals of private sector willingness to co-invest where government provides scaffolding.

AI-related business investment in Australia has increased rapidly. Annual growth in business investment accelerated to 10.5% in the March quarter of 2026, a rapid improvement from a fall of 0.2% a year ago, driven by investment in data centres in New South Wales and Victoria. Computer software investment continues to pick up, recording annual growth of 8.3% in the March quarter. In New Zealand, business investment increased by 3% in the year to the March quarter.<sup>15</sup> Meanwhile computer software investment increased by 8.4% in 2025.

### Top 5 AI priorities



Source: EY ANZ Attractiveness Survey, 2026.

Investor priorities suggest future competitiveness in AI will depend not only on digital capability, but also on the ability to deliver reliable energy, infrastructure and regulatory certainty at scale.

With climate policy settings and access to green or low-carbon energy already ranked among the strongest competitive advantages, both markets are well positioned to compete for lower-carbon, energy-intensive AI investment.

## Labour market and workforce

Labour market participation is high in both economies, with participation rates of 66.7% in both Australia and New Zealand, while unemployment is relatively low at 4.4% and 5.3%, respectively.<sup>16</sup> Yet skills shortages persist in priority sectors, labour mobility is uneven and sluggish productivity growth undermines the region's competitiveness.

The findings suggest investors are less focused on accessing cheap labour and more focused on securing adaptable, highly skilled and productive workforces capable of supporting technology-intensive and infrastructure-heavy industries.

While workforce quality was noted as a comparative strength by 21% of investor respondents, labour costs (30%) and skills availability (20%) were simultaneously identified as significant investment constraints.

Investors are clear on the response: increase the supply of skills in critical sectors, improve talent mobility and lift workforce productivity.

### Top 5 workforce priorities



Source: EY ANZ Attractiveness Survey, 2026.

## Regulation and red tape

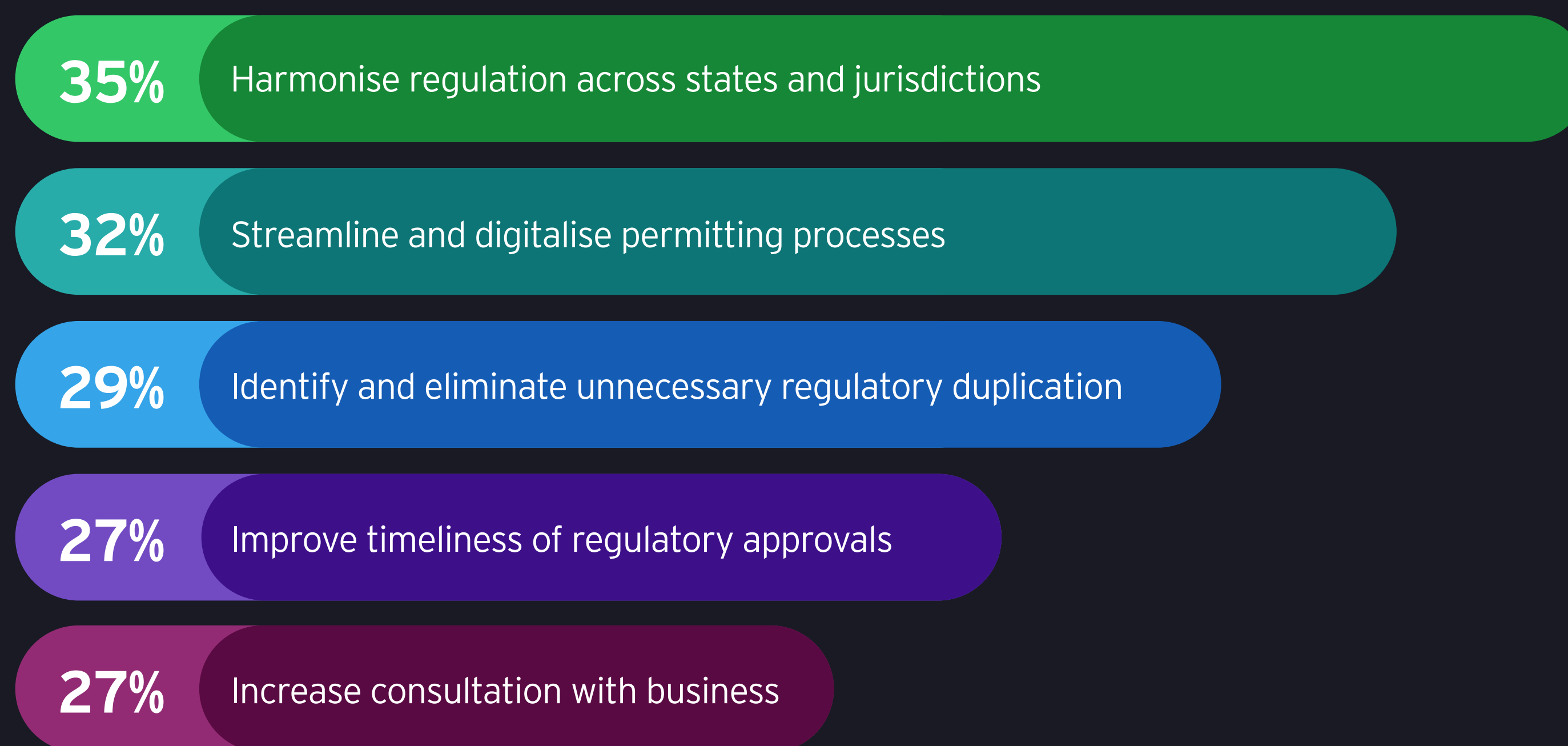
Investors say regulation and complexity are major competitive disadvantages for both Australia and New Zealand. But they are not calling for weaker standards. They are calling for systems that are streamlined, digitised and simple to navigate – and the easiest way to do this is to harmonise regulation across state, territory and local government lines.

Australia has three layers of government: federal, state and local, of which there are 537 local councils.<sup>17</sup> Together, these overlapping systems can make Australia harder to navigate, slower to scale and more administratively complex than competing investment destinations.

Meanwhile, the New Zealand government established the Ministry for Regulation in 2023 to improve the quality and efficiency of the country’s regulatory system. It oversees the development, review and reform of regulations to reduce unnecessary compliance burdens.<sup>18</sup>

Our survey findings reinforce the urgency of this task, with approval certainty, speed and administrative simplicity increasingly shaping investment decisions, particularly for infrastructure, energy transition and technology-intensive projects.

### Top 5 regulatory priorities



Source: EY ANZ Attractiveness Survey, 2026.

## | Tax competitiveness

Australia and New Zealand operate with comparatively high corporate tax settings relative to many competing investment destinations. Australia's 30% corporate tax rate and New Zealand's 28% rate are among the highest in the OECD, and well above the average of 21.1%.<sup>19</sup>

Tax competitiveness influences long-term investment attractiveness. Investors consistently prioritised predictability and certainty ahead of lower tax rates alone.

The survey findings suggest investors are seeking tax systems that are stable, easier to navigate and better aligned with long-term opportunities. Targeted incentives for innovation and R&D, simpler cross-border taxation arrangements and reduced compliance complexity are major priorities for improving competitiveness.

Recent changes to capital gains tax outlined in the May 2026 Federal Budget sit uneasily alongside the recommendations outlined in the Denholm Report, *Ambitious Australia: Strategic Examination of Research and Development*, which called for policy settings that better support innovation, entrepreneurship and commercialisation.<sup>20</sup>

### Top 5 tax priorities



Source: EY ANZ Attractiveness Survey, 2026.

## Faster lanes for capital



**Bran Black**

Chief Executive  
Officer, Business  
Council of Australia

Foreign investment rules should be streamlined so low-risk, non-sensitive investments are fast-tracked, scrutiny is concentrated on genuinely higher-risk transactions, and approval delays and compliance costs are reduced.

Foreign investment application fees should be put on a cost-recovery basis rather than used for general revenue raising. New Zealand has recently acted to reduce compliance costs and speed up decision-making around its foreign investment screening regime.

Australia also needs a broader competitiveness reset. Key to this is a 25% reduction in regulatory costs by 2030 - similar to that adopted by the United Kingdom and the European Union. This means less duplication across governments, stronger central oversight of regulation, and sharper cost-benefit discipline.

More competitive business tax settings are also key, through measures such as an investment allowance, immediate expensing and improvements to the R&D Tax Incentive. Underpinning all of this is the need for predictable, evidence-based policy, and a continued commitment to strong institutions and the rule of law.

# Strategic priorities for government action

The findings from the EY Australia and New Zealand Foreign Direct Investment Attractiveness Survey point to a clear shift in how investors assess competitiveness. Investors are increasingly focused on practical conditions that enable industries to scale: infrastructure, workforce capability, regulatory clarity and investment certainty.

While governments cannot directly control investor perceptions of geopolitical uncertainty, they can influence the conditions that shape investor confidence, business resilience and long-term economic attractiveness.

Based on the survey findings and broader investment trends, we have identified three strategic priorities for governments and policymakers to consider:

- 1 Innovation, AI and the digital economy
- 2 Workforce, mobility and productivity
- 3 Tax competitiveness and investment certainty

These priorities reflect areas where governments can act now and where the long-term economic payoff is likely to be greatest.



## | Innovation, AI and the digital economy

### What investors say now

- **46%** of investors said improving technology infrastructure should be the top priority for Australia and New Zealand to strengthen attractiveness for AI investment and innovation.
- **42%** of investors said the region's approach to AI had increased its attractiveness over the past 3 years, compared with **26%** who said the opposite.
- The **#3** disadvantage identified by investors is the level of innovation and R&D, reinforcing concerns that the region is missing commercialisation, scale or frontier capability.

### What will move the dial

Pre-zoned, investment-ready data centre precincts represent one of the highest-leverage economic opportunities available to Australia and New Zealand.

Both countries already hold the structural advantages: stable democratic institutions; transparent legislation; access to abundant renewable energy and land; and direct submarine cable access to Asia, the Americas and the Pacific. The trans-Australia New Zealand connection further reduces risk for infrastructure-ready investors.

To convert these advantages into committed foreign direct investment, governments can:

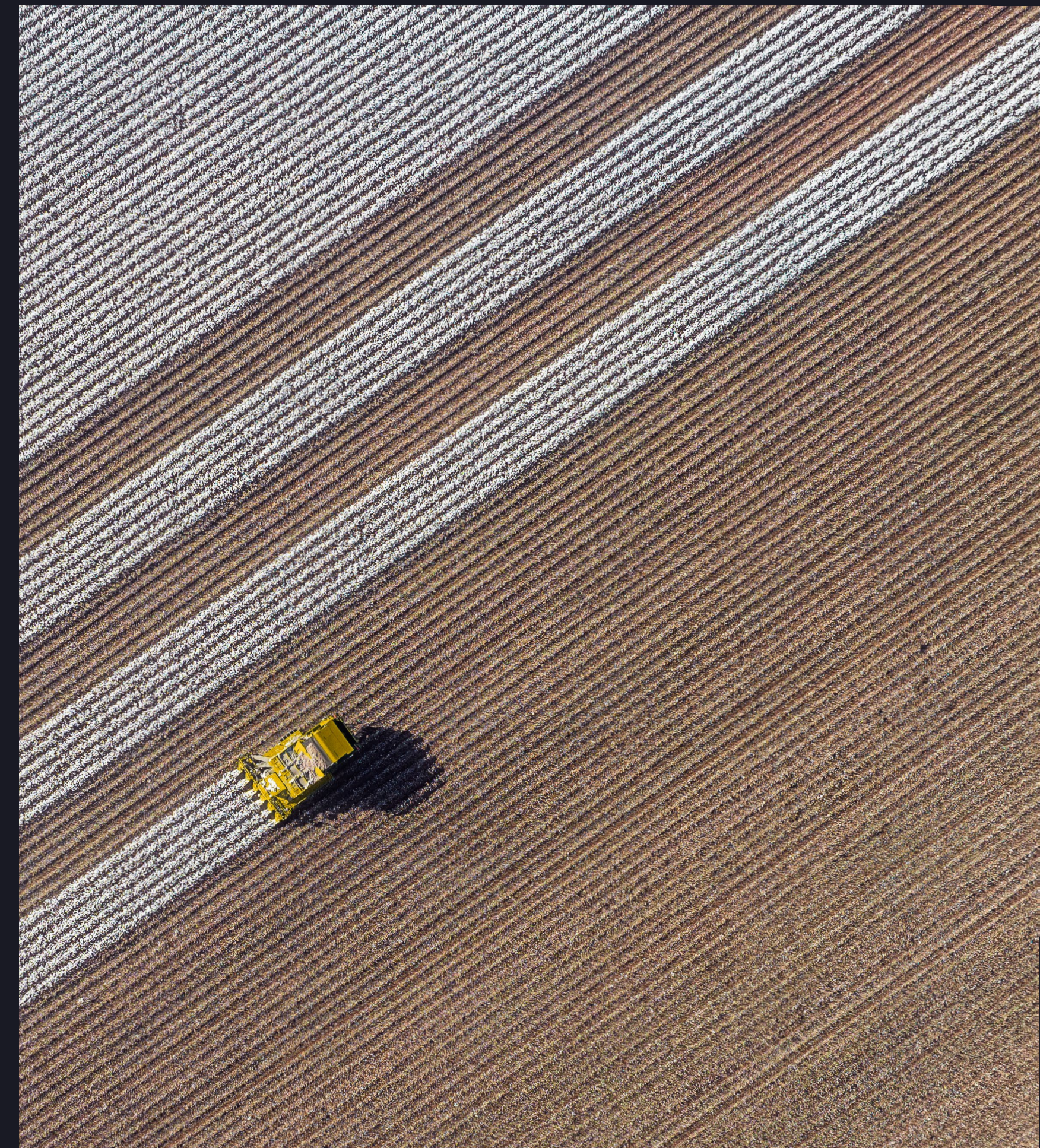
- Designate precinct locations now, before the market designates them by default, with the Pilbara in Western Australia, central Queensland, and New Zealand's Southland or Mackenzie Basin credible candidates anchored in renewable capacity and grid headroom.
- Prioritise building key infrastructure including transmission, water and fibre cables, before tenants are contracted.
- Revise approval frameworks and incentivise renewable generation, water reuse, community benefit sharing and clear efficiency thresholds in exchange for accelerated approval.
- Create a clear model that gives one authority the mandate to negotiate directly with foreign investors, learning from the Singapore Economic Development Board and the Johor-Singapore SEZ framework.

### The economic opportunity

International pre-zoned examples in Sweden's Luleå cluster, Finland's Espoo region, Iceland's Reykjanes geothermal hub and Singapore's post-2022 re-launch show durable economic success is achievable.

Major global technology operators have committed almost US\$27 billion to Singapore's digital infrastructure market, signalling strong long-term confidence in the region's role as an AI and data centre hub.<sup>21</sup>

Singapore's digital economy, anchored in part by its data centre sector, contributed S\$128.1 billion in value added to GDP in 2024, 18.6% of the national total, and supported a 214,000-strong tech workforce.<sup>22</sup>



## | Workforce, mobility and productivity

### What investors say now

- **#1** disadvantage of Australia and New Zealand over other destinations was labour and other costs, cited by 30% of investors surveyed.
- **30%** who redirected capital to other markets did so because of better access to technology or skilled labour.
- **35%** of investors said increasing talent mobility was a priority to improve both markets.

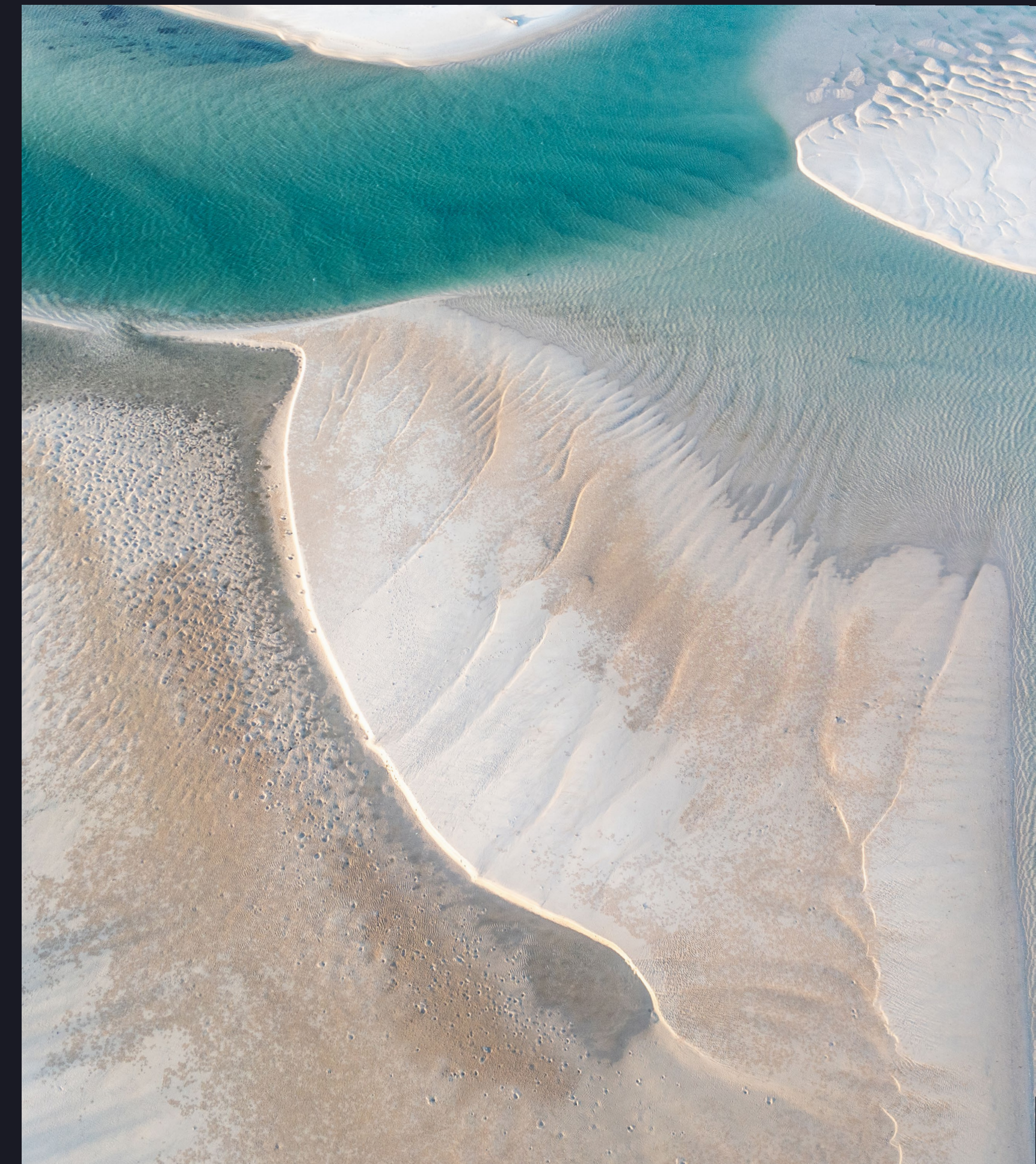
### What will move the dial

Building workforce capability requires a mix of long-term domestic skills investment and more dynamic short-term talent attraction.

Australia and New Zealand can strengthen workforce readiness by building applied, AI-enabled pathways across priority sectors, combining tertiary and vocational education with short-form certification and employer-led graduate programs.

Capability development at scale cannot happen overnight. Migration is a short-term lever that can address immediate shortages in strategically important sectors. More targeted and responsive migration pathways, include fast-track arrangements for specialised talent and trusted employers.

International examples such as the United Kingdom's Global Talent visa illustrate how migration settings can be used more strategically to attract highly skilled workers in areas including AI, cyber security and fintech.<sup>23</sup> Around 13,000 people were granted such visas in the three years to 2025.<sup>24</sup> These highly skilled migrants contribute broader productivity benefits by transferring expertise, strengthening on-the-ground capability and accelerating the diffusion of skills across teams and industries.



## Tax competitiveness and investment certainty

### What investors say now

- **#1** measure to improve tax competitiveness is to increase tax predictability and certainty.
- **19%** of investors say lack of stable, predictable and competitive tax settings is a leading risk to Australia and New Zealand's future attractiveness.
- **20%** of investors said reducing and simplifying taxation should be a priority to maintain international competitiveness.

### What will move the dial

Capital goes where it is treated best. Investors assess predictability, administrability and strategic direction of tax systems when allocating long-term capital. Stable settings, clear guidance and confidence that rules will not shift retrospectively are important for all investment decisions, but especially in capital-intensive and technology-driven sectors.

Strategic priorities for Australia and New Zealand to consider include:

- **Increase tax predictability and certainty:** Investors need confidence to plan 5-to-10 years in advance. Governments can strengthen investment attractiveness by avoiding retrospective legislation, providing clearer safe harbour provisions and improving access to timely advance rulings and tax clearances. This reduces administrative burden, encourages long-term investment and builds trust in the system.
- **Introduce incentives for strategic industries and technologies:** Governments globally are using targeted tax settings to attract investment in nationally significant sectors including AI infrastructure, advanced manufacturing, clean energy and digital services. India, the third most popular destination for redirected capital in EY's survey, recently announced tax exemptions until 2047 for cloud and AI-related data centre investment.<sup>25</sup> Similar approaches could help Australia and New Zealand compete more effectively for mobile global investment.
- **Reduce tax complexity and compliance burden:** Simplify and streamline tax reporting obligations, reduce duplication and modernise administrative processes to lower compliance costs and improve investment certainty. More coordinated and efficient tax administration could improve confidence and reduce friction for investors operating across borders.

### The economic opportunity

Targeted tax incentives can generate broader economic benefits by attracting investment, lifting productivity and strengthening high-value industries over time.

EY-Parthenon modelling suggests lowering the corporate tax rate in Australia for advanced manufacturing to 15% could:

- increase GDP by an average of AU\$1.1 billion per year by 2040
- generate an additional AU\$1.6 billion in annual investment

A more ambitious 5% tax rate could:

- increase GDP by an average of AU\$1.7 billion per year by 2040
- generate an additional AU\$2.8 billion in annual investment

While such reforms would involve short-term fiscal costs, broader tax reform and stronger long-term productivity growth could help offset these impacts over time.

# 6

## Conclusion

This report offers more than a snapshot of investor sentiment. It provides insight into how global investors assess long-term competitiveness and investment readiness in a rapidly changing world.

Australia and New Zealand have been prosperous, safe and stable places to invest, but must do more to continue to attract capital. Investors are increasingly rewarding economies that are agile, build capability and adapt to change.

Future competitiveness will depend on how effectively Australia and New Zealand translate strengths into capability, productivity and growth. The collective challenge is to create the conditions that allow investment to succeed once it arrives.

# 7 Methodology

## About the EY Attractiveness program

EY Attractiveness surveys are designed to examine the attractiveness of a particular region or country as an investment destination and to help businesses make investment decisions, and governments remove barriers to growth.

A two-step methodology analyses both the reality and perception of foreign direct investment (FDI) in the country or region. Findings are based on the views of representative panels of international and local opinion leaders and decision-makers. The program has a 25-year legacy and has produced in-depth studies for Europe, a large number of European countries, Africa, the Mediterranean region, India, Japan, South America, Turkey and Kazakhstan.

Visit [ey.com/attractiveness](https://ey.com/attractiveness) for insights on how regions and countries benchmark their investment attractiveness.

## Foreign direct investment data

The FDI data is sourced from fDi Markets and tracks announced, inward greenfields FDI data, including new and expansion projects for Australia and New Zealand. This is 'physical' investment that has created new facilities and jobs, and excludes portfolio investment and mergers and acquisitions. These data are collected from public sources such as company websites, stock market announcements, journals and government agencies. The database includes project-level data that include actual and estimated capital expenditure, jobs created and company information.

## EY Attractiveness Survey

We explored Australia and New Zealand's perceived attractiveness via an anonymous online survey of international decision-makers. We define the attractiveness of a location as a combination of image, investor confidence and the perception of a country's or area's ability to provide the most competitive benefits from FDI.

The field research was conducted by FT Longitude between March and April 2026, based on a representative panel of 300 senior corporate executives (C-suite or C-1 roles). Totals may not equal 100% due to rounding. For questions allowing multiple responses, totals may exceed 100% as respondents could select more than one answer.

The survey panel's demographics were determined by the most recently available FDI data (2023-2025). The research sought a representative sample of investors into the region, by geography, industry and company size.

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# Endnotes

<sup>1</sup> Foreign direct investment data is announced, inward greenfields projects for Australia and New Zealand and is 'physical' investment that results in the creation of facilities and jobs, and excludes portfolio investments, or mergers and acquisitions. This data is sourced from fDi Markets.

<sup>2</sup> Totals may not equal 100% due to rounding. For questions allowing multiple responses, totals may exceed 100% as respondents could select more than one answer.

<sup>3</sup> OECD, 2024.

<sup>4</sup> Austrade, 2024.

<sup>5</sup> Treasury, May 2026.

<sup>6</sup> New Zealand Invest, 2026.

<sup>7</sup> DFAT, 2025.

<sup>8</sup> Luxon, 2026.

<sup>9</sup> DCCEEW, 2026.

<sup>10</sup> NZ Immigration, 2025.

<sup>11</sup> EY, 2026; NZTech, 2025.

<sup>12</sup> MBIE, 2025; DISR, 2025.

<sup>13</sup> Future Skills Organisation, 2025.

<sup>14</sup> Microsoft, 2024.

<sup>15</sup> ABS, 2026; Stats NZ, 2026; IBIS World, 2025.

<sup>16</sup> ABS, 2026; Stats NZ, 2026.

<sup>17</sup> ALGA, 2026.

<sup>18</sup> NZ Ministry of Regulation, 2026.

<sup>19</sup> ATO 2026; Inland Revenue, 2026.

<sup>20</sup> DISR, March 2026.

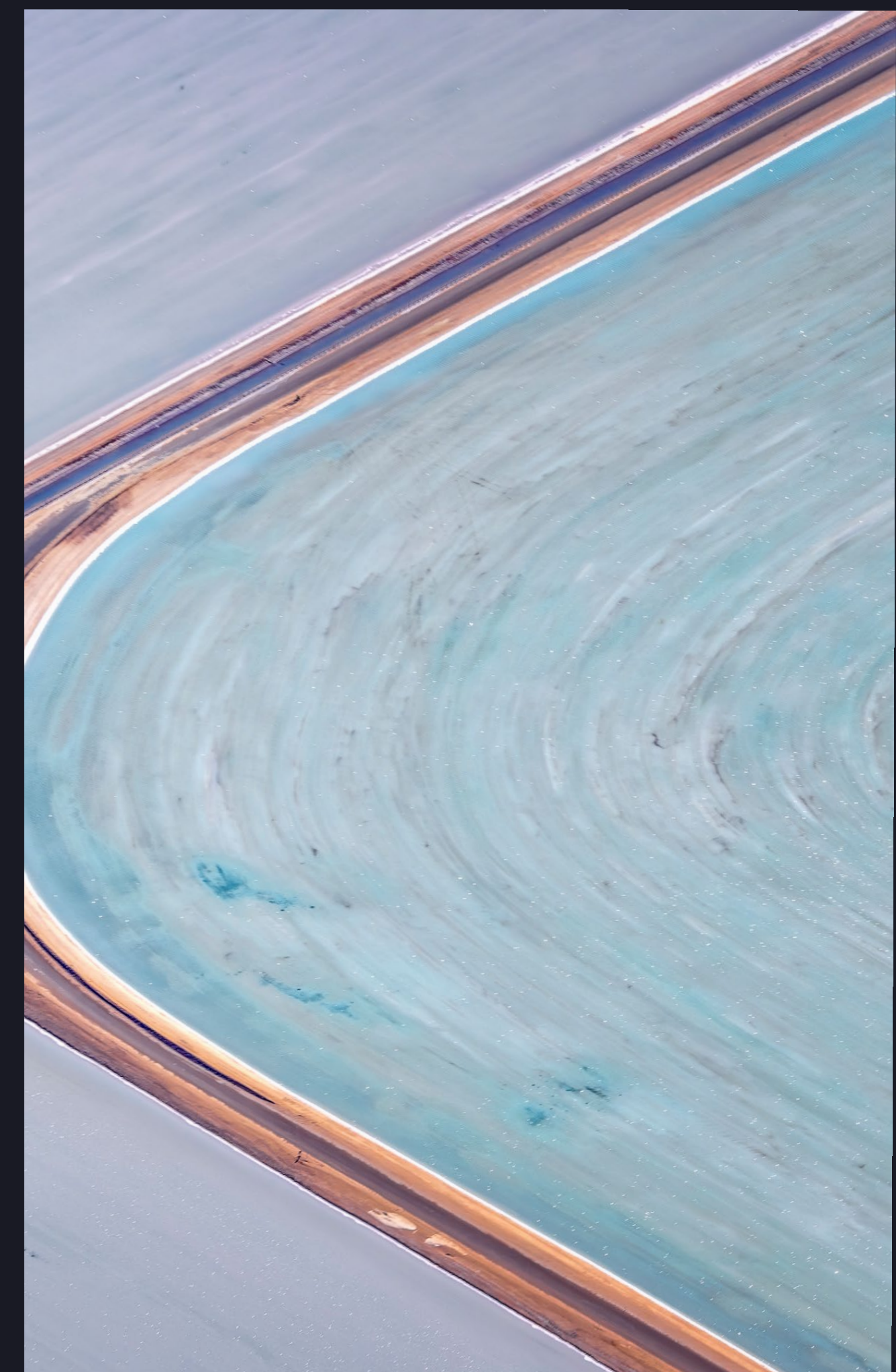
<sup>21</sup> AWS, 2024; Microsoft, 1 April 2026; Equinix, 2022; GDS International, 2024.

<sup>22</sup> Infocomm, 2025.

<sup>23</sup> UK Government, 2026.

<sup>24</sup> Financial Times, February 2026.

<sup>25</sup> Government of India, 2026.



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