EY UK Attractiveness Survey

June 2025

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Contents

Foreword

We are delighted to introduce the EY UK Attractiveness Survey 2025, our latest annual research report exploring the performance and perceptions of the UK as a destination for foreign direct investment (FDI).

It's now over two decades since EY first published this study. During that time, it has become an indispensable reference point for business leaders, investors and policymakers seeking to understand the drivers of inward investment and the UK's relative performance in a constantly changing landscape.

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FDI's pivotal role in driving UK growth

We're publishing this year's report at a time when FDI has never been more important to the UK. A year into its term, the new government is continuing to pursue the growth agenda that it was elected to deliver. However, as it has stressed all along, any expectations of quick results were always unrealistic. With the lead-time for FDI taking at least two to three years from idea to operation, it remains too early to judge the success of the latest dash for growth.

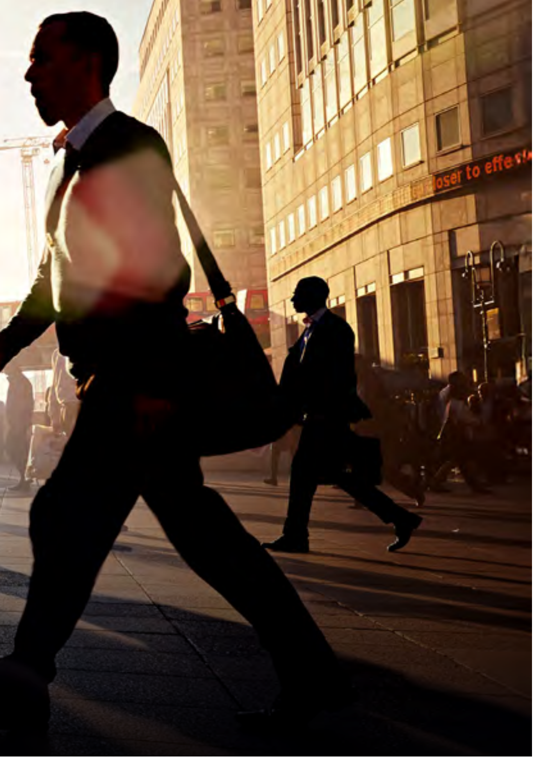
However, what is clear is that FDI will play a pivotal role if the government's growth and productivity goals are to be achieved. And, as this report shows, it's been a challenging year for investment into Europe and the UK, reflecting the difficult economic environment. In fact, it's a period in which the relative success and growth trajectory of the US and the rest of the world in comparison with Europe have created the very real risk of Europe (the UK included) being left behind and slipping down the global economic pecking order.

This is the context behind the modest 5% decline in FDI projects secured across Europe in 2024, and the slightly sharper fall in projects into the UK to their lowest level in the past decade. What's more, the headwinds won't ease off any time soon: negative factors like uncertainty over tariffs and the various conflicts playing out around the world are not going away.

Grounds for optimism

However, it's not all bad news for the UK. Despite the decline in projects secured in 2024, the UK still ranks second in Europe, behind France, in terms of the number of projects, first in jobs created through FDI and first in new projects (for the fifth consecutive year). It also leads Europe in project flows in key sectors such as digital technology, financial services and professional services — all areas of traditional strength for the UK.

Additionally, the UK has a much more international investor set than rest of Europe: for example, India ranks second among the UK's project origins in 2024, but not even in the top ten for investors



Despite the decline in projects secured in 2024, the UK still ranks second in Europe, behind France, in terms of the number of projects, first in jobs created through FDI and first in new projects (for the fifth consecutive year).

into Europe as a whole, demonstrating the importance and relevance of the UK's recent trade deal with India. Other bright spots include the strong regional FDI performance from locations such as Scotland and the North West, even as London struggled, highlighting the diversity, strength and depth of the UK's offer to investors.

Our 2025 survey of international investors' perceptions provides further grounds for guarded optimism. Sixty-two per cent say they're planning to establish or expand operations in the UK over the next year, only marginally down from the record high of 69% in 2024. And investors cite software and IT services, business services, and financial services as key drivers of UK growth going forward, underscoring the continued importance of these sectors to the UK economy.

Focusing on the drivers of FDI ...

A company typically chooses to make a foreign investment to take advantage of a market opportunity, access key capabilities or skills, or to achieve some operational efficiencies. In our view, the UK should set policy through these different lenses, focusing closely on these drivers and their role in creating an attractive, modern FDI offer.

To date, a key priority for the UK Government — quite rightly — has been resetting international perceptions of the UK as a place to do business following several years of domestic political and economic instability.

To win the battle for FDI in the face of fierce global competition, the UK must be seen as pragmatic, politically stable and a safe haven in an uncertain and shifting world. Hence, the focus on fiscal sustainability and reaching out to business to provide great certainty on the direction of travel — efforts that have prompted some positive noises from international investors in recent months.

... to create an offer that blends returns, efficiencies and capability

Stronger international perceptions provide a solid platform from which to focus on the drivers of FDI. First, market returns are intrinsically linked to the pace of economic growth. Revitalising the UK's growth after several years of struggle is the Government's domestic policy priority. With this in mind, it has announced several new infrastructure projects and is seeking to attract private capital from both domestic and international sources. These are welcome developments, as are the announcements regarding the reform of the planning system, which has long been a concern for investors in the UK. We still need to hear more on skills and industrial strategy, where the focus should be on prioritising areas of UK strength.

Second, efficiencies. The key question here is how government can make the inward investment process easier and reduce the costs of doing business. This means reviewing the tax system and regulations to lighten the burden that these impose. And while the challenging fiscal environment doesn't help, the reality is that it isn't just the level of regulation and tax that matters, but having certainty and a clear direction of travel. Therefore, it's vital to consider how regulations and taxation can positively support the industrial strategy. An essential step here is to act on alleviating the UK's sky-high energy prices: the longer-term path to renewables and nuclear is available, but near-term market reforms are urgently needed to bring energy costs down now.

Third, capability. This means creating the right ecosystem of innovative businesses to encourage investors to locate here. It's a goal that involves not only talent strategy, but also rethinking access to capital and financing to help companies scale up and become the larger employers of the future. When asked which factors are most important when choosing to invest in the UK, investors point first to the liquidity of financial markets and access to capital, so these are key.

No time to lose

By blending these three elements, the UK can create a winning offer for investors globally. But with competition for FDI continuing to intensify, there's no time to lose. The signs are that the current government understands the urgency. The challenge now is execution.

Executive

The UK's FDI performance in 2024

Lower projects and European market share

In 2024, the number of projects secured in the UK declined by 13.4% to 853, against the background of a 5.5% decrease across Europe, resulting in the UK's share of all European projects slipping to 15.8% from 17.3% in 2023.

Second in Europe on projects

The 853 projects secured in the UK in 2024 was the country's lowest tally in the past decade. However, it still ranked second in Europe after France, with 1,025, and ahead of Germany, which had 608. Of these three leading European FDI countries, the UK experienced the smallest year-on-year decline.

First in Europe on FDI employment

Employment announced by FDI projects secured by the UK in 2024 declined by 26.8% year-on-year to 38,196 jobs, the lowest total in four years. However, the UK remained Europe's leading recipient of employment from FDI in 2024.

First in Europe on new projects

The UK was Europe's leading recipient of new investment projects in 2024, with Germany second and France third. New projects into the UK declined by 27.4% to 535, while those into Germany decreased by 19.2% to 455, and those into France were down by 12% to 375.

Top five sectors

The five leading sectors for FDI into the UK in 2024 were:

- Software and IT services (161 projects)
- Business services and professional services (74 projects)
- Finance (73 projects)
- Transportation manufacturers and suppliers (75 projects)
- Machinery and equipment (71 projects)

Top origins of FDI

The US remained the leading origin of projects into the UK in 2024 with 202 projects, ahead of India in second place with 71, followed by France (50 projects), Germany (46 projects) and Ireland (41 projects). However, US-originated projects in the UK are in ongoing decline, having fallen in each of the past four years. The UK received more than 65% of all Indian inward investment into Europe.

Regional performance

London remained the UK's leading destination for FDI projects in 2024, despite its projects declining by 26.2% to 265. Scotland ranked second with 135 projects – a position it has held every year in the past decade. The West Midlands and North West England were joint third with 86 projects.

The UK's top FDI cities

After London, the UK's leading cities in securing UK investment projects in 2024 were:

1. Manchester – 44 projects
2. Glasgow – 27 projects
3= Birmingham – 24 projects
3= Edinburgh – 24 projects

summary

Investor perceptions in 2025

Overall attractiveness

Investors rate the UK as the third most attractive European country for FDI in 2025. The UK was cited by 24% of respondents, behind France on 35% and Germany on 26%.

Intention to invest

Sixty-two per cent of investors are planning to establish or expand operations in the UK over the next year, down from a record high of 69% in 2023.

Growth sectors

Investors continue to see software and IT services, business services and financial services as the sectors that will primarily drive the UK's growth in the coming years.

Future attractiveness

A net 53% of investors expect the UK to become more attractive to FDI over the next three years, against 61% saying the same about Europe as a whole.

An interim survey on sentiment since major US trade policy announcements indicates a general dampening of sentiment globally. Ten per cent fewer investors are planning to expand, and as few as 10% say the announcements have had no impact on their likelihood to invest as a result. The results of the flash survey indicate this is quite volatile by sector and has so far mostly affected the manufacturing sector. However, in terms of how investors feel about the strategic and policy direction, sentiment remains largely unchanged.

Factors influencing the choice of the UK

When considering investing in the UK, the three factors that investors rate as most important are:

- Liquidity of financial markets and access to capital
- The legal and regulatory environment
- The strength of the domestic market

Improving digital competitiveness

Asked what the UK should do to improve its digital competitiveness, the top three actions that investors call for are:

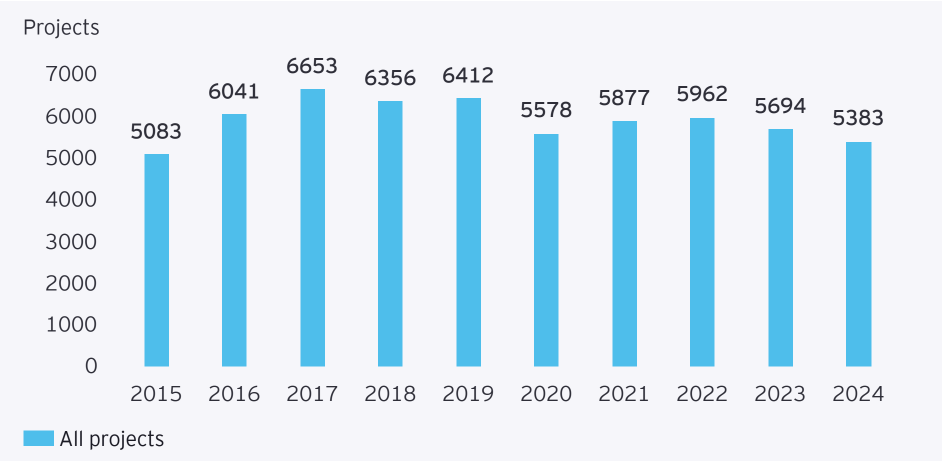
- Enhance access to capital for tech startups
- Encourage innovation in emerging technologies
- Improve data and tech skills among the workforce

The UK's FDI performance in 2024: a drop in headline numbers, but a strong regional performance

In 2024, the UK retained second place in Europe for FDI projects, against the backdrop of a difficult period for FDI across the continent. The total number of cross-border investments secured in Europe during the year was 5,383, down by 5.5% from 2023, and 19.1% below the high-point of 6,653 projects recorded in 2017. The 2024 total was also the lowest since 2015, when Europe as a whole secured 5,083 projects. The effect is that investments into Europe have now declined for two consecutive years and four of the past seven years. The high point for FDI projects into Europe was reached in 2017, at 6,653 projects. The total for 2024 was 19.1% below this peak.

The decline in FDI projects into Europe in 2024 was primarily caused by factors including ongoing low economic growth, continued high energy prices and rising geopolitical tensions. European FDI was also negatively affected by much better economic conditions in the US, with which Europe competes for investment. The number of projects announced by US investors in Europe during the year was down by 11% compared with 2023 and 24% below the level in 2022. There may also be some structural forces at play, for example, the impact of remote working and lower expenditure on outsourcing have potentially reduced the need for office-based FDI projects, particularly in software and IT.

Figure 1: Total number of FDI projects announced in Europe, 2015–2024



Source: EY European Investment Monitor (EIM), 2015-2024

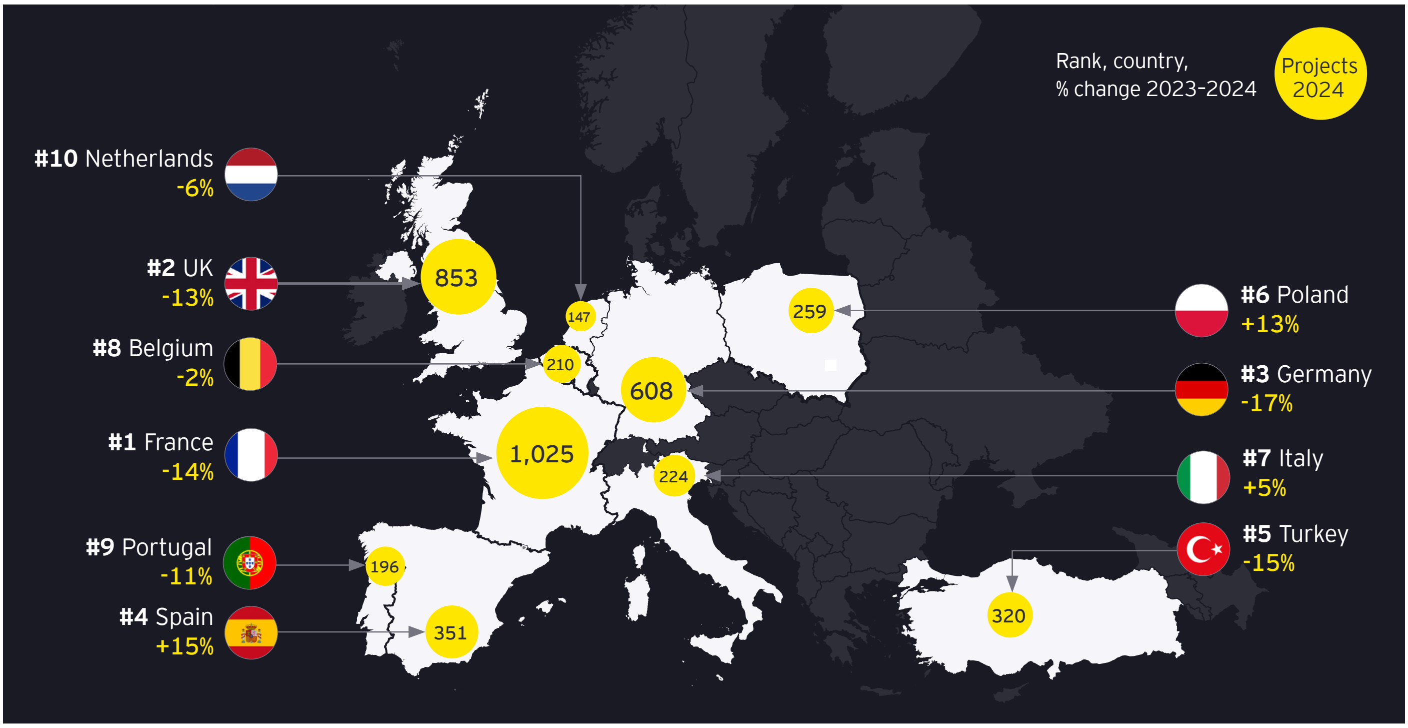
UK projects: a bigger decline than for Europe as a whole …

Against the background of this year-on-year fall in European projects in 2024, projects into the UK declined even more sharply. The UK recorded 853 projects during the year – the country's lowest tally in the past decade, and a 13.4% decline from the 985 projects secured in 2023. As a result, the UK's share of projects across Europe slipped to 15.8% from 17.3% in 2023. This is the UK's second-lowest share in the past decade, ahead of the 15.6% recorded in 2022, but well behind the decade-high of 21% secured in 2015.

… but still in second place behind France, for the sixth successive year

However, the UK's subdued FDI performance in 2024 should be judged in the context of a decline in investments into most of Europe's major economies. This meant the UK remained in second place in Europe for FDI projects, a position it has held every year since 2018. On a longer-term perspective, the leading destinations of investments into Europe since 2000 have consistently been the 'big three' of France, the UK and Germany, albeit with changes in the rankings between them. These three have generally been followed by Spain and, from 2017 onwards, Turkey, which has emerged as the fifth largest recipient of European FDI projects.

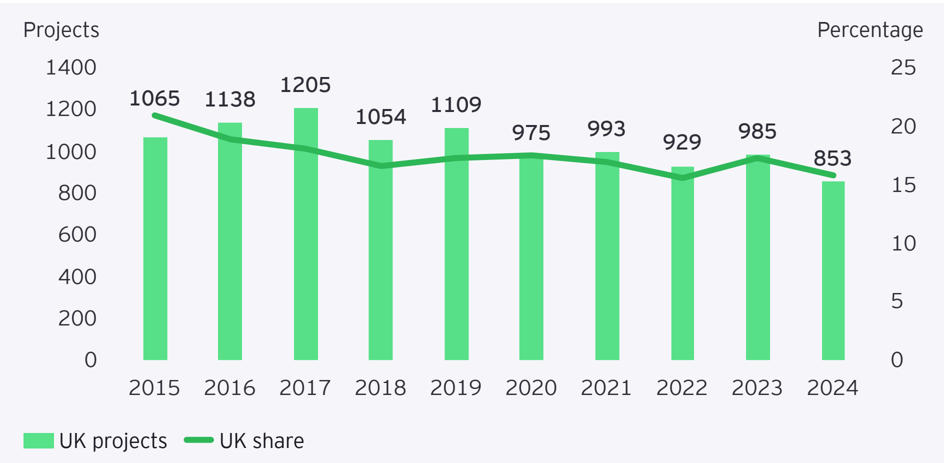
Figure 2: Top 10 European countries for foreign investment in 2024, by number of projects



Source: EY European Investment Monitor (EIM), 2025

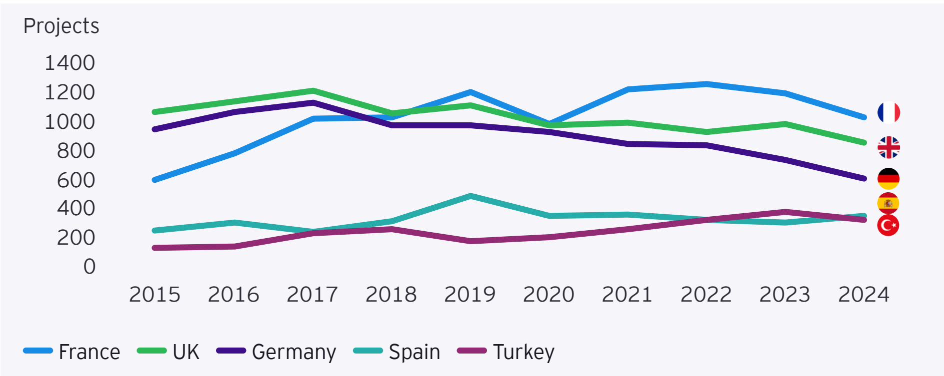
This pattern broadly continued in 2024. Europe's largest recipient of investment projects during the year was France, which overtook the UK in first place in 2018 and has held the lead ever since. However, our figures for 2024 also show that the investment projects recorded by each of the big three fell back significantly. France's total FDI projects declined for the second consecutive year, slipping by 14.2% to 1,025 projects, the country's smallest haul since 2020. Third-placed Germany's project numbers continued to decline, falling by 17.1% to 608; this outcome maintained a downward trend that has seen Germany record falls in each year since 2017. Of Europe's big three recipients of FDI projects, the UK's percentage decline was the shallowest, at 13.4%. In fact, looking across the five largest recipients, the only country to record an increase in projects was Spain (reflecting its stronger economic growth performance), whose projects increased by 15.5% from 304 in 2023 to 351 in 2024. This strong performance enabled Spain to reclaim fourth place from Turkey, whose projects fell back by 14.7% to 320, marking the end of a four-year consecutive year-on-year increase.

Figure 3: Total UK projects and European market share, 2015–2024



Source: EY European Investment Monitor (EIM), 2015–2024

Figure 4: Evolution of the top five destinations for FDI into Europe, 2015–2024



Source: EY European Investment Monitor (EIM), 2015–2024

Continuing its strong UK performance on project value, the UK remains the consistent European leader on job creation from FDI ...

The number of jobs announced as a result of FDI is a useful measure of the contribution that inward investment makes to each country's economy. However, not all investment projects disclose employment data. In 2024, 93.8% of UK projects disclosed their expected employment impact, compared with 78.6% for all European projects. Despite the higher level of employment disclosure in the UK, anticipated employment from FDI projects secured by the UK in 2024 declined by 26.8%, from 52,211 jobs in 2023 to 38,196 jobs in 2024, while disclosed employment from all projects across Europe fell by 15.4%. As a result, the UK saw its share of European FDI jobs slip to 14.1%.

However, despite this decline, the UK remained Europe's leading recipient of employment from FDI in 2024, with a total of 38,196 jobs created. This performance continued the UK's consistent leadership in recent years on FDI employment in Europe. In second place for FDI job creation in 2024 – but ranked only fourth on project numbers – was Spain, whose FDI projects announced 34,603 jobs. Meanwhile, France, the leading recipient of European FDI projects in 2024, came third in terms of employment, with 29,000 jobs recorded. Across Europe as a whole, overall employment disclosed from FDI projects in 2024 accounted for more than 270,000 jobs, underlining the importance of FDI as a driver of economic activity.

The UK remained Europe's leading recipient of employment from FDI in 2024, with a total of 38,196 jobs created.

Figure 5: Top five countries by job announcements from FDI, 2023-2024

Country	2023	2024	Change 2023-2024
United Kingdom	52,211	38,196	-26.84%
Spain	42,450	34,603	-18.49%
France	39,773	29,000	-27.09%
Turkey	21,032	27,066	+28.69%
Poland	22,378	19,551	-12.63%

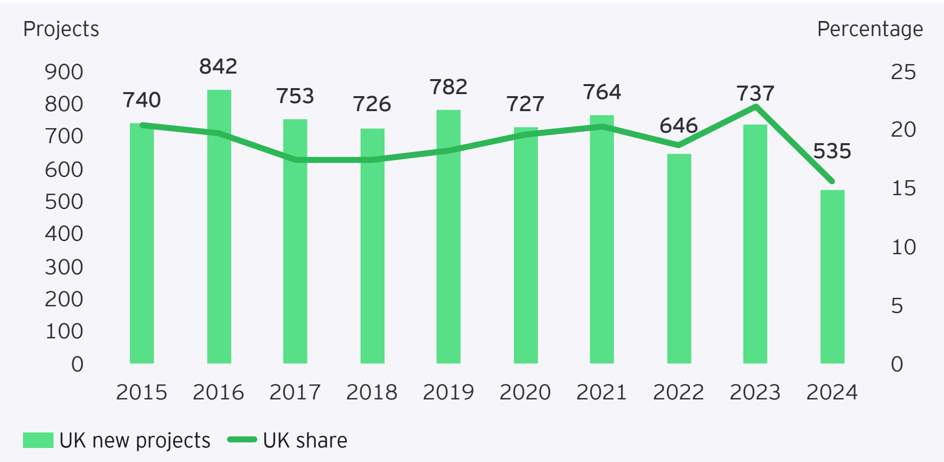
Source: EY European Investment Monitor (EIM), 2023-2024

... and maintains its lead in securing 'new' projects for the fifth year running

As well as topping the European ranking on FDI employment in 2024, the UK was also the leading recipient of new projects, first-time investments that are not expansions of existing sites. The UK has been the largest destination for new projects each year since 2019, and along with Germany, has been among the two largest recipients of new projects throughout the past decade.

However, while the UK, Germany and France remained the three largest European destinations for new projects in 2024, the number of new projects recorded by each of them declined compared with 2023. New projects into the UK fell by 27.4% (from 737 projects to 535); those into Germany decreased by 19.2% (from 563 projects to 455); and new projects into France were down by 12% (from 426 projects to 375). For both the UK and Germany, these declines saw their number of new projects slip to the lowest in the decade. The fourth largest recipient of new projects was Spain, with Poland ranked fifth. Both of these countries recorded increases in new projects in 2024, with Poland securing its largest haul in the past decade, at 191.

Figure 6: New UK projects and market share of all new European projects, 2015–2024



Source: EY European Investment Monitor (EIM), 2015-2024

FDI sectors: in a challenging year for FDI across Europe in most major sectors...

The five sectors that generated the most significant number of investment projects across Europe in 2024 were software and IT services, business and professional services, machinery and equipment, transportation manufacturers and suppliers, and transportation and logistics. First place was claimed by software and IT services, with 793 projects, a 16.88% decrease from 2023. While software and IT services has led Europe's FDI sector ranking in every year of the past decade, its projects have now declined in four of the past five years since reaching a peak of 1,462 projects in 2019. In the post-pandemic economy, it appears that software and IT services companies have reconsidered their need for physical overseas investments.

The second-largest number of projects across Europe in 2024 was contributed by business and professional services, with 687 projects, a 23.6% increase from 2023. Together, software and IT services and business and professional services accounted for 27.5% of all European FDI projects in 2024, a slight increase in their joint share compared with 2023, when they collectively generated 26.5% of Europe's projects. Looking further back, the top five sectors in terms of European FDI projects in 2024 have also generated the largest numbers of projects in each of the past four years from 2021 to 2024.

Figure 7: Europe's top 10 sectors for FDI projects in 2024 — ranking, number of projects and jobs, and change 2023 vs. 2024

#	Sector	Projects 2023	Projects 2024	% change 2023/2024	Job announcements in 2024
1	Software and IT services	954	793	-16.88%	27,526
2	Business services and professional services	556	687	+23.56%	33,834
3	Machinery and equipment	424	454	+7.08%	17,027
4	Transportation manufacturers and suppliers	445	437	-1.80%	40,521
5	Transportation and logistics	457	411	-10.07%	21,037
6	Electronics	316	304	-3.80%	19,294
7	Finance	329	293	-10.94%	8,527
8	Agri-food	266	285	+7.14%	19,669
9	Chemicals, plastics and rubber	255	245	-3.92%	7,457
10	Utility supply	302	239	-20.86%	13,470
	All others	1,390	1,235	-11.15%	32,709
	Total	**5,694**	**5,383**	**-5.46%**	**270,580**

Source: EY European Investment Monitor (EIM), 2023-2024

… the UK has continued to play to its sectoral strengths, with tech still holding the lead — albeit a narrowing one …

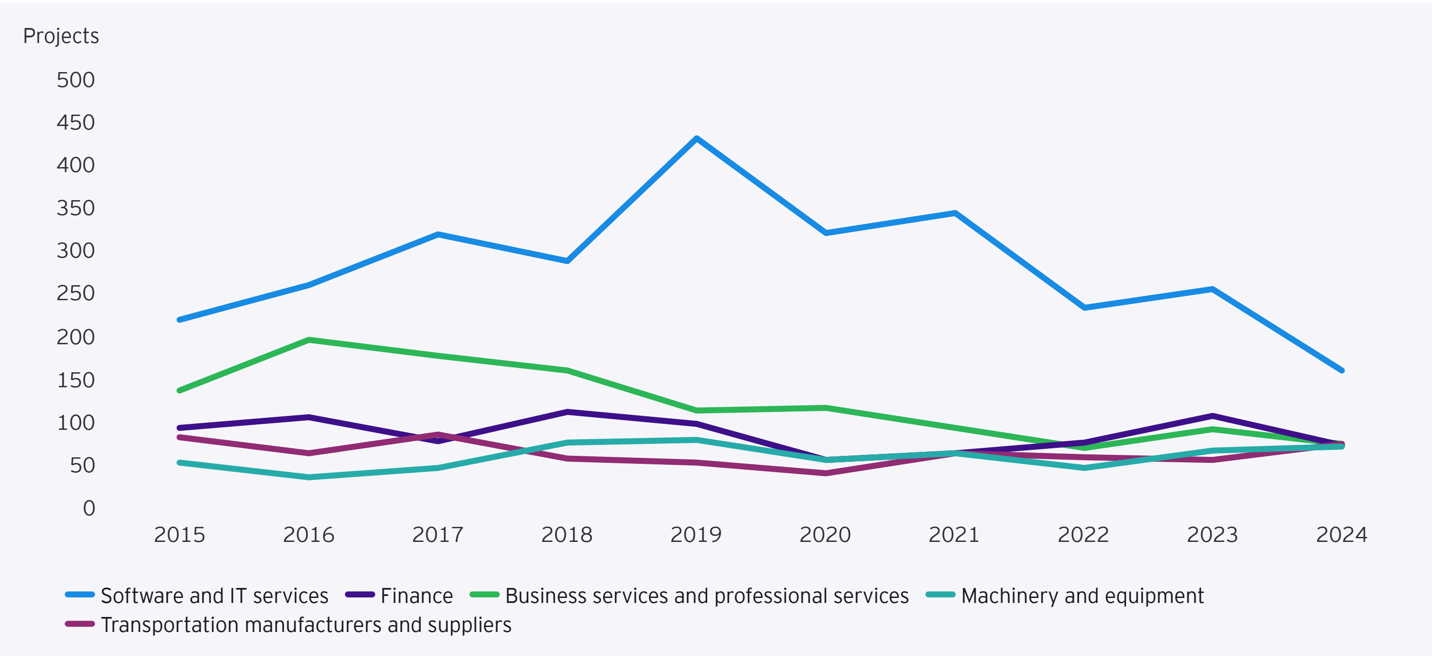
Turning to the UK, the sectors generating the most projects differ slightly from Europe as a whole. In common with the position in Europe, software and IT services has generated the highest number of projects in each year over the past decade. But unlike in Europe, a ranking of the UK's top five FDI sectors sees the finance sector displace transportation and logistics.

A further difference is that the decline in the number of software and IT services projects in the UK has been sharper than for Europe as a whole. As recently as 2019, the UK secured 432 projects from the software and IT services sector. However, following three falls in the five intervening years, the UK generated just 161 projects from the sector in 2024, representing a decline of 62.7% over the period. As mentioned previously, part of this likely reflects the changing nature of work, but it could also indicate a maturing sector, with most key players having already established their UK operations.

Throughout the first seven years of the decade, the sector generating the second-largest number of UK projects was business and professional services. UK projects from this sector peaked in 2016, at 196. In 2024, the sector generated the third-largest number of projects, with just 74 investments. This meant it slipped behind transportation manufacturers and suppliers, which took second place with 75 projects, its highest annual total since 2017, when it accounted for 85 projects. This strong performance is slightly puzzling, particularly given the pressure that energy costs (and tariff uncertainty) are placing on manufacturers (and particularly in automotive). However, it could reflect the slightly longer investment cycles in this sector, compared with perhaps less capital-intensive services investment.

Historically, the UK has secured a relatively high proportion of its FDI projects from the service sectors, reflecting its traditional areas of comparative advantage. This pattern continued in 2024, when the combined share of projects from the three service sectors of software and IT services, business and professional services, and finance accounted for 36.1% of all UK projects. This represented a decline from their aggregate 46.2% share of UK projects in 2023, but was still higher than the equivalent proportion for Europe as a whole, at 32.9%.

Figure 8: UK projects from the five largest sectors, 2015–2024



Source: EY European Investment Monitor (EIM), 2015-2024

Figure 9: Sectors generating the largest number of projects into the UK in 2024

Sector	2023	2024	Lead country	UK Share of projects from sector %
Software and IT services	255	161	UK	20.3
Transportation manufacturers and suppliers	55	75	France	17.2
Business services and professional services	92	74	Germany	10.8
Finance	108	73	UK	24.9
Machinery and equipment	67	71	UK/Germany	15.6
Agri-food	45	65	France	22.8
Utility supply	92	39	France	16.3
Health and social work	33	34	UK	44.2
Electronics	18	33	France	10.9
Pharmaceuticals	34	33	UK	17.4
Construction	24	26	France	14.5
Chemicals, plastics and rubber	16	25	France	10.2
Transportation and logistics	51	24	France	5.8
Medical devices	19	19	France	17.0
Consumer products	13	16	Germany	14.4
Oil and gas	3	16	UK	44.4
Wholesale, retail and distribution	18	16	UK	17.8

Source: EY European Investment Monitor (EIM), 2023-2024

… while the UK's largest European share of projects is in the finance sector

The UK's share of investment in a particular sector further demonstrates areas of comparative advantage. In 2024, the UK secured its highest share of projects in the finance sector, with 24.9% of all projects recorded across Europe, although this was marginally below the UK's average share over the last five years of 25.5%. The UK also secured 44.2% of European health and social work projects, and 17.4% in pharmaceuticals, suggesting real strength in life sciences and health.

Overall, of the top 15 sectors generating the largest number of projects into the UK, the UK was the leading (or joint leading) destination in seven of them. However, in the three sectors that have contributed the largest numbers of UK projects over the past five years – software and IT services, business and professional services, and finance – the UK secured a lower share of all European projects than its five-year average.

Activities behind UK FDI: strategic investment in manufacturing and R&D rebounds ...

In addition to recording project numbers, locations, sectors and employment, EIM also tracks the activities undertaken at the various locations where investments are announced. The activities undertaken by FDI projects into the UK have fluctuated widely in recent years. However, an analysis of UK projects in 2024 by activity reveals that, despite a fall in overall project volume, the UK attracted nearly a third (32%) more research and development (R&D) projects and 22% more manufacturing projects than in 2023, taking its manufacturing projects to their highest total since 2016.

This signals a trend in 2024 towards more strategic investments, as manufacturing and R&D projects are two activities traditionally deemed high-value and strategically important by policymakers. By contrast, Europe as a whole recorded a rise of just 3% in R&D projects and an 8.5% fall in manufacturing projects during the year. Meanwhile, the leading activity for UK projects in 2024, at 301 projects, was business services such as establishing a call centre or a testing and training facility, although this figure was 23% down from 2023.

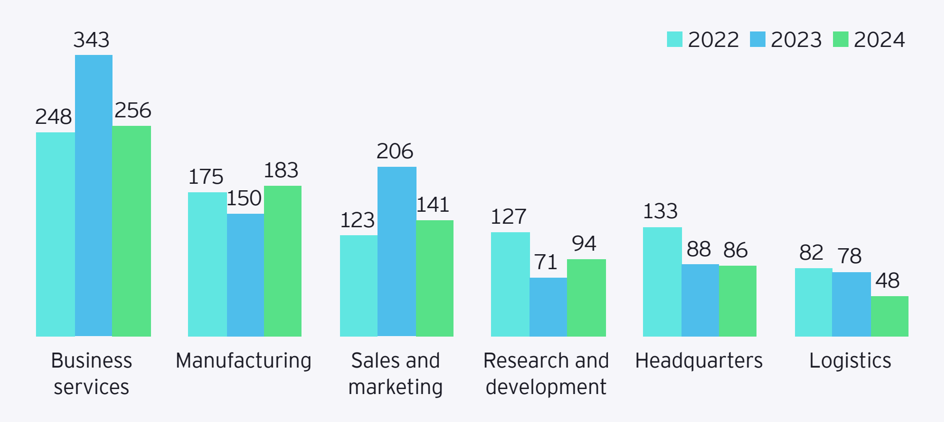
Investments to establish corporate headquarters in the UK saw a marginal decline of 2% in 2024, to 86 projects.

... while the UK's European market share remains highest in HQ projects

Turning to the UK's European market share of various project activities, a notable trend over the period has been a volatile but broadly downward shift in the proportion of international investors establishing HQ functions in the UK. In 2015, more than half (51%) of the companies investing in HQ function activities across Europe selected the UK as the location. After the 2016 Brexit referendum, this share plunged to 16.8% in 2018 before mounting an uneven recovery in the subsequent years. In 2024, 34.3% of European HQ projects selected the UK, the sixth successive year in which the UK's market share has exceeded 25%.

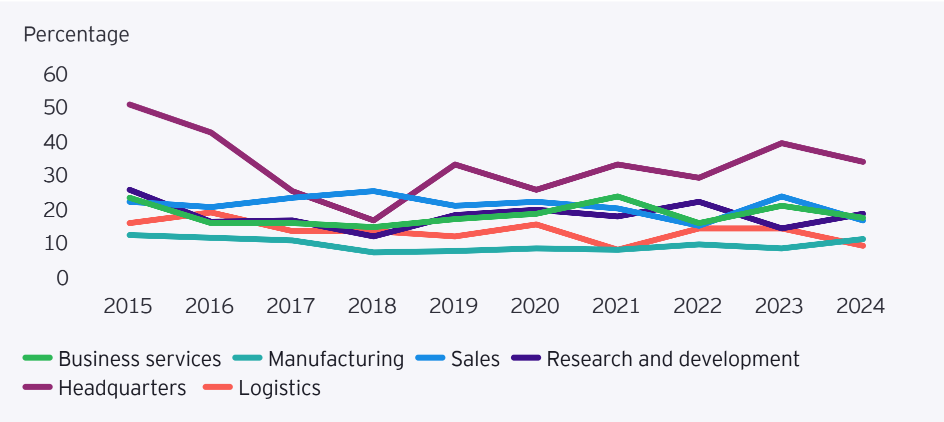
Looking across all six activities, the UK has generally secured its lowest share of European investment projects in manufacturing, attracting an average of just 9.73% of all manufacturing investments into Europe over the decade. However, in 2024, the UK's share of European manufacturing projects rose to 11.5% from 8.6% in 2023, marking its highest level since 2016, and underscoring the trend noted above towards more strategic projects in the UK.

Figure 10: The UK's top six activities for FDI projects, 2022-2024



Source: EY European Investment Monitor (EIM), 2022-2024

Figure 11: UK's share of European FDI projects by activity, 2015-2024



Source: EY European Investment Monitor (EIM), 2015-2024

Origins of FDI: The US remains Europe's leading origin, despite a declining trend in US projects as intra-European flows pick up ...

In every year since the EY EIM record-keeping began in 1987, the US has been the largest single country of origin for FDI projects in Europe. This remained the case in 2024, although the total number of projects from the US declined compared with 2023. In 2024, the number of US-originated projects into Europe fell by 11% to 942 projects from 1,058 the previous year. This continues a decade-long trend of a declining share of US investment in Europe.

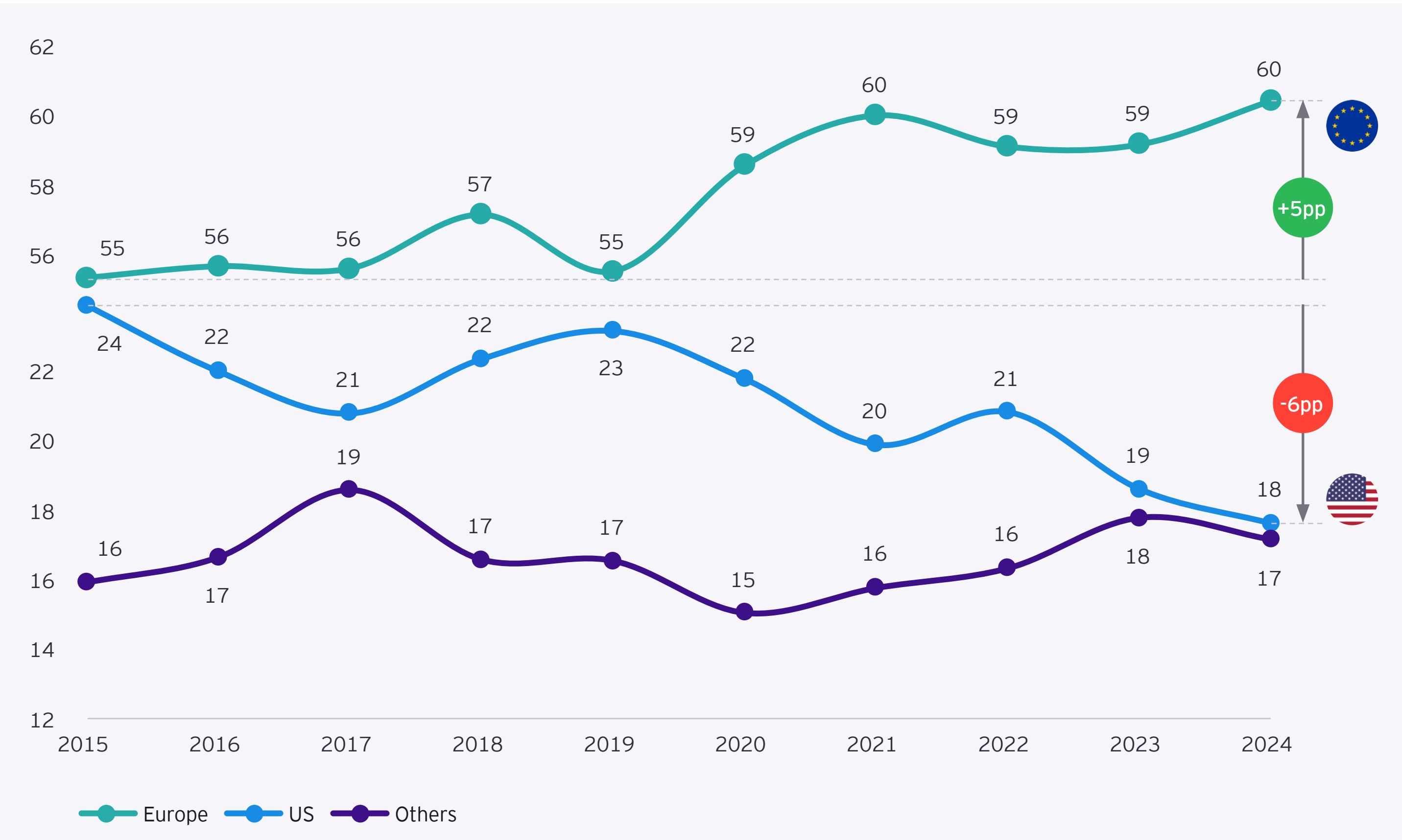
Aside from the US, the four other largest origins of cross-border investment in Europe's top five were Germany, the UK, France and China. German-originated investment projects rose marginally (by 2.1%) in 2024 compared with 2023. Meanwhile, the number of cross-border European investments originating from the UK, France and China all remained relatively steady between 2023 and 2024, with the UK unchanged (379 projects), France down by 6.9% (284 projects), and China up by 1.2% (260 projects).

Overall, the investment trends in Europe, as revealed by our EIM data, point to a growing shift towards intra-European capital flows and away from investment from other regions. Since 2015, the share of investments originating from within Europe has increased by five percentage points (pp), reflecting stronger regional integration and resilience. By contrast, the share of investment from the US has declined by 6pp over the same period. This trend has accelerated since the beginning of the war in Ukraine, as global uncertainty and shifting priorities have reshaped cross-border investment patterns.

... while the US also remains the UK's biggest investor, despite falling US projects across Europe and geopolitical headwinds

The US remains the number one investor into the UK, accounting for 23.7% of all projects (compared with a 17.5% share for all European projects). This reflects the strong historical links between the UK and the US, as well as the similar nature of their service-led economies. However, in common with the pattern in Europe, US-originated projects in the UK are seeing an ongoing decline, having fallen in each of the past four years. As a result, the total of 202 US projects recorded in the UK in 2024 was more than one-third – 34% – lower than the 306 projects that the US provided in 2020. The question becomes whether these strong links with the US are an advantage or a threat in the context of this continuing decline.

Figure 12: FDI project share (%) by country of origin, Europe vs. US vs. others, 2015–2024



Source: EY European Investment Monitor (EIM), 2015-2024

India is now consistently the UK's second biggest origin, with project flows from other Commonwealth countries also remaining strong …

After the US, the next four largest origins of investment into the UK in 2024 were India (71 projects), France (50 projects), Germany (46 projects) and Ireland (41 projects). Of these origins, only Ireland increased its number of projects, with Irish investments rising by 51.9% to 41 projects in 2024 from 27 in 2023. India has now been the UK's second largest source of projects after the US for four consecutive years.

An analysis of the UK's share of all European projects from various countries of origin provides an interesting perspective on the UK's global FDI relationships. Most notably, in 2024, the UK was Europe's leading recipient of US projects, securing 21.4% of all US investments into Europe during the year — a proportion that exceeded the UK's average share over the past five years. Looking further down the ranking of FDI origins, the UK performs relatively strongly in securing investment projects into Europe from origins such as India, Australia and Ireland. In 2024, the UK secured 50% of all Indian projects in Europe. In light of the UK's recent trade deal with India, it appears likely that the UK's dominant market share of Indian investment into Europe will continue in the near term.

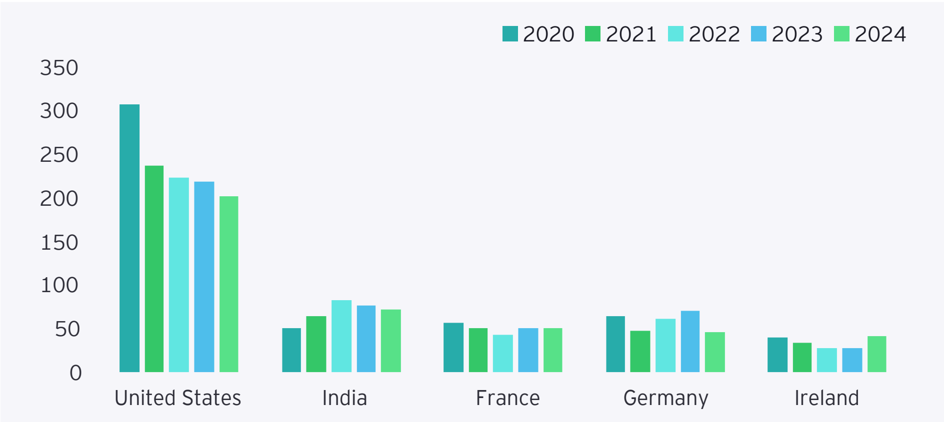
The UK also attracted 59.1% of European projects from Australia in 2024, surpassing its five-year average of 56.4%, and more than one in three projects from Ireland (37.6%), which is almost exactly in line with its five-year average of 37.8%. At the same time, the UK was Europe's leading recipient of investment projects in 2024 from France (17.6%), Poland (36.6%), Norway (16%) and Singapore (32.4%). The number of UK projects secured from France in 2024, at 50 projects, exceeded the number from Germany (at 46) for only the second time in the past decade, with the other occasion being 2021.

… but the UK's European share of projects from some origin, including China, could ideally be higher

Meanwhile, the UK's proportion of projects from some other origins may be seen as disappointing. Historically, the UK has consistently secured a relatively high share of European projects from Commonwealth nations, and this trend largely persisted in 2024. However, Canada was something of an outlier in 2024. During the year, the UK secured just 18% of Canadian investments in Europe, which is well below its five-year average of 24.2%. France was the leading recipient of Canadian-originated investment projects.

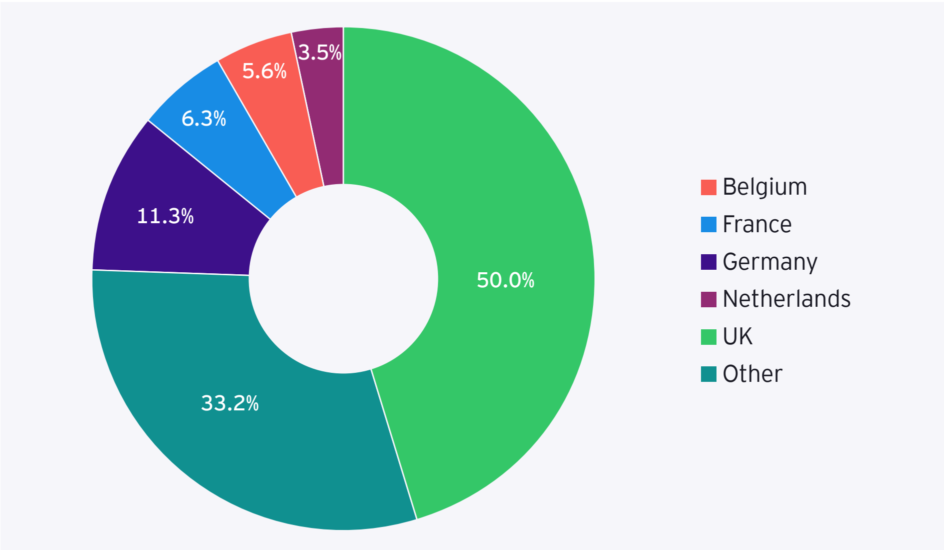
The UK continues to secure a relatively small share of European projects from China. In 2024, China was the fifth largest origin of investments into Europe, but ranked only 11th among the origins of investment projects into the UK. The UK was the destination for 8.5% of all Chinese FDI investments in Europe during the year, down from a five-year average of 11.6%. Germany was Europe's leading recipient of Chinese-originated FDI projects.

Figure 13: The UK's top five countries of origin with their project numbers, 2020–2024



Source: EY European Investment Monitor (EIM), 2020-2024

Figure 14: Top five destinations for Indian investments into Europe by market share, 2015–2024



Source: EY European Investment Monitor (EIM), 2015-2024

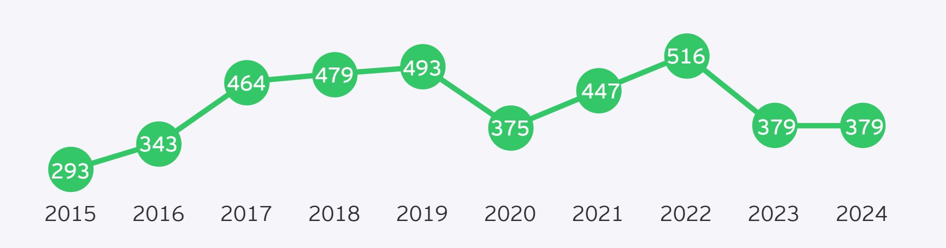
UK outbound FDI flows see UK businesses investing significantly in Europe, potentially putting them on a pathway back to the levels recorded after 2016

In 2024, the UK was the third-largest origin of investments into Europe, originating 379 projects, the same number as in 2023. This marks the latest step in a meandering journey that's been underway for almost a decade. The number of UK outbound investments rose strongly after the 2016 referendum that triggered Brexit, as UK companies sought to establish operations within the Single Market. This process may have now stabilised, with outbound projects remaining flat year-over-year compared with 2023.

France has consistently secured the highest number of UK investment projects into Europe over the past five years, followed by Germany. In 2024, just over one in five UK outbound projects (20.1%) selected France as the destination, with 76 projects going there. Germany remained in second place as a destination for outbound projects from the UK, but its complement of 48 UK projects was the lowest in the last five years, and 33.3% down on 2023.

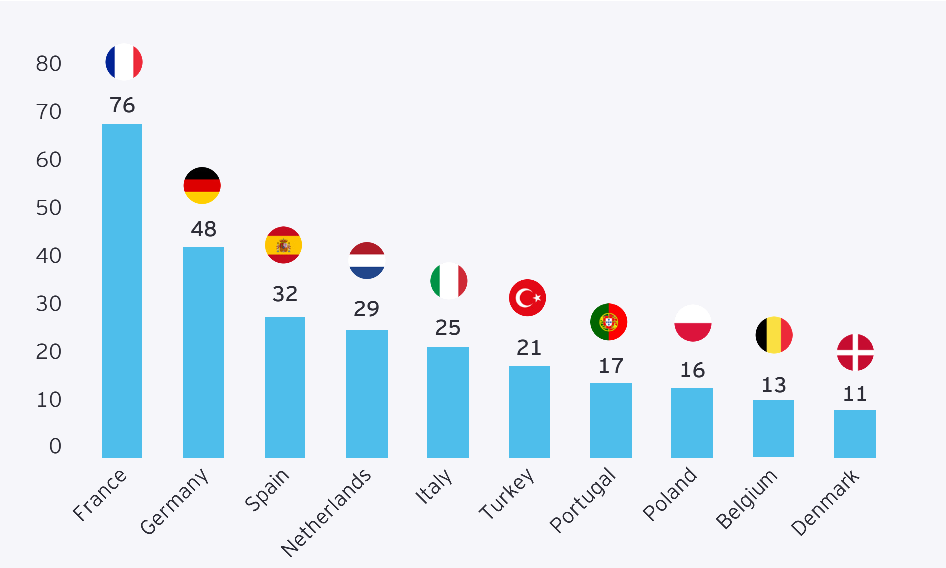
Taking UK inbound and outbound investment flows together, the overall picture is one of an increasingly close bilateral FDI relationship between the UK and France. In 2024, more UK investment projects selected France than any other location (despite a decrease of one project compared with 2023), and France was the largest European origin of projects into the UK (also down by one project year-on-year). Conversely, German-originated projects into the UK declined by 34%, and UK-originating projects into Germany fell almost as sharply, by 33.3%.

Figure 15: Trend in UK outbound projects, 2015-2024



Source: EY European Investment Monitor (EIM), 2015-2024

Figure 16: Top destinations of UK outbound investment, 2024



Source: EY European Investment Monitor (EIM), 2024

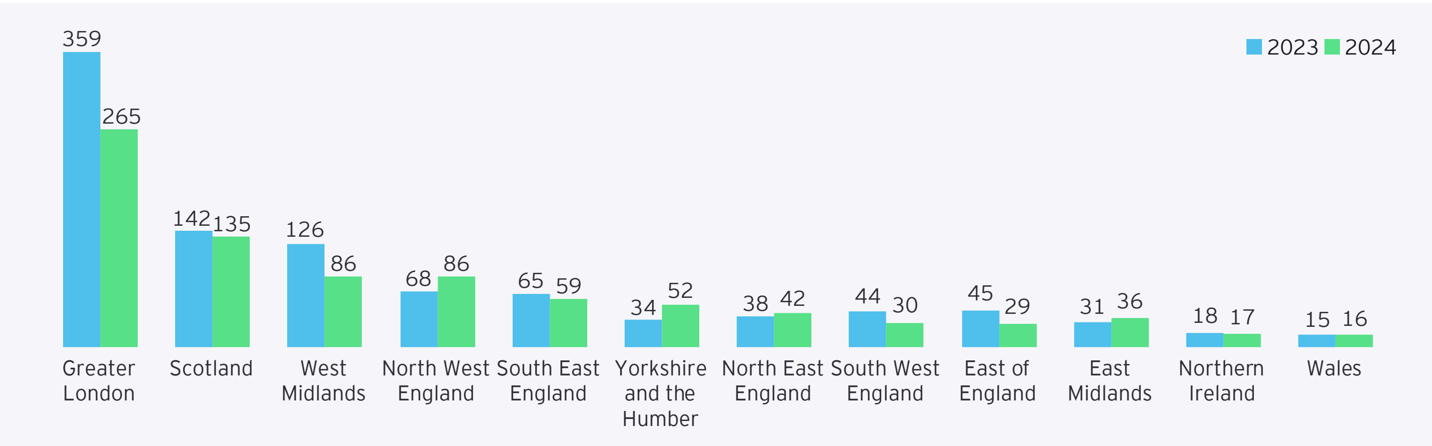
UK regional performance: while London still holds a commanding lead in the UK and Europe despite a fall in projects, UK FDI outside the capital proves more resilient …

As in every year since EIM began recording FDI projects in 1987, our figures for 2024 show that London secured the highest number of projects of any UK region or devolved administration, at 265 projects. This total recorded by London during the year exceeded the project count of every European country except France, Germany, Spain and Turkey. However, London's complement of projects in 2024 was down by 26.2% from the 359 projects it recorded in 2023. The 2024 total is also London's lowest in the past decade, and less than half the number secured in 2019, when it attracted 538 projects. London remains the UK's economic powerhouse, but also perhaps the most exposed to economic uncertainty, with FDI stuttering in 2024, while the other regions of the UK fared better. London experienced something similar during the pandemic.

The UK's second-placed region or devolved administration for FDI projects secured in 2024 was Scotland – a position Scotland has now held every year in the past decade. While projects into Scotland also declined in 2024, by 4.9%, this was a smaller fall than the 13.4% decline recorded in UK projects overall. As a result, the overall share of UK projects selecting Scotland as an investment destination rose from 14.4% in 2023 to 15.8% in 2024, well above its 10-year average of 11.4%. This performance underscores the success of the devolved Scottish Government in developing a differentiated and focused sectoral offering to investors, with appropriate levels of operational support provided by the likes of Scottish Enterprise.

The third-placed ranking for regions/devolved administrations in the UK has varied from year to year, shifting at various times between North West England, the West Midlands and South East England. In 2024, the West Midlands and North West England were ranked joint third after London and Scotland, with 86 projects each, a figure that represented a 31.7% decline in projects selecting the West Midlands and a 26.5% increase in those choosing the North West. The West Midlands has a particularly strong performance in 2023, reflecting the success of the Commonwealth Games as a catalyst for investment, so some fall-back was expected. However, a longer-term perspective shows that both regions have recorded an increase in their share of UK projects over the past decade. The project performance by these two areas means that four UK regions have made it into the European top 15 for projects and job announcements in 2024, despite the strong headwinds across the continent. The success of the West Midlands and the North West potentially acts as a lesson for other regions; both have key Combined Authorities and strong mayoral figures at the heart of their success.

Figure 17: Projects across all UK regions, 2023-2024



Source: EY European Investment Monitor (EIM), 2023-2024

Figure 18: Top 15 European regions by FDI projects in 2024 — ranking, number of projects and jobs, and change 2024 vs. 2023

#	Region	Number of projects in 2023	Number of projects in 2024	Change 2023/2024	Jobs announcements in 2024
1	Greater London	359	265	-26.18%	10,102
2	Île-de-France	300	258	-14.00%	6,672
3	North Rhine-Westphalia	197	180	-8.63%	6,497
4	Auvergne-Rhône-Alpes	167	146	-12.57%	2,529
5	Flemish Region	145	137	-5.52%	4,602
6	Scotland	142	135	-4.93%	4,330
7	Bavaria	126	124	-1.59%	3,136
8	Lombardy	91	116	27.47%	2,615
9	Catalonia	118	107	-9.32%	9,613
10	Hauts-de-France	110	101	-8.18%	4,524
11	Grande Lisboa	102	93	-8.82%	7,342
12	Grand Est	119	91	-23.53%	2,251
13	Madrid	74	87	17.57%	5,129
14	North West England	68	86	26.47%	2,755
15	West Midlands	126	86	-31.75%	4,926
	All others	3,450	3,371	-2.29%	193,557
	Total	**5,694**	**5,383**	**-5.46%**	**270,580**

Source: EY European Investment Monitor (EIM), 2023-2024

... and UK employment from FDI falls back overall, but sees strong rises in a handful of regions

In 2024, London ranked first for the jobs announced by FDI projects, although jobs fell, slipping to 10,102 from 13,448 in 2023 (25% down). This decline closely mirrored the 26.2% fall in the number of projects recorded in London in 2024.

The West Midlands (4,926 jobs) and Scotland (4,330 jobs) were ranked second and third in the UK for FDI employment creation in 2024, the reverse of their ranking for project numbers. However, in both cases, the employment recorded in 2024 was below 2023 levels, with the West Midlands down by 27.3% and Scotland by 34.9%. The most significant rise in employment created from FDI between 2023 and 2024 was in the fourth-ranked Yorkshire and the Humber, which recorded 4,247 jobs in 2024, an increase of 113% on 2023. Job creation from FDI also increased in 2024 in the East Midlands, South East England, and Wales.

Figure 19: UK FDI employment by regions and devolved administrations, 2023–2024

Region	Employment 2023	Employment 2024	Proportion of jobs 2015–2024 (%)	Proportion of jobs 2024 (%)
Greater London	13,448	10,102	22.3	26.4
West Midlands	6,777	4,926	12	12.9
Scotland	6,650	4,330	12.4	11.3
Yorkshire and the Humber	1,993	4,247	7	11.1
East Midlands	2,848	3,513	7.9	9.2
South East England	2,638	3,064	6.2	8
North West England	3,345	2,755	9.2	7.2
North East England	2,887	1,864	5.2	4.9
South West England	6,010	1,209	4.8	3.2
East of England	3,706	1,112	6	2.9
Wales	417	703	3.6	1.8
Northern Ireland	1,492	371	3.4	1
Total	**52,211**	**38,196**		

Source: EY European Investment Monitor (EIM), 2023–2024

FDI into cities outside London in 2024 is led by Manchester and Glasgow, with Birmingham and Edinburgh slipping back

Manchester reclaimed its crown as the number one city location (outside of London). The 44 projects that Manchester secured in 2024 represented a 22% year-on-year increase, making it the leading UK city outside London in securing projects in three of the past five years.

Scotland consistently has at least three locations in the top 20 UK city destinations for FDI. In 2024, Glasgow secured the largest number of projects in Scotland for the first time in the past five years, taking over the top spot that Edinburgh had held between 2020 and 2023. Glasgow secured 27 projects in 2024, a 12.5% increase on 2023, while Edinburgh's project tally fell back by 25% to 24, its lowest over the five years.

This made Edinburgh the joint third-largest recipient of projects outside London, alongside Birmingham, which recorded a 65.7% decline in project successes between 2023 and 2024. The third Scottish city on the list – Aberdeen – secured 12 projects during the year, down by one project. This was the city's lowest project total over the past five years, reflecting its current economic struggles in the face of unhelpful government policy regarding oil and gas. However, it still ranked seventh in the UK outside London, up one place from 2023.

Figure 20: Leading recipient cities of FDI projects outside London, 2020–2024

Rank	City	2020	2021	2022	2023	2024
1	Manchester	34	33	45	36	44
2	Glasgow	23	23	20	24	27
=3	Birmingham	26	20	32	70	24
=3	Edinburgh	36	31	38	32	24
5	Leeds	16	16	15	16	16
6	Newcastle	-	6	11	11	13
7	Aberdeen	13	14	15	13	12
8	Coventry	10	6	4	10	9
=9	Belfast	25	24	15	10	7
=9	Cambridge	12	14	9	17	7
=9	Liverpool	8	4	9	10	7
=9	Telford	3	1	5	-	7
=13	Bradford	2	1	-	-	6
=13	Bristol	12	19	13	17	6
=13	Hull	1	3	8	2	6
=13	Northampton	9	2	7	3	6
=13	Nuneaton	3	4		2	6
=13	Reading	6	8	5	10	6
=13	Warwick	2	13	11	22	6

Source: EY European Investment Monitor (EIM), 2020-2024

Investor perceptions of the UK: macro instability dominates investors' view of the outlook

When we asked executives which was the most attractive location in Europe, our findings showed that the perceived attractiveness of Europe's larger FDI 'countries of choice' had changed little between 2024 and 2025, with the attractiveness scores of top-placed France, second-placed Germany and third-placed UK all remaining at a similar level following a marked decline last year. For the UK, in third place in 2025 on 24%, down from 25% in 2024, the year-on-year fall represented the third successive annual decline from 44% in 2022.

The relative attractiveness of Europe and the UK has been impacted by the US's recent economic outperformance ...

In assessing these responses from investors, it's important to stress that the performance of the UK and Europe in attracting international investment should be seen in the context of relative economic performance. In simple terms, the US economy has grown far more robustly than Europe in recent years. This helps to explain why, for the first time in our European-wide survey, companies have identified the US as the most attractive global destination for inward investment – a reflection of its much stronger recent economic performance, which dates back to the global financial crisis and has become even more pronounced since the pandemic. That said, there are some grounds for some optimism in Europe and the UK, with 61% thinking that the attractiveness of Europe will improve in the next three years, and 53% saying the same about the UK. However, these figures lag behind those of China, at 67%, and the US, at 74%.

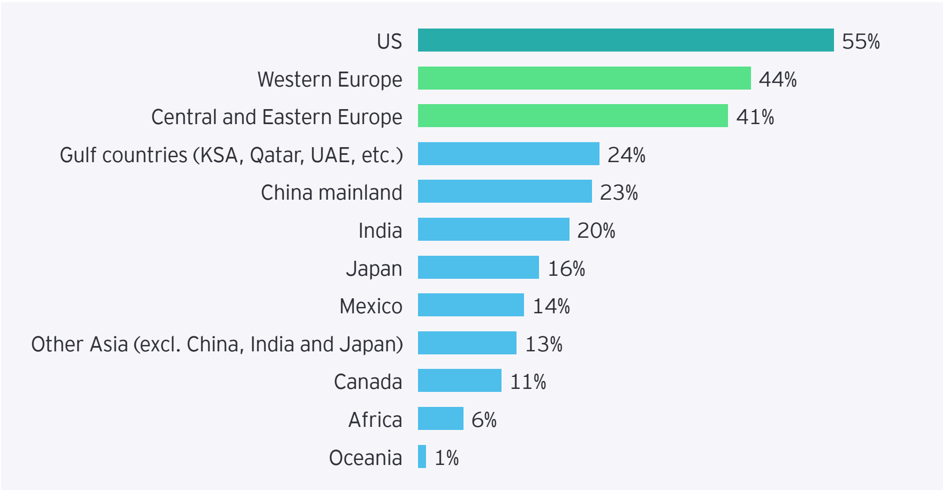
The UK's lower score on anticipated attractiveness relative to its European peers probably reflects some of the political and economic headwinds the country has continued to face in recent years. International executives in key sectors, such as chemicals and pharmaceuticals (40%) and business services (32%), still view the UK as having a very attractive FDI offering, meaning it leads Europe in terms of perceived attractiveness within these particular sectors.

Figure 21: Which European countries will be most attractive for foreign investment in 2025?

Most attractive (%)	2022	2023	2024	2025
Germany	42%	62%	29%	26%
France	47%	49%	34%	35%
UK	**44%**	**32%**	**25%**	**24%**
Belgium	19%	23%	6%	10%
Italy	20%	20%	11%	9%
Spain	17%	19%	17%	15%

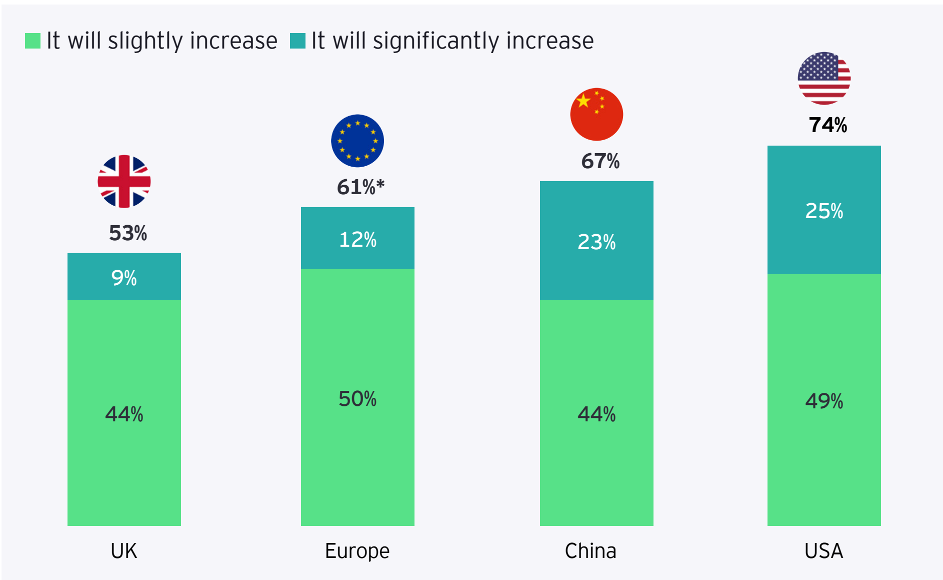
Source: EY UK Attractiveness Survey 2025

Figure 22: Which of the following regions are most attractive for foreign investment?



Source: EY European Attractiveness Survey 2025

Figure 23: How do you expect the attractiveness of these geographies to evolve over the next three years?



*The totals do not equal 62% due to rounding.

Source: EY European Attractiveness Survey 2025

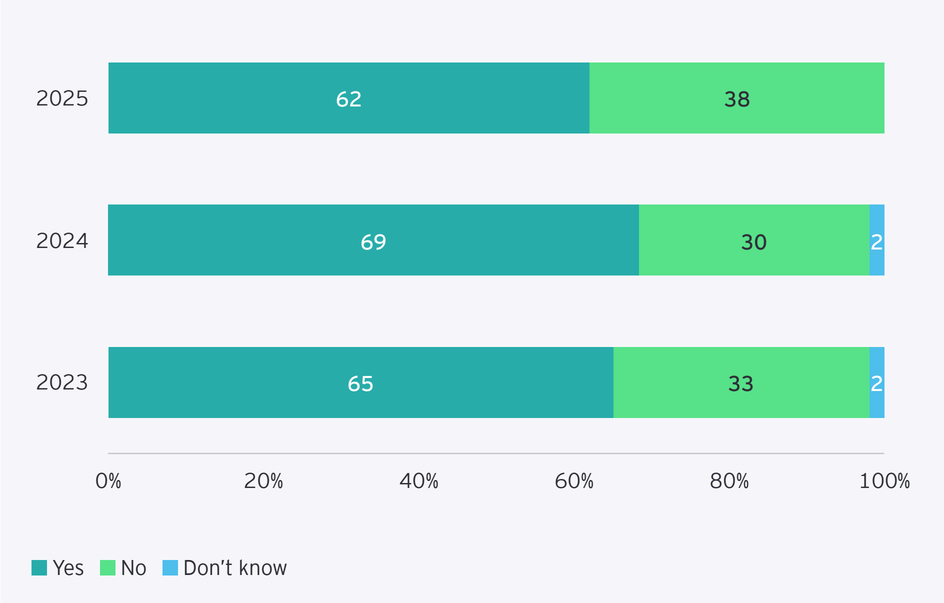
... and a significant share of investors are still planning to invest in the UK in the coming year, with financial services especially bullish

Several other findings also cast a relatively positive light on the outlook for the UK. Despite the declining perceptions of both the UK and Europe's other leading FDI locations in 2024, our findings on investment intentions and plans paint an improving picture for UK investment. Asked whether they're planning to establish or expand operations in the UK over the next year, some 62% of the c-suite investors polled say 'yes'. While this figure represents a year-on-year decrease of 7%, it's important to note that the 69% recorded in our 2024 study was the highest figure ever recorded in this research.

A closer comparison of the findings over the two years reveals some interesting segmentation insights within sectors. For example, last year we found that many industries traditionally strong in the UK were holding back on plans to establish or expand operations in the country – a finding that is arguably reflected in the FDI data on actual project flows in 2024. However, in 2025, we have seen a marked increase in the financial services (90%) sectoral group, indicating plans to establish or expand their UK investments in the coming year.

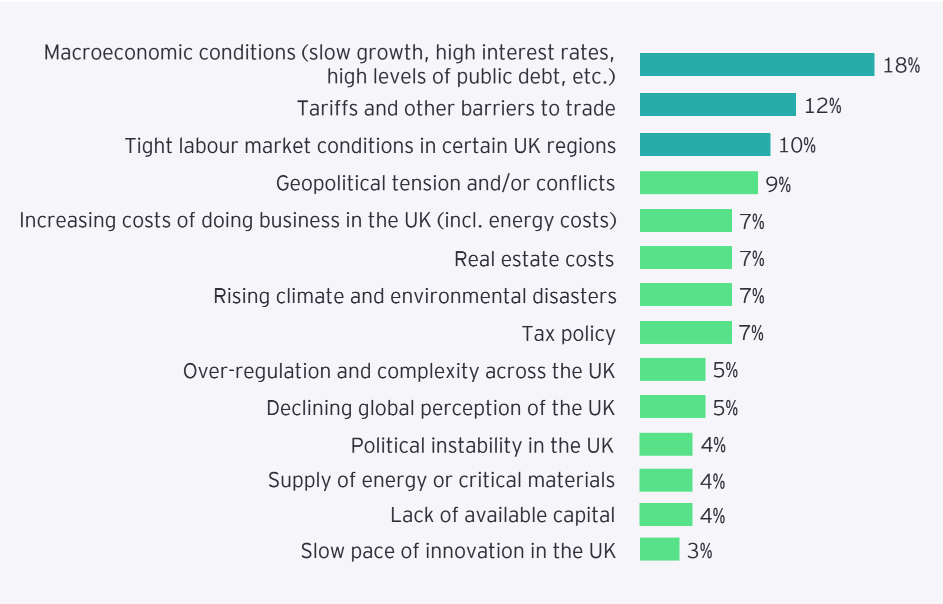
In 2025, we have seen a marked increase in the financial services (90%) sectoral group, indicating plans to establish or expand their UK investments in the coming year.

Figure 24: Does your company have plans to establish or expand operations in the UK over the next year?

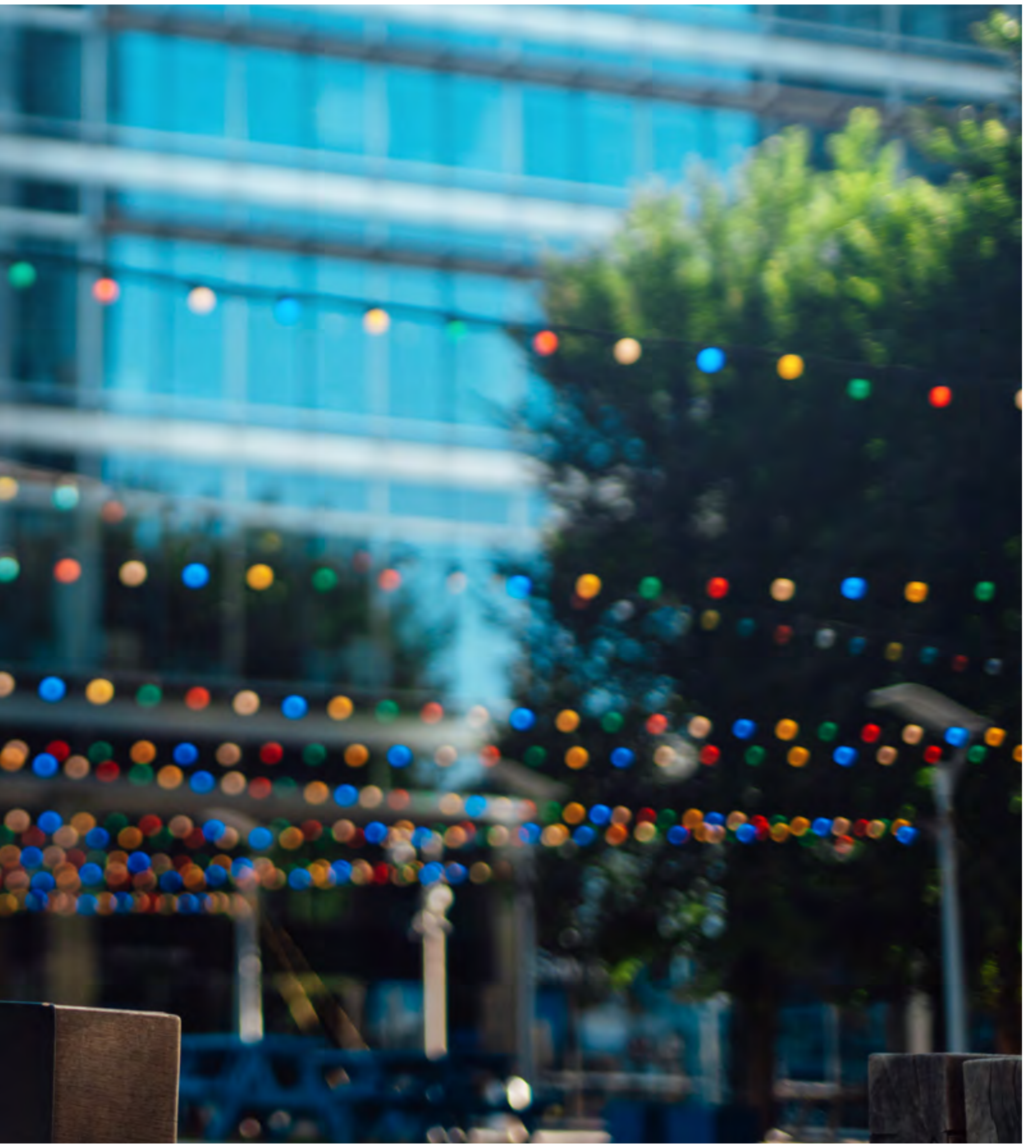


Source: EY UK Attractiveness Survey 2025

Figure 25: What are the three main risks affecting UK's attractiveness over the next three years?



Source: EY UK Attractiveness Survey 2025



Investors' concerns over the UK's attractiveness now centre on global macroeconomic headwinds, trade barriers and the labour market

When we ask investors about their medium-term expectations for the UK's attractiveness, the number one risk they cite is that posed by macroeconomic conditions (18%). During the period since the pandemic, the UK, in common with Western Europe, has struggled for growth in the face of higher inflation and interest rates. More recently, the external environment, characterised by factors such as geopolitical uncertainty and the threat of higher tariffs, has intensified the economic challenges, meaning it's little surprise that the next biggest perceived risk (highlighted by 12%) is tariffs and other barriers to trade. While the precise impact of higher tariffs is widely debated, one of their main drawbacks is the sclerotic effect of the uncertainty that hovers over investors' decision-making and the postponement of investments that actually materialise.

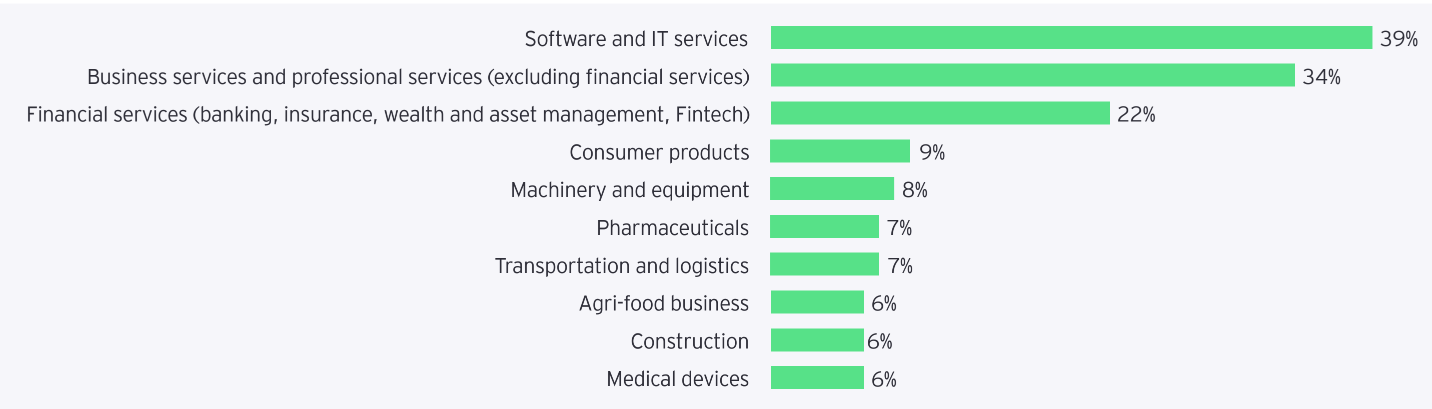
Investors also cite domestic factors as posing risks to the UK's attractiveness, in particular labour market conditions (10%), high energy and real estate costs (7%), and increased regulation and taxation (7%). The UK government has openly prioritised economic growth, and its policy announcements around funding infrastructure and reforming planning rules should help to address at least some of these concerns. There are also signs that domestic fundamentals are improving, with inflation and interest rates appearing to come under more control. However, the fiscal position remains challenging, and the external environment, where UK policymakers have less direct influence, is also not helpful.

Looking forward: investors' opinions on barriers and drivers in the UK economy can guide policy

Taken together, our analysis of FDI in 2024 and our survey of investor perceptions for 2025 and beyond sets a course for policy thinking. The UK has some significant areas of comparative advantage in the eyes of investors, with technology, business services and financial services continuing to be seen as the key sectors that will drive the UK's future growth, underlining these sectors' continued success and importance as unique strengths for the UK economy.

In a similar result to last year, software and IT services secured the largest overall vote in net terms as a future UK growth driver, with a combined total of 39% of investors rating these sectors in their top two, albeit down from 44% in 2024. It was followed by business services and professional services (34%), and financial services (22%), sectors that are historically built around London's position as a global financial hub and as the most attractive city and region in Europe to FDI. For many years, business services and professional services have contributed a sizeable share of the UK's annual project flows across all regions and nations of the UK. In light of this, the UK's substantial market share of European investment in these sectors, particularly as the UK's political landscape enters a period of relative stability compared with global peers, should be nurtured, protected and built upon as a strong foundation for growth.

Figure 26: Please rank the top two business sectors that you expect to drive the UK's growth in the coming years? (Top 10)



Source: EY UK Attractiveness Survey 2025

Deep liquidity and access to capital are still defining advantages for the UK ...

Our findings on the factors that investors regard as most important when choosing to invest in the UK provide further valuable input for policymaking. The UK's historical strengths have always been the foundations of its attractiveness for international investors – in particular, the deep liquidity and scale of its capital markets provide readily available access to capital. The UK continues to be rated above its competitors for these attributes, which represent a defining feature of its appeal; people come to the UK because they can access capital in a predictable and business-friendly environment. These advantages are further bolstered by the certainty provided by the stability and transparency of the UK's legal and regulatory environment, the size of its domestic market, the ready access it offers to talent and key capabilities, and its proven strengths in innovation.

The UK's deep liquidity is particularly appreciated by respondents from the chemical and pharmaceutical sector (40%), as well as the business services sector (37%) and the consumer sector (37%), all of whom rank the availability of capital as the number one factor when choosing to invest in the UK.

In contrast, there were significant sectoral preferences among chemical and pharmaceutical companies regarding the importance of R&D and innovation (56%), as well as the skills and availability of the workforce (40%), highlighting the specific industry nuances that policymakers in the UK should consider.

... people come to the UK because they can access capital in a predictable and business-friendly environment.

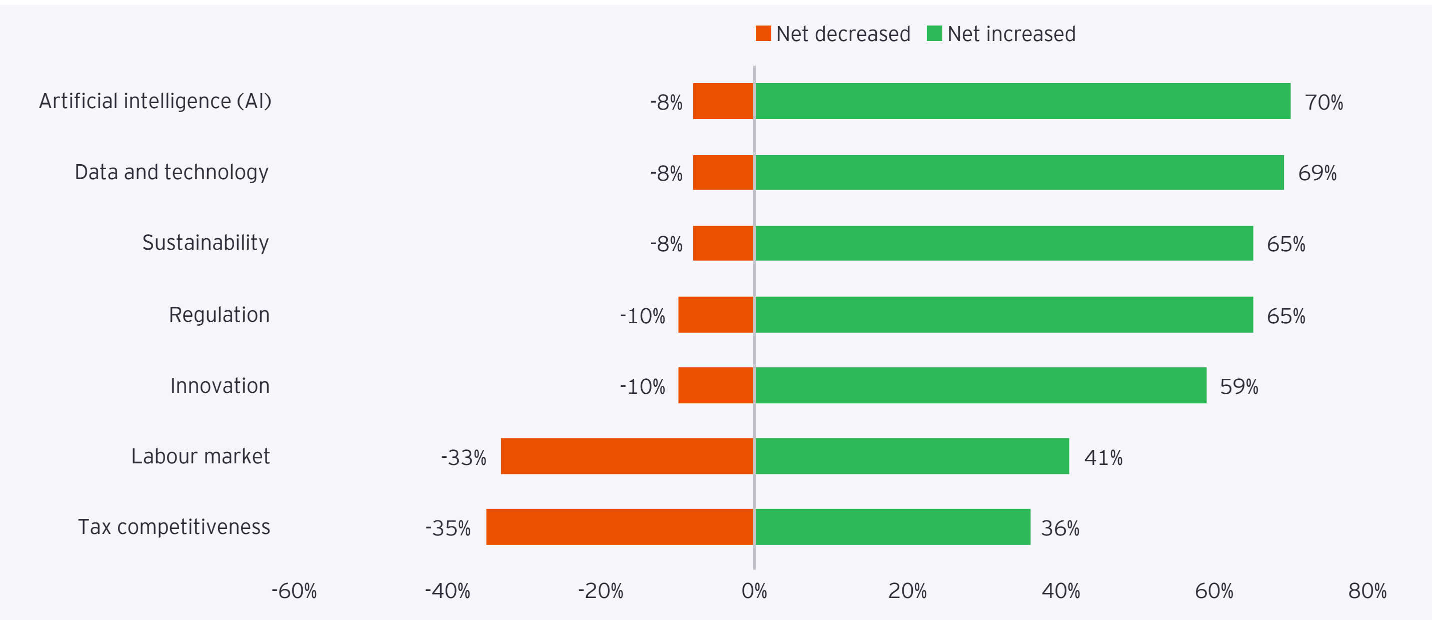
Figure 27: Which factors are the most important when choosing to invest in the UK?

Source: EY UK Attractiveness Survey 2025

… but there are no grounds for complacency, with a need to understand how the UK's relative attractiveness is changing across different attributes

As ever, there are areas of weakness, with many investors believing the UK's attractiveness is decreasing in terms of its labour market (33%) and tax competitiveness (35%). At a time of rising macroeconomic uncertainty and increasing input costs for businesses, any rise in taxes or labour costs will inevitably impact perceptions of the UK as an attractive investment destination. Elsewhere in the world, the UK is renowned for ready access to technically skilled labour, but this strong reputation does not prevent many investors from getting frustrated at the combination of a hotter labour market and rising costs. Taken in isolation, most of the responses on the various themes look largely quite positive for the UK. But if we take the themes with large net decreases in attractiveness and read these across to other areas of technology investment, including which factors are causing investors to switch up their operations and which are driving decision-making, it's clear that policymakers should act pre-emptively to prevent further negativity from taking hold.

Figure 28: In the last three years, how has the UK's approach to the following areas impacted its attractiveness as an investment destination compared with other countries around the world?



Source: EY UK Attractiveness Survey 2025

Recent uncertainty – specifically over geopolitics – is increasing the likelihood of changes to supply models in the UK ...

The past decade has been characterised by considerable uncertainty, triggered by events ranging from pandemics to trade wars, and from military conflicts to energy shocks. It's hardly surprising, then, that investors cite geopolitical uncertainty (41%) as the main reason for changing their supply chain. We have also seen rapid innovation in technology, as well as a policy drive (at least in Western Europe) that has placed an increasing obligation on companies to monitor, report on, and comply with sustainability legislation (also 41%).

Against this backdrop, companies are increasingly revisiting their supply chains to ensure resilience and try to reduce geopolitical and policy risks. In our 2025 survey, 25% of respondents say they're looking to change their supply model (25%) – up from 19% in 2023 and 24% in 2024. By way of context, the 25% figure in 2025 is well below the high point recorded in 2022, in the wake of the pandemic, when almost 40% of investors were looking to change their supply chains. However, after a brief dip, the proportion of those looking to revamp their supply model is now rising again. In our flash survey, conducted to get short-term sentiment since the announcement of 'Liberation Day' tariffs in the US, 31% of investors expect to increase their supply chain and logistics operations footprint.

Returning to investors' reasons for changing their supply chains, factors that rank below geopolitics and sustainability but are still important include what might be considered the 'business as usual' reasons, with many investors telling us that digitisation (39%) and cost effectiveness (37%) are key to their rationale for change.

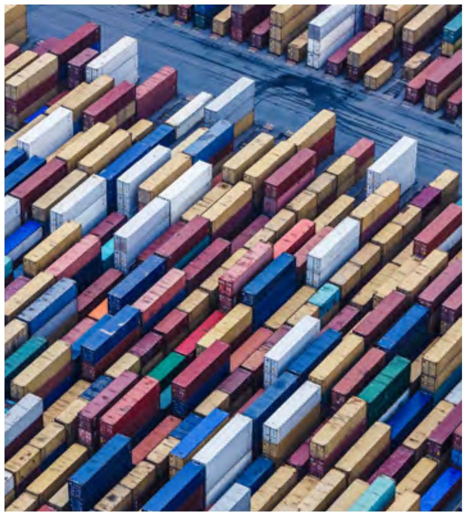
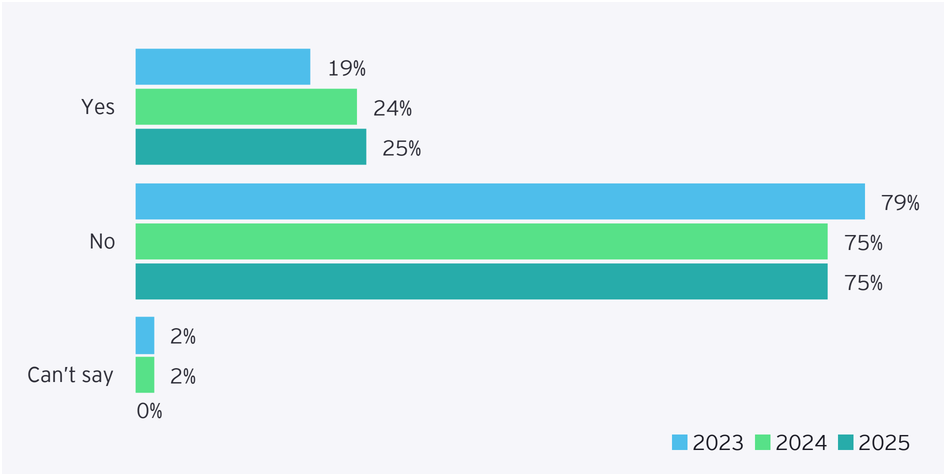


Figure 29: Are you planning to change your supply model in the future?



Source: EY UK Attractiveness Survey 2023-2024

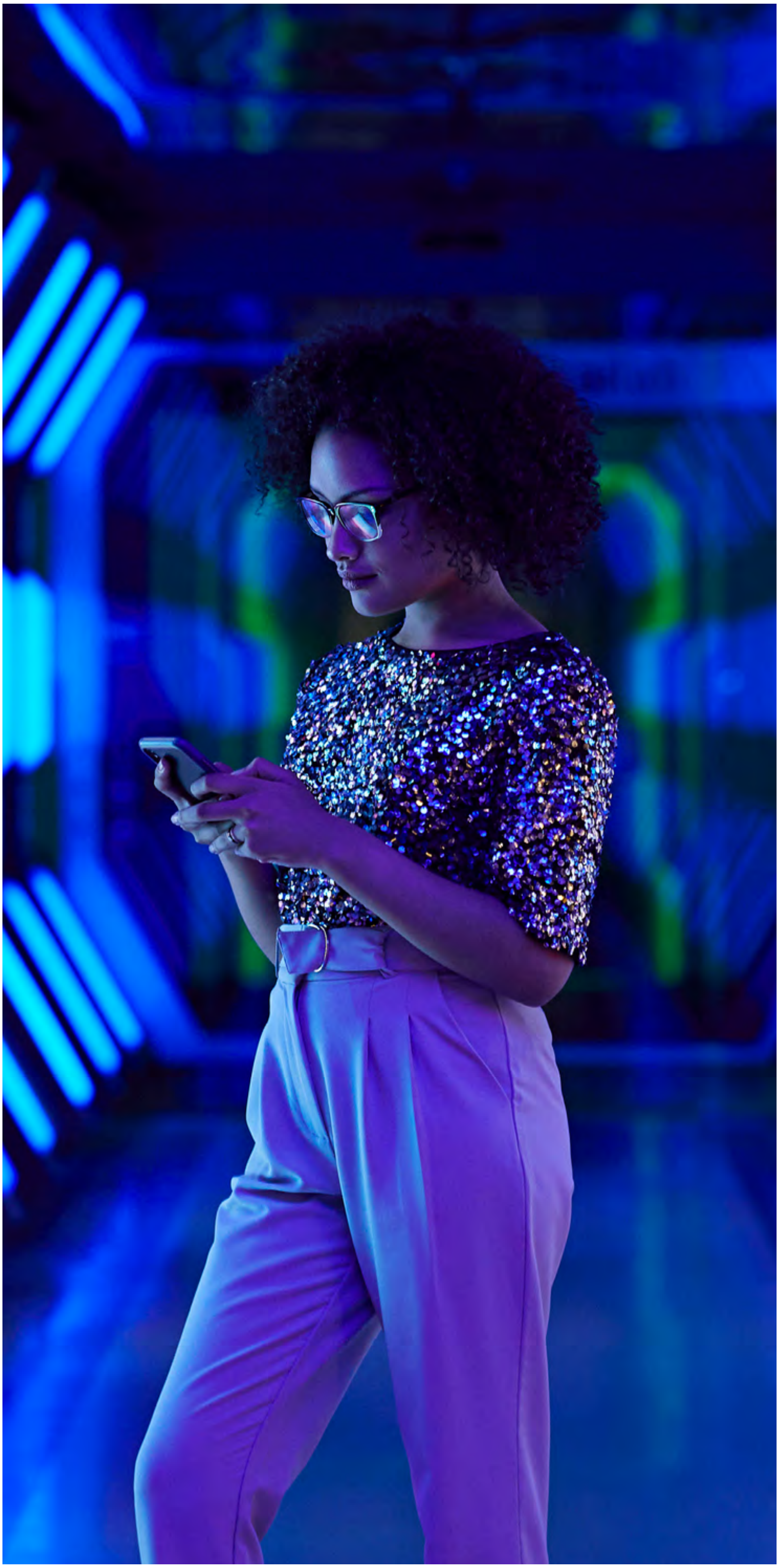
Figure 30: Why are you planning to change your supply model in the future?

Source: EY UK Attractiveness Survey 2025

… and with new technology – especially AI – rising up investors' agenda, they see the UK as offering a highly skilled and competitive workforce …

With the focus on technology, AI and competitiveness continuing to increase, investors tell us that the UK outperforms other FDI destinations on the availability of a highly skilled workforce (66%) – but is ranked 'about the same' in terms of direct government support and creating access to financing. Among other positive findings, they believe that the UK also offers a strong network of start-ups and research institutions (59%), which is likely to have a strong connection to the UK's higher education institutions, and a seemingly better approach to data regulation than other countries (58%).

However, there are several significant areas where the UK is not widely regarded as having an edge over its competitors, including some where a degree of dissatisfaction emerges. For instance, on the availability of venture capital and seed funding, 13% rate the UK as 'worse' than other countries. Investors comment that while the UK attracts entrepreneurs through some strong fundamentals around the workforce and capability, bridging the gap to enable start-ups to move to the scale-up stage remains a challenge. This is striking given that the liquidity of financial markets was seen as a key driver of FDI into the UK. However, this finding does expose an underlying challenge for smaller businesses. Larger companies are able to attract conventional capital, whether by traditional bank lending or via public markets, but this is not always the case for smaller, high-growth companies. Regulations introduced after the global financial crisis have led to UK banks being far more risk-averse when it comes to lending, while UK equity markets have been outperforming those in the US for quite some time. This is an institutional failure that results in many of the best start-ups moving to the US to enable scale-up.



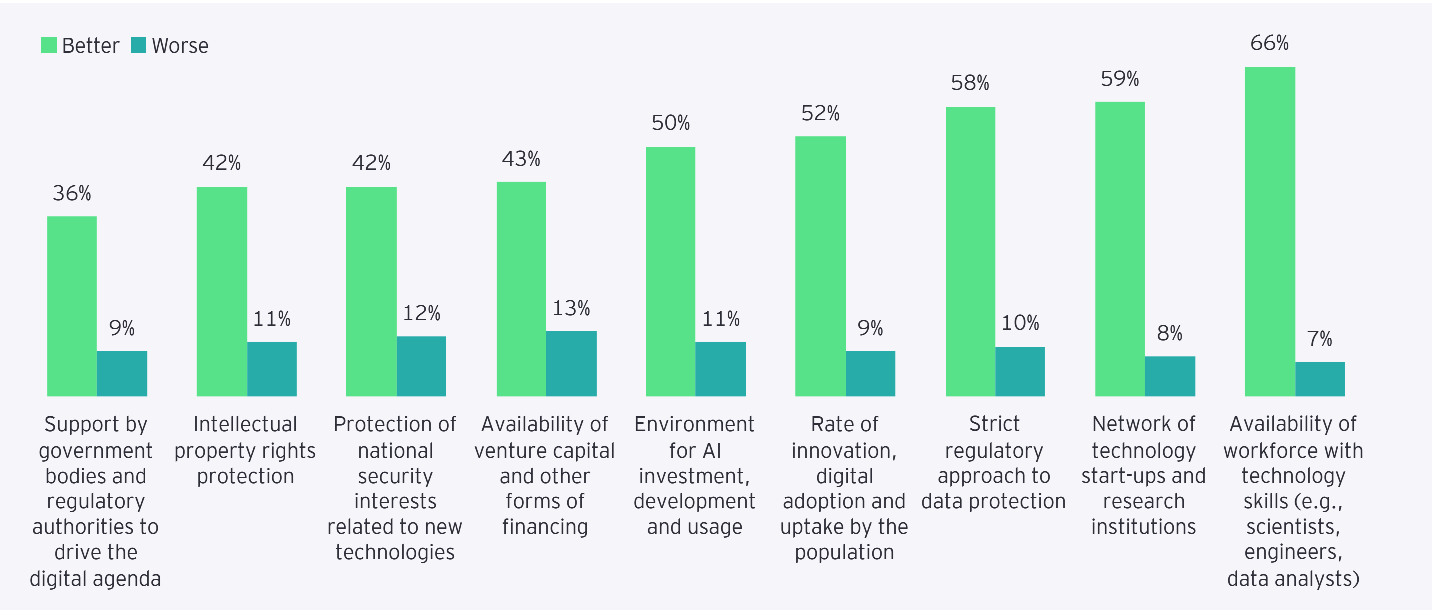
… opening up opportunities for the UK to improve tech startups' access to capital, encourage innovation and nurture tech skills

All of these points point to the potential for the UK to offer a more competitive environment by creating better and easier access to capital for tech startups, encouraging innovation and maintaining and growing tech skills in the workforce. If the UK is to remain competitive in this space, it's vital that policy focuses on retaining and protecting the vibrancy that draws investors and entrepreneurs here in the first place.

Also, while this opportunity centres on technology, there's a clear linkage to other policy areas. For example, 12% of investors think the UK performs worse than other countries in terms of the protection of national security interests related to new technologies. When we've followed up with investors to ask how the UK can improve its competitiveness in digital domains, their responses display a broad mixture of areas. In general, they call for an approach that combines a continuation of what is done well already with changes in policymaking aimed at goals such as enhancing access to capital (37%), encouraging emerging technology (33%) and improving the skills and data available to the workforce (29%).

Those respondents expressing concerns around technology, IP and access to financing may now be seeing some light at the end of the tunnel, with UK policymakers currently looking at reforms to pension funds, institutional capital and private markets, which may be the roadmap to improving this area of attractiveness. In an era where the US may be increasingly pulling back from Europe, there's a clear scope for others to step in to fill the gap both domestically and internationally.

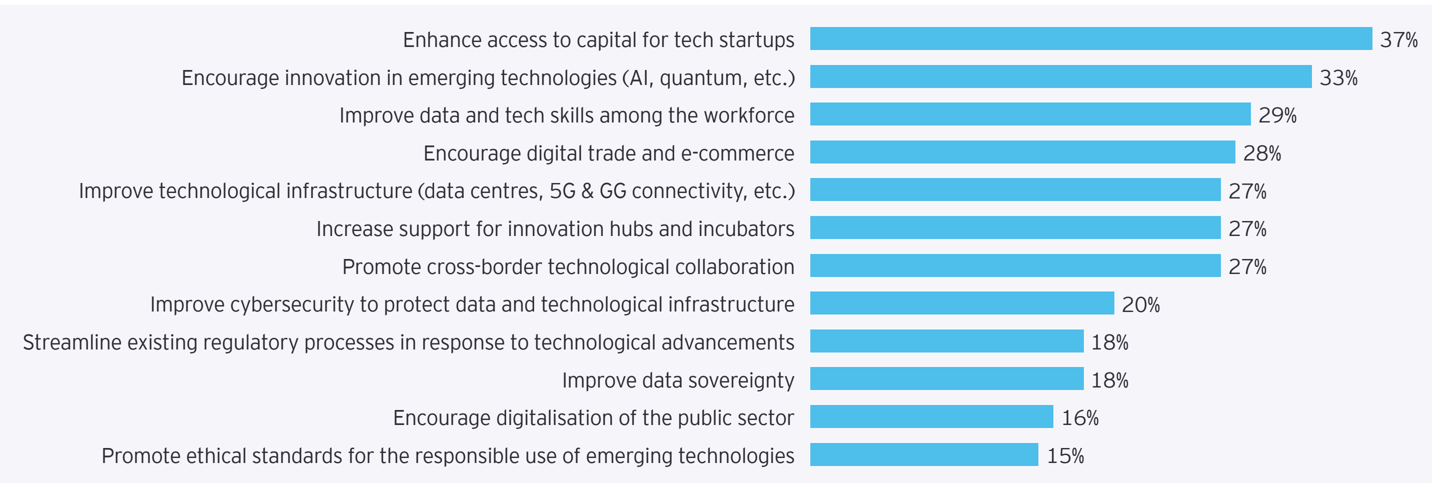
Figure 31: Compared with other countries, where does the UK perform better with regard to the following technology-related factors?*



* Note: this chart will not tally to 100% as it excludes answers given on 'the same'.

Source: EY UK Attractiveness Survey 2025

Figure 32: How should the UK improve its digital competitiveness?



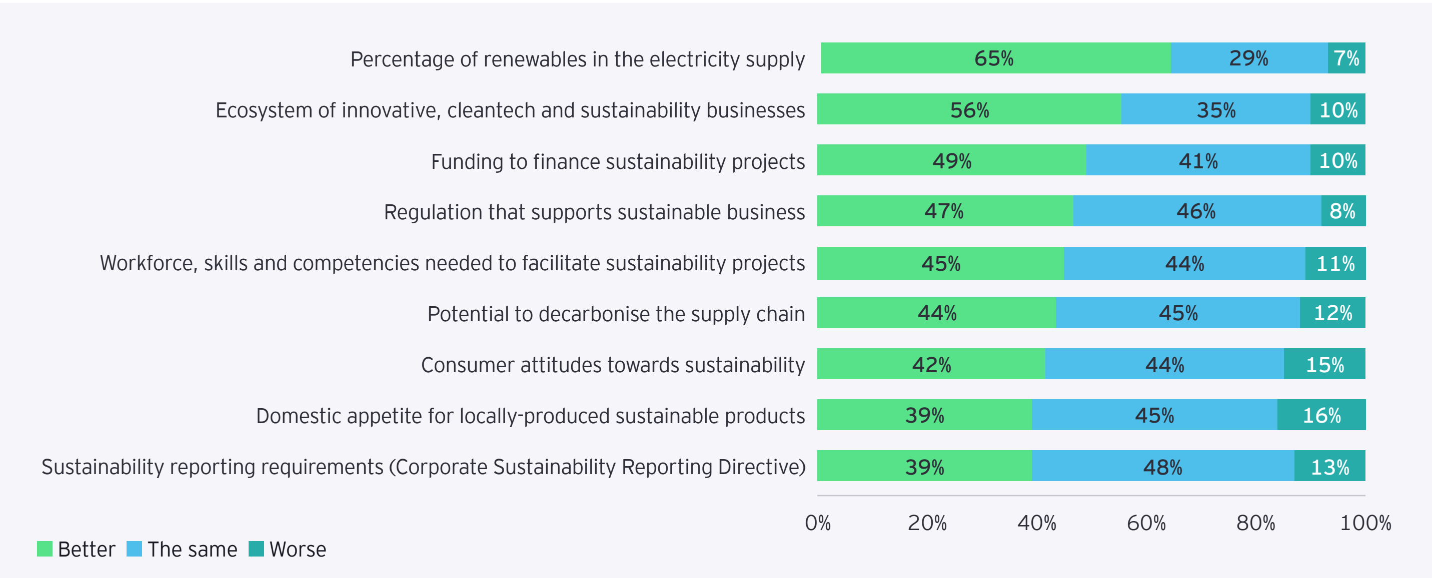
Source: EY UK Attractiveness Survey 2025

Sustainability, ESG and cleantech investment remain high up the boardroom agenda for investors into the UK

As in previous years of our UK Attractiveness Survey, ESG has remained a high priority for investors in 2025. In cases where ESG is a significant consideration in a company's investment strategy, the UK is seen as offering a conducive FDI environment, but with telling indications of room for improvement.

On the positive side, the UK's energy mix — particularly its rising adoption of renewables — remains attractive for investors, enabling them to meet internal carbon footprint targets: some 65% of investors view the UK as performing 'better' than other countries regarding the percentage of renewables in the electricity supply. The UK is also seen as an attractive location for innovation in new green technologies (56%), which offers upside growth to investors in this domain.

Figure 33: Compared with other countries, how does the UK perform with regard to the following sustainability-related factors?



Source: EY UK Attractiveness Survey 2025

However, there are some signs of pushback from both companies and consumers. Among companies, concerns tend to centre on the raft of sustainability legislation that can drive up costs. On the consumer side, there are signs that the appetite for sustainable products may have declined in the face of the recent squeeze on incomes. This issue is indicated by investors' perception of the UK domestic appetite for these products (which has a higher relative 'worse' score than other countries, at 16%) and similarly in perceptions of UK consumers' attitudes to sustainability (15% 'worse'). As such findings underline, policymakers will need to think carefully about how to create a balance of measures that can deliver their long-term goals, but that do not risk sacrificing economic growth and wellbeing in the short term through policy objectives that are too onerous or unrealistically ambitious in terms of timing.

A deeper dive into respondents' views on sustainability in different sectors reveals that those in the chemical and pharmaceutical industries are especially positive about the UK, praising the country's performance in terms of the percentage of renewables in the electricity supply (76%) and regulation that supports sustainable business (72%). Although this stands in stark contrast with the recent performance of the chemicals sector in the UK, which has seen a collapse in output over the last three years in the face of some of the highest energy prices in the world. Meanwhile, financial services respondents rate the UK's sustainability reporting requirements (55%) and funding to finance sustainability initiatives (60%) more highly than their counterparts in other sectors.

… 65% of investors view the UK as performing 'better' than other countries regarding the percentage of renewables in the electricity supply.

Policy implications for business and government: what can — and should — be done?

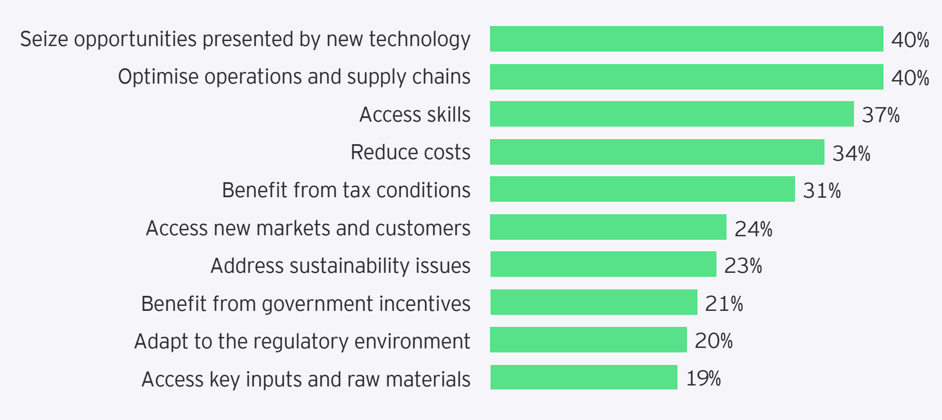
Investors into the UK are seeking longer-term stability and confidence to protect their investments

In the context of substantial geopolitical and macroeconomic uncertainty globally, the UK has an opportunity to reestablish its global reputation as a bastion of pragmatism and stability, thereby offering a potential source of growth and expansion for investors. Against this background, we will now conclude this report, as we have in previous years, with some reflections on how the themes that our research shows are driving investor decision-making can be turned into useful insights for UK policymakers in both the private and public domains to capitalise on.

In thinking through policy, it is essential to return to the basics of why a foreign company would invest in the UK, such as tapping into a new market to make a commercial return, driving operational efficiencies, or accessing capability (talent, technology). For example, 40% of investors cite seizing opportunities around technology as a major reason for investing in the UK, with a similar proportion looking to optimise their existing operations and supply chains. Following closely behind are reasons to establish and expand operations, including access to skills (37%) and reducing costs (34%).

These attributes call for long-term strategic thinking from the Government around industrial and skills policies, together with the creation of a stable environment in which investors can trust that their investment will withstand the test of time. That said, there are also tactical drivers of investment that policymakers can address using tax, incentives and regulation levers that are all within the Government 's control. While these are at the margin compared with some of the higher priorities for investors, they can play a role in selling the UK to international investors and improving the attractiveness of the UK's overall proposition.

Figure 34: What are the main reasons for establishing new or expanding existing operations?



Source: EY UK Attractiveness Survey 2025

To stay competitive, investors say the UK should support strategic industries and SMEs, fund R&D properly and improve energy pricing and security …

When investors are asked where the UK needs to focus its actions in order to stay competitive, their top response is government support for a concerted effort on an industrial strategy (38%), with a clear focus on policies aimed at driving growth in key strategic sectors. For the UK, this category would include the digital, financial services, and professional services sectors, together with high-value-added manufacturing and life sciences.

Regardless of how the question about UK competitiveness is phrased, the innovation landscape is a recurring theme throughout the responses. The strong focus on innovation is further evidenced by the fact that investors rate support for SMEs as the second most important action for the UK, cited by 32% overall. This finding reflects the pivotal role of smaller companies in spurring innovation and creating the industries of the future. What's clear is investors don't necessarily believe that betting the house only on the bigger, albeit still growing, industries is the way to go.

Ranked just beneath these concentrated strategic efforts is the need for action on energy prices, ranked in fourth place and cited by 23% of investors. While the call for government intervention on this issue comes particularly from energy-intensive industrial companies, there is a recognition that new high-growth assets, such as data centres, also require large amounts of energy. All of this means a push for cheaper energy is essential and would represent a major step towards the strategic direction that investors think the UK should be taking. The UK has some of the highest energy prices in the developed world, making this one of the most critical policy issues to address now.

A related issue is the increasing focus among investors across Europe, including the UK, on the importance of energy independence and security. This partly reflects how central geopolitical and macroeconomic disruption has become to investors — a shift of perspective that shines through in all our survey responses. Policy efforts directed at improving energy security will ultimately improve investors' confidence in key areas, including macroeconomic stability, operational reliability for businesses, overall risk reduction and predictability.

A sectoral analysis reveals a stronger call for support for strategic industries among respondents from the chemical and pharmaceuticals (48%), industrials (40%) and high-tech (40%) sectors, compared with financial services (25%) or business services (35%). Similarly, financial services and business services rate increasing R&D funding as a relatively low priority compared with sectors such as industrials, while high-tech is more focused than other industries on support for SMEs.

These sectoral preferences are largely to be expected, given how dependent the likes of the heavier industry sectors are on R&D investment, how capital-intensive they are (with longer payback periods for their investments) and therefore how much certainty they seek on key areas of policy. However, in the global competition for these high-value sectors, these responses should give policymakers greater confidence to pursue a long-term industrial strategy and consider how incentives can attract the kinds of investment the UK is seeking.

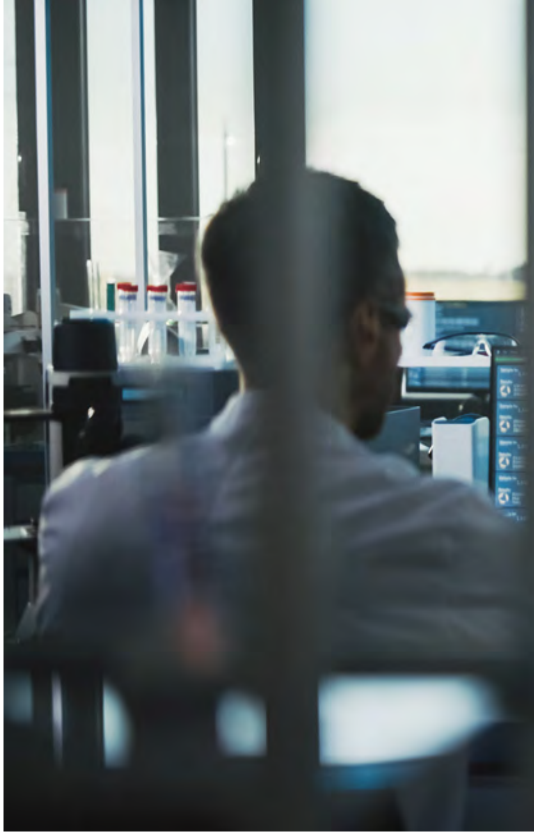
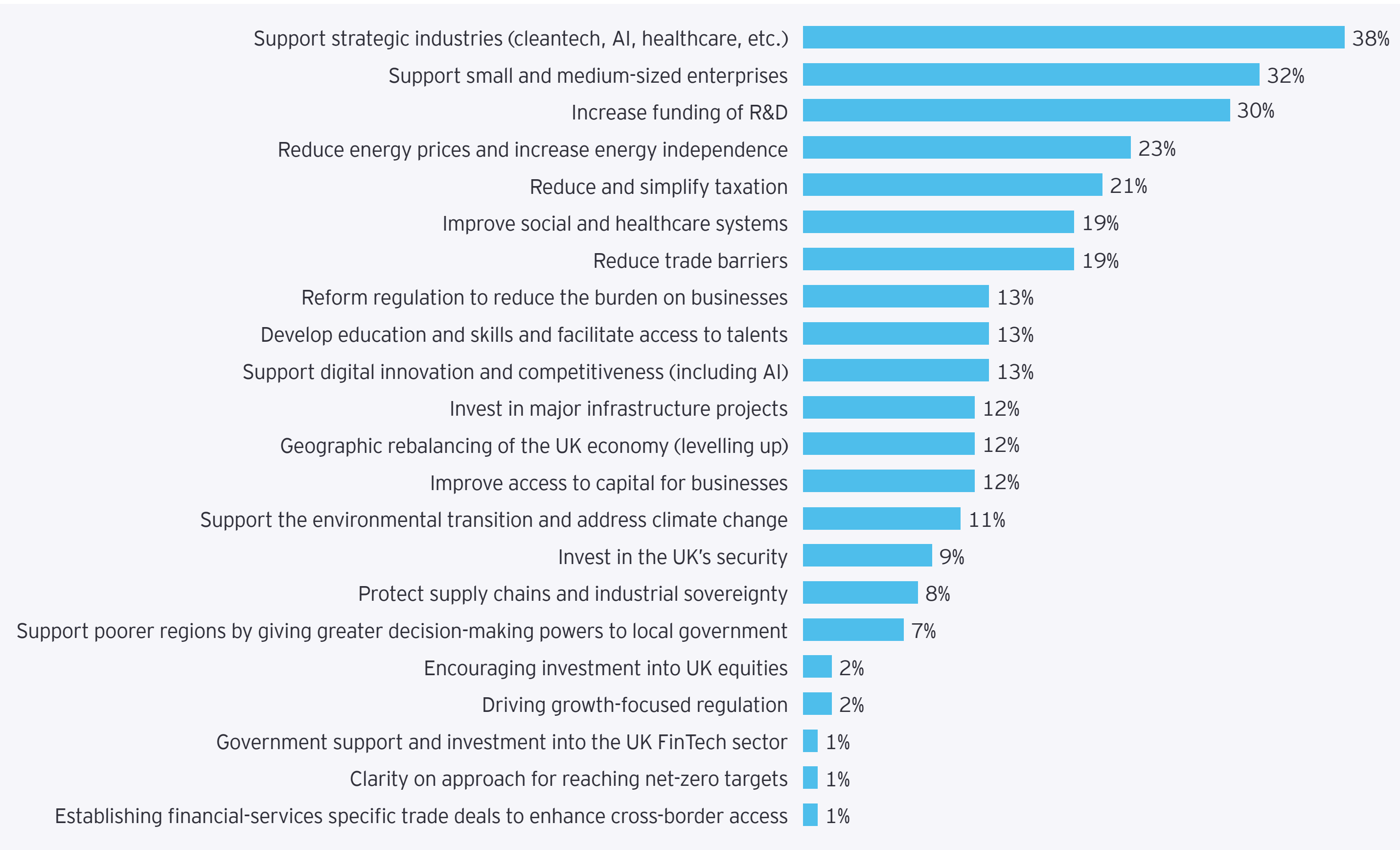


Figure 35: Where should the UK concentrate its efforts in order to maintain its competitive position in the global economy?



Source: EY UK Attractiveness Survey 2025

... and amid the global race for leadership in AI, investors recognise the UK's competitive advantages in skills and data

The latest gold rush and global battle for the technological edge in AI are weighing heavily on the minds of investors and rank high on the board agendas of a diverse range of companies considering investing in the UK. Asked to cite the most significant factors that would influence their decision to invest in AI activities in the UK, investors point to a unique selling point for the country in how skilled our workforce is around AI, and our ability to provide the steady pipeline of talent needed to fuel the AI ecosystem (38%).

However, despite this edge in skills, the needs of the nascent AI ecosystem and startup culture still pose some challenges for UK policymakers. Investors place a heavy emphasis on the need for high-quality and diverse datasets (31%), rating this as more important than grants and incentives — a finding that points to the commercial value such datasets have in the future of AI technology. This, in turn, highlights some strategic opportunities for the UK that align with the high-value sectors it's seeking to promote. For example, the UK's world-class health and life sciences sector offers a potential competitive advantage when this data can be made accessible in responsible ways. Similarly, the UK's position as a financial services powerhouse offers major competitive opportunities if policy can help to fuel AI sub-specialities in fintech, risk analysis and the use of financial data.

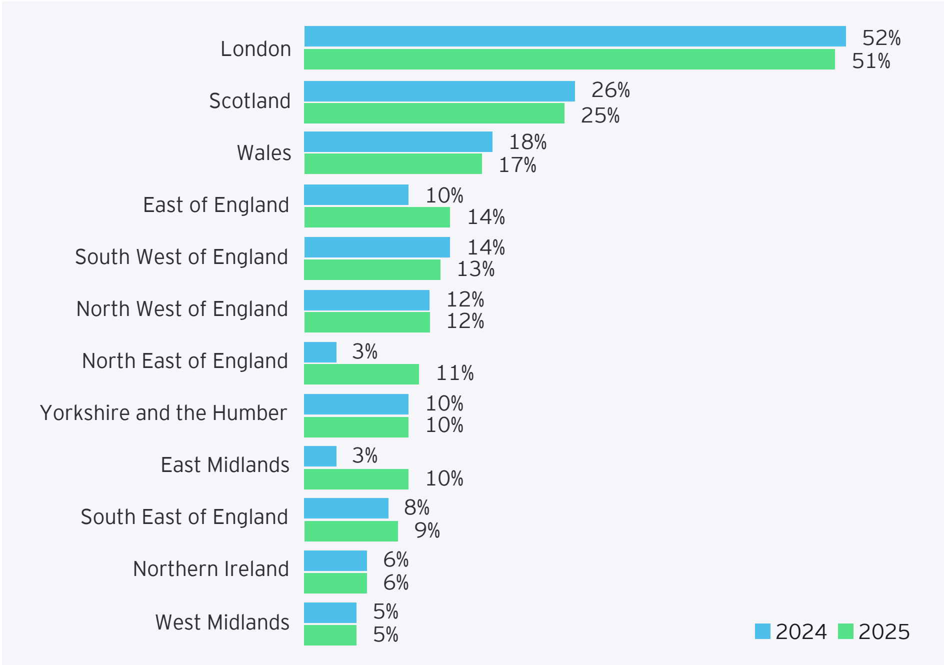
Figure 36: What are the most significant factors influencing your company's decision to invest in AI research, development, and deployment in the UK?

Source: EY UK Attractiveness Survey 2025

The UK's regions remain attractive to investors, while London retains the top spot in both the UK and Europe ...

Looking at the regional breakdown of where investors are planning to invest within the UK, London has remained the number one destination (51% in 2025) in the UK, and indeed across Europe, for many years. This predominance is also reflected in the relative FDI performance in 2024. Scotland continues to perform strongly as the second destination of choice in the UK (25%), again correlating strongly with annual project flows. However, when it comes to other regions of the UK, there is much more nuance in the relationship between investors' perception and actual delivery of FDI, with both Northern Ireland and Wales, for example, putting in an FDI performance that seems particularly disconnected from investors' evolving perceptions. For regions such as these, our findings indicate a strong need to connect their investment proposition and offer to inward investors more closely to the securing and delivery of projects.

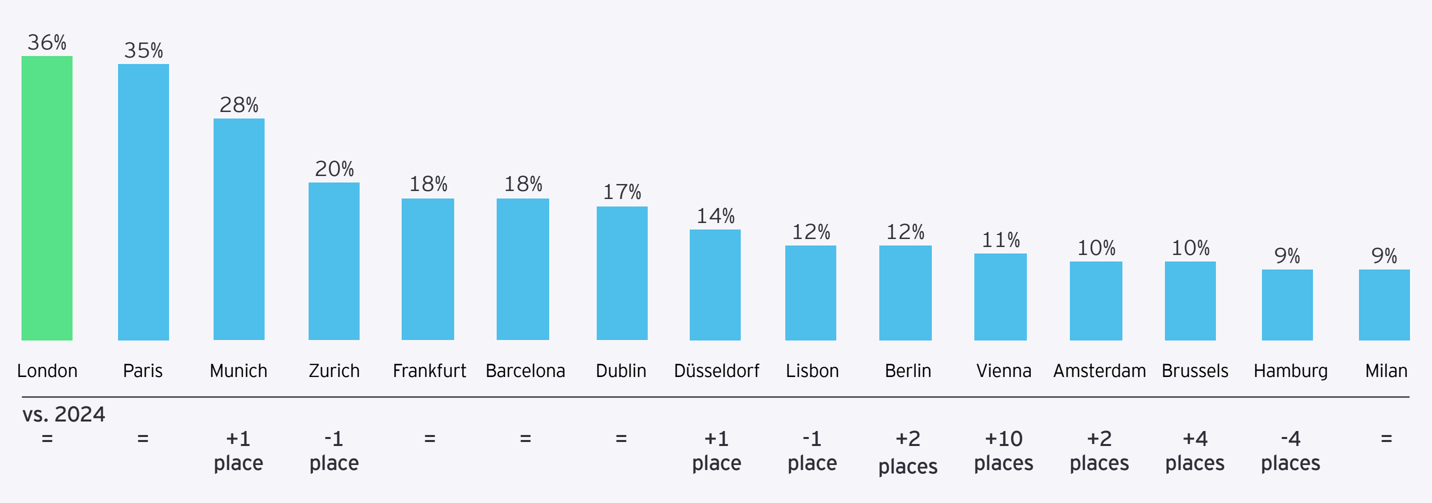
Figure 37: In which parts of the UK are you planning to establish or expand operations in the next 12 months?



Source: EY UK Attractiveness Survey 2024-2025

Looking at the regional breakdown of where investors are planning to invest within the UK, London has remained the number one destination (51% in 2025) in the UK, and indeed across Europe, for many years.

Figure 38: Which European cities will be most attractive for foreign investment in 2025?



Source: EY UK Attractiveness Survey 2025

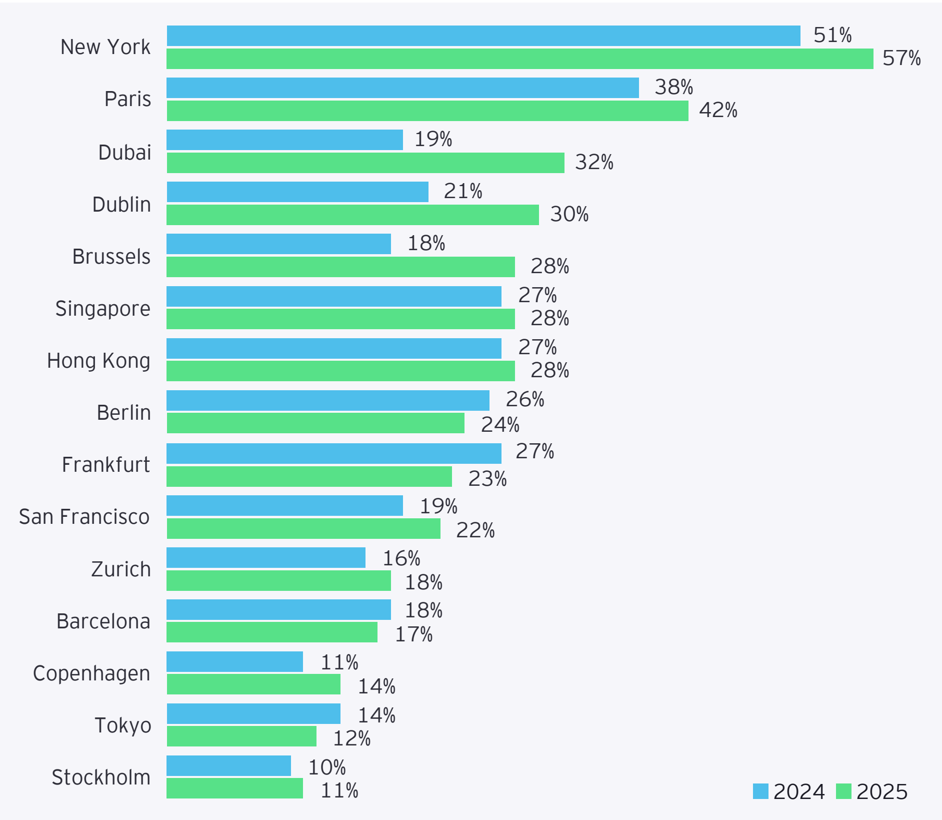
… while among global FDI cities, New York and Paris remain London's main challengers as Dubai and Dublin come up on the rails …

London remains the most attractive city destination across Europe, just ahead of Paris. However, we have also looked at competition between global cities. Through a global lens, perhaps unsurprisingly, New York is the main rival to London, with its score rising from 51% in 2024 to 57% this year. Support for New York is particularly strong in financial services (70%) and chemical and pharmaceuticals (64%). The pattern with second-placed Paris is similar but less marked.

Behind those two leaders, two fast-rising emerging challengers – Dubai and Dublin – are consistently cited year after year as offering compelling attractions to foreign investors. Dublin offers a gateway into the EU, has an English-speaking workforce (making it attractive to firms wanting to retain that market access without language barriers), a favourable tax environment (albeit rising slightly under OECD reforms), and a common law system similar in structure to the UK. Meanwhile, Dubai is emerging as a reliable strategic gateway to emerging markets, is located at a crossroads for global logistics and has substantial time-zone overlaps with Asia and Europe. Its proposition to investors is also supplemented by appealing tax and regulatory incentives, which are attracting fintechs, asset managers and logistics firms alike. At the same time, the Dubai Government's heavy investments in AI, clean energy and smart city infrastructure are further competitive strengths that UK policymakers should take note of and benchmark as they set the UK's direction of travel.

The rising perceived attractiveness of these cities should give UK policymakers pause for thought. Despite London's position as a global heavyweight, these up-and-coming FDI cities are offering an agile, business-friendly alternative that investors find attractive in an increasingly multipolar world.

Figure 39: Which global cities will be London's biggest rivals for foreign investment over the next three years? (Top 15)



Source: EY UK Attractiveness Survey 2024-2025

… and investors are clear that incentives and a highly skilled workforce are key to making regional investments with confidence

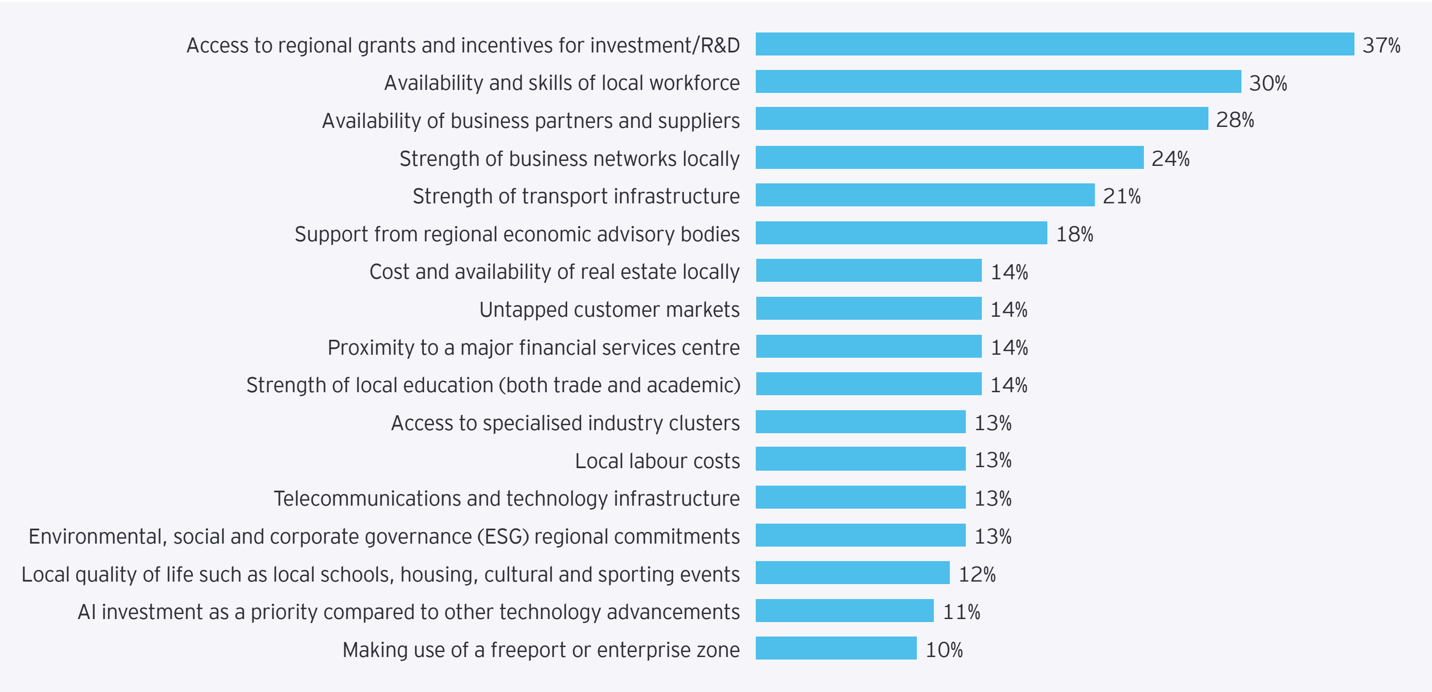
In this survey in recent years, we've often commented on the highly transactional approach investors take when considering establishing or expanding operations in the UK outside of London. That hasn't changed this year. Access to grants and incentives remains the leading criterion among those investors apply when deciding on investments at the regional level, cited by 37%. This figure represents a slight drop on last year, but it is a perspective that may be tested as the fiscal position of governments around Europe remains tight. Focusing on the available incentives makes sense when viewed in tandem with the rise in the importance at the national level of accessing liquidity and capital for businesses. However, the ability of governments across Europe to play a much bigger role in incentivising or funding regional investment is likely to come under growing pressure as they continue to be buffeted by geopolitical risks and fiscal constraints.

After grants and incentives, it's little surprise that, once again, the availability and skills of the local workforce comes a close second among investors' criteria for regional investment, with 30% citing this as a consideration (again a small dip from last year). This marginal decline may reflect the slight cooling in the labour market, following a protracted period when the demand for specific skills has been running hot. This is mirrored by the declining trend in the importance of labour costs, which peaked at 23.5% in 2022 and has since fallen back to 13% in 2025.

Turning to sectors, heavy industry and manufacturing are keen to capitalise on any initiatives that will supply them with apprentices or people with transferrable skills in new technologies and areas of growth. The availability of this type of support can be a major consideration when investors are conducting their initial due diligence on the choice between different locations. This applies both when comparing the UK with other places in Europe and also when weighing up different locations within the UK. When these choices are being made, it is of paramount importance that regional investment promotion bodies have the right skills, strategy and proposition in place.

When the choice is between different regions of the UK, incentives become even more important. If an investor has made the decision to come to the UK on the basis of national strategic drivers, then the location within the UK is potentially a more tactical choice, at least partially driven by the incentives on offer. Within the UK's wider devolution agenda, this reality places the onus on local policymakers to offer competitive incentives that are feasible to gain greater traction with investors. That said, the underlying strength of the local economy clearly matters most, putting the spotlight on the factors often referred to as 'the fundamentals': talent (30%), local business networks (24%), suppliers (28%) and quality of infrastructure (21%).

Figure 40: What are your investment criteria when considering investing in the regional locations outside of London in the UK?



Source: EY UK Attractiveness Survey 2025

Conclusion: despite global trade headwinds, the UK has a stable footing to win over investors

It's been another challenging year for FDI, characterised by an increasingly uncertain geopolitical environment, and presenting a palpable risk that Europe and the UK may be slipping down the global economic league table. Across Europe, countries, including the UK, are facing profound challenges in sustaining growth and managing their fiscal position, problems that are now compounded by the uncertain impacts of US tariffs on global trade. It's a sombre situation in which the UK's resilient performance in securing FDI in 2024 and remaining relatively attractive to investors in 2025 appears all the more impressive.

That's the context for this report. So, looking across our findings and analysis, what messages should UK policymakers draw from it for the future direction of policy? In our view, three imperatives come strongly to the fore.

1. Create an FDI strategy built around the UK's key strengths

The UK has a world-leading position in several industries and a wealth of high-quality talent in key sectors, many of which are facing a global shortage of skills. The country also benefits from political stability at a time of widespread volatility and change elsewhere, a solid reputation as a place to do business, and a legal system that's respected and relied on across the world. Add to these the global perspective of the London and UK investor base that looks far beyond Europe, as well as the UK's unrivalled international connectivity and convenient time zone, and there are many inherent strengths for the UK to capitalise and build upon. To make the most of these, what's needed is a clear industrial strategy focused on priority growth areas, together with appropriate policies that support its delivery.

2. Address barriers to investment

Alongside the UK's undoubted strengths, our research also highlights several barriers that hamper, or at least are perceived to hamper, its attractiveness as a location for FDI. Factors including regulation, the tax system, energy costs, security and the availability of some specialist skills are all cited by a significant proportion of international companies as deterring them from investing in the UK. The UK needs a policy agenda that is supportive of efforts to address investors' concerns in these areas. In devising and implementing such a policy, it's important to remember that perceptions matter. The UK's reputation as a bastion of stability is especially important in an uncertain world. So, measured, considered policy changes are likely to be more effective than handbrake turns.

3. Underpin the first two priorities with a longer-term focus on UK productivity and growth

The recently installed UK government has made achieving higher economic growth its top priority. Its efforts to deliver on this commitment now face significant new headwinds from trade disruptions that are expected to weaken the global economy and constrain consumer and business spending. In light of this, the role of FDI in delivering growth becomes even more important, with the tantalising prospect of triggering a virtuous circle in which inward investment and economic growth rise hand-in-hand. Such a scenario will require a consistent vision of the future, turned into reality through investment in the longer-term enablers of growth, not least infrastructure and talent, both of which rank high among investors' criteria for choosing to invest in the UK.

Get all three of these imperatives right, and policymakers will be well on their way to helping deliver the wider objective of improving the UK's growth performance, harnessing FDI as an important catalyst. The opportunity is clear. It's time to seize it.

About the EY Attractiveness program

By examining the attractiveness of a particular region or country as an investment destination, the EY Attractiveness surveys are designed to help businesses make investment decisions and governments remove barriers to growth. A two-step methodology analyses both the reality and perception of 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 24-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 for insights on how countries benchmark their investment attractiveness.

The perceived attractiveness of the UK and its competitors by foreign investors

We explored the UK's perceived attractiveness via online surveys of international decision-makers. Two elements of UK field research were conducted by FT Longitude, first between January to March 2025, based on a representative panel of 400 international decision-makers. A second element was conducted in May 2025, based on a representative panel of 300 international decision-makers. The decision-makers were determined by the most recently available FDI data (2024) and the proportion of sectors remained the same between both surveys. The research thus aims to get a representative sample of investors into the UK, by geography, industry grouping and size of company. 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 for FDI.

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