

EY UK Attractiveness Survey Scotland

June 2025



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Contents

Foreword	2
Executive summary	4
1. In a difficult year for FDI into Europe, Scotland has maintained a robust level of investment	6
2. Investor perceptions of Scotland are positive, but dominated by global instability	14
Conclusion: Despite global trade headwinds, Scotland has a strong footing to compete for strategically important investment	22

Foreword

Still punching above our weight

I'm delighted to welcome you to the 2025 EY Scotland Attractiveness Survey. As in previous years, this research report explores and analyses Scotland's year-on-year performance in attracting foreign direct investment (FDI) projects, and tracks international investors' evolving perceptions of Scotland as an FDI destination.

The good news is that Scotland has put in another robust performance on both counts.



Ally Scott
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Given that Scotland accounts for around 8% of UK GDP and 8.2% of the UK population, the fact that it secured 16% of all UK FDI projects in 2024 speaks for itself. Put simply, Scotland continues to punch above its weight with inward investment. The challenge is ensuring that it keeps doing so, thereby bolstering the prospects of tackling underlying economic weaknesses highlighted by the EY ITEM Club Scotland Report, such as Scotland's relatively low productivity and labour participation rates.

A year of relative outperformance ...

A closer look at the FDI figures confirms the positive tone. While projects in Scotland slipped back slightly in 2024 from their record high the previous year, a much sharper fall in projects into the UK overall saw Scotland's share increase for the sixth year running. In doing so, Scotland consolidated its decade-long position in second place for UK FDI, narrowing London's lead while also widening the gap to third place. And in terms of city destinations for FDI outside London, Scotland's 'big three' of Edinburgh, Glasgow and Aberdeen all once again made the UK's top 10.

Further positive signs emerge from our 2025 surveys of investor sentiment. Almost two-thirds – 62% – of international investors said they were intending to invest in the UK in the coming year, with 25% of those choosing Scotland, again second only to London. Following the announcement of US tariffs, the proportion planning UK investments slipped to 52%, but Scotland's share of those plans actually rose to 30%. The resilience of Scotland's attractiveness was underlined by investors' intended UK city locations, with Edinburgh ranked first after London and Glasgow third.

... against a backdrop of geopolitical turbulence ...

As we've noted in previous years, this robust showing reflects Scotland's inherent strengths as an investment destination. It's also a testament to the continued success of Scottish Enterprise in fostering overseas relationships, connections and capacity. However, when we step back and take a wider view of our research findings, several overarching themes emerge – all with implications for Scotland's future flow of FDI, and the policy options to sustain and grow it.



One of the most striking is the increasing intersection between geopolitics and business. When asked after the US tariffs to cite the three main risks affecting the UK's attractiveness over the next three years, investors point first to macroeconomic, geopolitical and tariff challenges before mentioning more 'regular' business factors like labour markets and tax policy. This shift in perspective is something we see every day in our client work, as we help companies navigate an increasingly complex world.

... but with abundant opportunity still available in the US and beyond

Clearly, much of this complexity, at least in recent months, has sprung from events in the US. But it's crucial for Scottish business and policymakers to look beyond the immediate volatility. In 2024, the number of US-originated projects secured in Scotland surged by 37% to 37, while US projects into the UK and Europe overall fell back. During our recent EY Entrepreneur Of The Year masterclasses, a consistent message from the several hundred attendees was the massive scale-up opportunity for UK companies through partnering with businesses in the US.

Irrespective of who is in the White House, that opportunity remains, and must continue to be actively pursued. That said, Scotland should also look to strengthen its project flows from some other under-represented origins. India may be a case in point – in 2024, it ranked second as a source of projects for

the UK as a whole, but didn't even make Scotland's top six.

Sectors, skills and infrastructure in the spotlight

A deeper dive into our findings reveals further important messages for Scotland. For me, three in particular stand out. In terms of the activities undertaken by FDI projects, 2024 saw increases in service sector activities, such as business services and sales and marketing. Given that tariffs primarily affect physical products, the services-led nature of Scotland's economy may help to limit their impact here. However, that will be little comfort to other distinguished sectors that will undoubtedly bear the brunt.

Another interesting finding – this time in our Perception study – is that the relative importance of local skills availability in decisions on UK investment locations outside London has declined. This is in tandem with an overall downward trend in FDI jobs across Europe. Perhaps the rise of AI and robotics means that projects are requiring fewer, but more highly skilled and higher-paid jobs.

Finally, while the weighting investors attach to local skills has fallen back, there's been a corresponding rise in the importance of transport infrastructure. This may be especially relevant to Scotland given the surge in energy-based projects underway, including within the Highlands, notably the Inverness and Cromarty Firth Green Freeport, SSE's £31bn upgrade to

Almost two-thirds – 62% – of international investors said they were intending to invest in the UK in the coming year, with 25% of those choosing Scotland, again second only to London.

the region's electricity network, and Sumitomo's cable factory investment announced in 2024.

As I mentioned last year, there's still a need to invest in improving the fabric of Scotland's city centres and ensuring their attractiveness. But it will be equally vital to ensure the north of the country has the transport and communications links – not to mention the housing – to support rising investment and accommodate the expected significant growth in the Highlands-based workforce, an imperative that may require slick and efficient planning rules and processes.

Time to double down

Bottom line? No question, it's been another strong year for Scottish FDI, and we should take confidence from it, activating broader economic growth. However, maintaining the momentum is vital – and will demand even greater effort, on two fronts. One is reinvestment in existing assets, such as cities and road, rail, and telecoms links, to maintain them and keep them fit-for-purpose. But consideration should also be given to strategic investment in our infrastructure to meet rising needs and expectations.

Far from relaxing after a job well done, it's time for Scotland to take some confidence from these findings and to double down and cement its hard-won position.

We're faring well. But we can do even better.

Executive

Scotland's FDI performance in 2024: a small decline in projects secured, against the background of a much bigger decrease across the UK overall, resulting in Scotland achieving an expanded share of UK projects

Sectors

The five leading sectors generating inward investments into Scotland in 2024 were: machinery and equipment (ranked first with 19 projects); software and IT services (second with 15 projects); utility supply (joint third with 14 projects); agri-food (joint third with 14 projects); and transportation manufacturers and suppliers (fifth with 12 projects).

Activities

The activity that generated the most significant number of projects into Scotland in 2024 was business services, with 61 projects – up by two (or 3.4%) on 2023. Manufacturing was second with 29 projects. No other activity was responsible for more than 20 projects in 2024. Although R&D projects more than doubled to 17. However, Scotland's largest share of UK projects in 2024 was in manufacturing, at 21.3%.

Origins

In 2024, the US remained the single biggest originator of Scottish FDI projects, with US projects into Scotland rising by 37% to 37 projects, accounting for 27.4% of Scotland's total during the year, above the 23.7% of UK projects originating from the US. Projects from Germany fell by 40% to 12 projects, maintaining its position as the second-biggest source of projects into Scotland, followed by France with eight.

UK and Scotland investment plans

Sixty-two per cent of investors participating in our UK survey in Q1 2025 said they were planning to invest in the UK in the coming year, with 25% of those investors choosing Scotland. When we re-ran the survey after the announcement of US tariffs, the proportion planning to invest in the UK fell to 52%, but Scotland's share rose to 30%. In terms of UK cities earmarked for planned investments, Edinburgh ranked first after London on 25%, and Glasgow third on 15%.

Scotland's top FDI cities

Scotland had three cities ranked in the UK's top seven urban locations for FDI outside of London in 2024, with Glasgow placed second, Edinburgh joint third and Aberdeen seventh.

- 27 projects – Glasgow
- 24 projects – Edinburgh
- 12 projects – Aberdeen

summary

Key findings from 2024

In 2024, Scotland strengthened its decade-long position as second to London among locations attracting new FDI projects into the UK, and ranked third on FDI job creation among the UK's regions and devolved administrations.

- 135 inward investment projects were secured in Scotland in 2024

FDI projects secured by Scotland declined by seven projects from 142 the previous year.

- 4.9% fall in Scottish FDI projects

With projects into the UK as a whole rising falling more sharply, by 13.4%, Scotland saw its share of all UK projects rise for the sixth consecutive year in 2024 to a new high for the past decade.

- 15.8% – Scotland's share of UK FDI projects, up from 14.4% in 2023

Scotland's 'big three' cities – Edinburgh, Glasgow and Aberdeen – remained in the UK's top 10 cities outside of London for attracting projects in 2024.

As in 2023, the top country for FDI in Scotland in 2024 was the United States, followed by Germany and France.

- United States: 37 projects
- Germany: 12 projects
- France: 8 projects
- Japan: 7 projects
- Denmark: 6 projects
- Ireland: 6 projects
- Netherlands: 6 projects

Investor perceptions

Sixty-two per cent of investors say they're planning to establish or expand operations in the UK over the next year, and 25% of those respondents add that they're planning to invest in Scotland, second only to London.

In terms of planned investment in UK cities, 25% are targeting Edinburgh and 15% Glasgow – putting those cities first and third respectively in the UK after London.

A net 53% of investors expect the UK to become more attractive to FDI over the next three years, against only a net 12% who believe its attractiveness will decrease.

When considering investing in regional locations outside of London in the UK, the criteria that investors rank as most important are:

- Access to regional grants and incentives for investment/R&D
- Availability and skills of the local workforce
- Availability of business partners and suppliers
- Strength of the business network locally



In a difficult year for FDI into Europe, Scotland has maintained a robust level of investment



During 2024, Scotland secured 135 FDI projects, a fall of 4.9% from the 142 projects it recorded in 2023. This represented the first year since 2018 that Scotland had failed to achieve an increase in the number of its projects. However, despite the small decline from the previous year, Scotland's total projects in 2024 remained the second highest recorded in the past decade, surpassed only by 2023.

At the same time, the number of projects secured across the UK as a whole decreased by 13.4%, a much steeper rate of decline than that recorded in Scotland. As a result, Scotland's share of the total number of UK projects rose from 14.4% in 2023 to 15.8% in 2024. This was well above Scotland's 10-year average share of 11.4%, and means Scotland has now recorded an increase in its share of UK projects in six consecutive years, starting from its decade-long low point of 8.9% recorded in 2018.

Figure 1: FDI projects into Scotland and Scotland's share of all UK projects, 2015-2024



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

... while Scotland has also retained its position as the clear second choice for investors outside of London, as well as capturing a higher market share of investment ...

Our figures for 2024 show that London once again secured the highest number of projects of any UK region or devolved administration, at 265 projects. While this total was down by 26.2% from the 359 projects London recorded in 2023, it meant the UK capital remained in top place among UK FDI locations – a position it has held ever since EIM began recording FDI projects in 1987.

However, our data also confirms that 2024 saw Scotland strengthen its position as the most attractive FDI location outside London – a status it has held throughout the past decade. With projects into Scotland declining by just 4.9% in 2024, the much sharper fall in London FDI projects enabled Scotland to narrow London's lead significantly, from 217 projects in 2023 to just 130 in 2024. What's more, Scotland's resilient performance in securing projects in 2024 meant its margin over the third-placed UK location widened dramatically, from 16 projects in 2023 (over the West Midlands) to 49 in 2024 (over North West England).

Figure 2: FDI projects in the UK's regions and devolved administrations, 2015-2024

Region	Projects 2023	Projects 2024	Proportion of projects 2015-24 (%)	Proportion of projects 2024 (%)
Greater London	359	265	38.9	31.1
Scotland	142	135	11.4	15.8
North West England	68	86	8.1	10.1
West Midlands	126	86	8.3	10.1
South East England	65	59	7.3	6.9
Yorkshire and the Humber	34	52	5.7	6.1
North East England	38	42	3.8	4.9
East Midlands	31	36	3.8	4.2
South West England	44	30	3.6	3.5
East of England	45	29	4.0	3.4
Northern Ireland	18	17	2.6	2.0
Wales	15	16	2.6	1.9

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

... and Scottish cities have showcased a competitive performance in 2024 and collectively moved up the rankings

Scotland's success in maintaining its decade-long position as the UK's second-ranked FDI location has been largely founded on the success of its major cities in attracting projects. Edinburgh and Glasgow have consistently featured among the UK's top five cities outside London, and Aberdeen is also routinely in the top 10. In 2024, these trends continued, with Manchester taking the top spot with 44 projects, followed by Glasgow in second place with 27, Edinburgh and Birmingham in joint third place with 24, and Aberdeen in seventh place with 12 projects.

Manchester has been the leading UK city outside London in securing projects in three of the past five years, and in 2024, it increased its project share by 22% to take top spot from Birmingham, whose projects collapsed by 65.7%. Meanwhile, a strong performance by Glasgow saw it secure 27 projects, which was a 12.5% increase from 2023 and put it in second place outside London. Edinburgh had ranked first among Scottish cities for the previous four years, but in 2024 its project tally fell back by 25% to 24 projects, its lowest total over the five-year period.

Figure 3: Largest UK city recipients of investment (excluding 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

As in previous years, the third Scottish City on the list was Aberdeen, whose 12 projects – again the lowest total over the five years – ranked it seventh in the UK, up by one place from 2023.

Scotland has recorded a continued path of capturing net new investments, despite a slight dip in job announcements stemming from FDI

In terms of new project investments into Scotland (as opposed to expansions of existing operations), the pattern in 2024 was similar to the trend for all projects. New projects into Scotland declined – in this case by 15.3% – but the total of 72 new projects secured still represented Scotland's highest total of the decade. This was also the first year-on-year decline since 2019 in new projects secured by Scotland.

As with projects overall, the percentage decline in new projects recorded across the UK as a whole – a fall of 27.4% – was sharper than the decrease in new projects secured in Scotland. As a result, Scotland's share of all new UK projects rose from 11.5% in 2023 to 13.5% in 2024. This share has risen every year since its low point for the decade, at 5.9% in 2019.

While Scotland once again secured the largest number of projects of any region or devolved nation outside of London in 2024, an analysis of new employment announced by FDI projects shows that it ranked only third – or second outside of London after the West Midlands on FDI jobs. During the year, Scotland secured 4,330 reported jobs from FDI, a drop of 24.9% compared with 2023, when projects in Scotland disclosed the creation of 6,650 jobs. However, despite having been ranked third for FDI employment creation in each of the past three years, Scotland's total of 54,339 jobs from FDI projects over the past decade remains second only to London.

Figure 4: New FDI projects recorded in Scotland and the share of new UK projects, 2015-2024



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

Figure 5: FDI employment creation recorded in Scotland, 2015-2024



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



Sectors for FDI into Scotland: 2024 saw a more typical sectoral mix following a spike in one-off utility investments in 2023, while manufacturing projects took a new lead

The sectors generating the largest number of projects into Scotland in 2024 were machinery and equipment (ranked first with 19 projects); software and IT services (second with 15 projects); utility supply (joint third with 14 projects); agri-food (joint third with 14 projects); and transportation manufacturers and suppliers (fifth with 12 projects). Over the past five years, Scotland's top five FDI sectors have seen significant changes year on year, with business and professional services, finance, and transport and logistics all having made the top five at various points.

The sector ranking for FDI projects into Scotland in 2024 differed from that of the UK as a whole, where software and IT services were the leading sector. However, a 58.3% surge in Scotland's complement of machinery and equipment projects during the year saw that sector leapfrog several others to take first place. The 2024 total of 19 machinery and equipment projects in Scotland was the

sector's joint highest total in the past decade. While there is no hard-and-fast explanation for this sharp increase across the machinery and equipment sector as a whole, its project flow in 2024 included a significant number of energy-related investments spread across renewables, materials linked to energy, and more traditional energy sources. It seems that the rise in activity in this area may be due to the changing demands on the energy space, and the advent of more favourable macroeconomic conditions for the sector following several highly uncertain years.

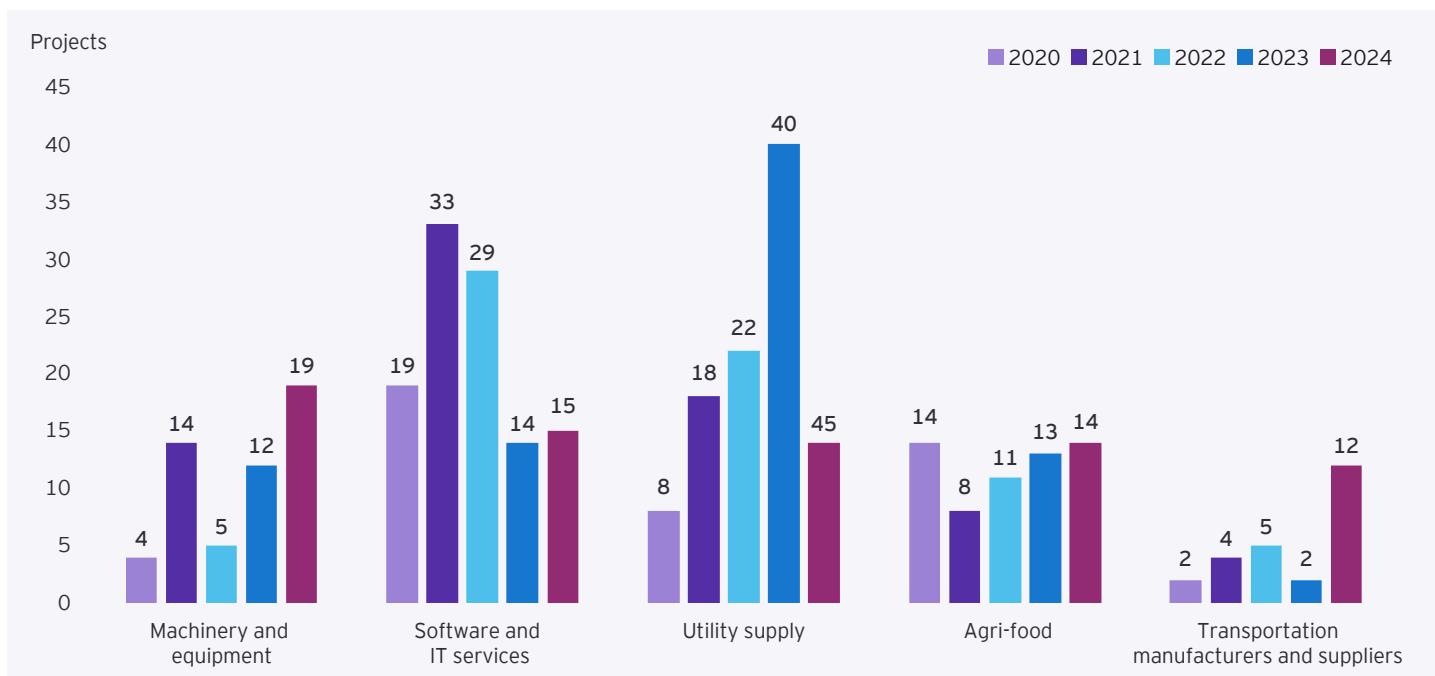
Meanwhile, from a longer-term perspective, the software and IT services sector has generated the largest number of projects in Scotland over the past five years. In 2025, the number of software and IT services projects in Scotland increased by 7.1% (or one project) to 15. This was in contrast to the UK as a whole, where project numbers from the sector declined.

While the utility supply sector generated the highest number of projects in Scotland in 2023, at some 40 projects, its contribution in 2024 slumped. The reason was the presence in the sector's 2023 project haul of a significant

number of one-off investments in the auctioning of offshore wind capacity that are not necessarily repeatable or subject to expansion. The subsequent decline in utility supply projects in 2024 put the sector in joint third place with agri-food, whose 14 projects were its equal highest total over the past five years. The sector that delivered the biggest increase in projects into Scotland in 2024, albeit from a low base, was transportation manufacturers and suppliers, whose projects surged by 500% from two projects to 12.

A 58.3% surge in Scotland's complement of machinery and equipment projects during the year saw that sector leapfrog several others to take first place.

Figure 6: Number of projects from Scotland's five leading FDI sectors, 2020-2024



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

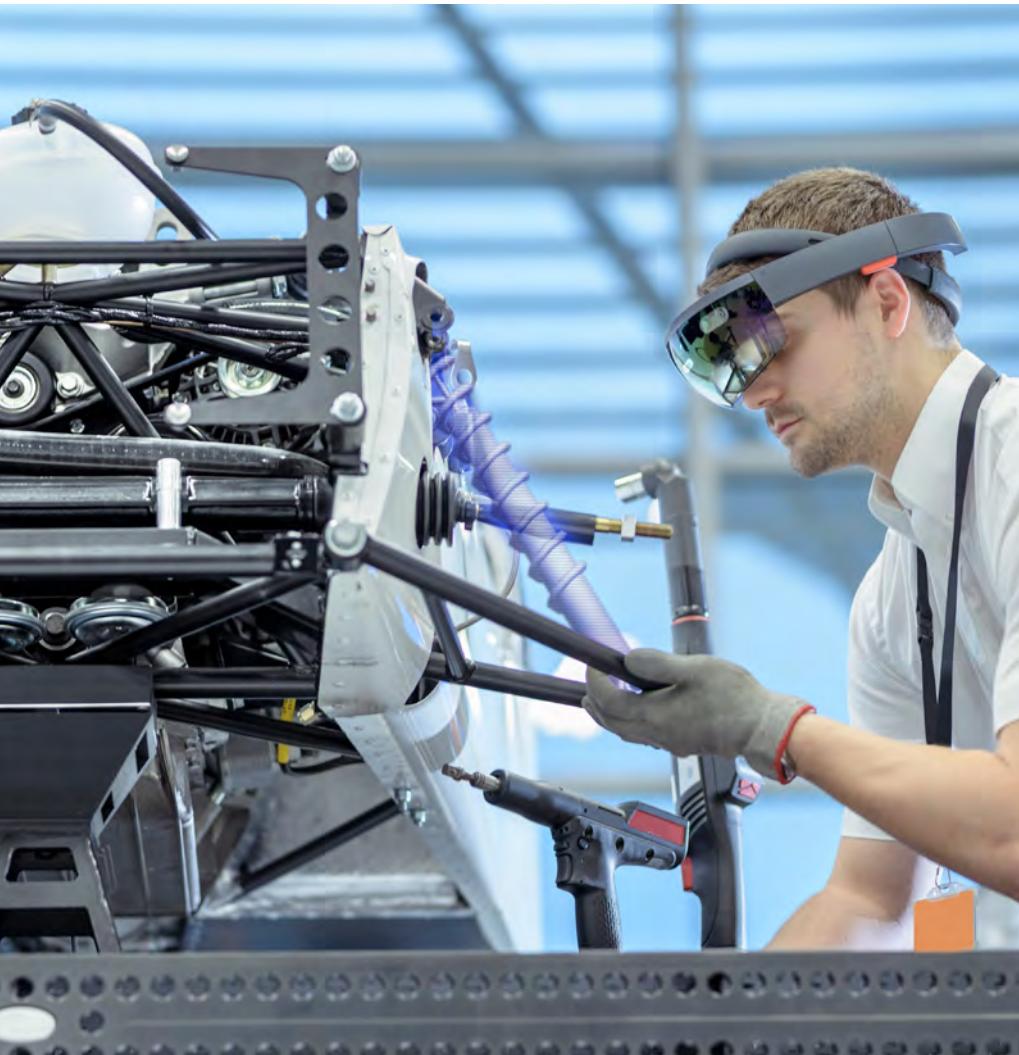
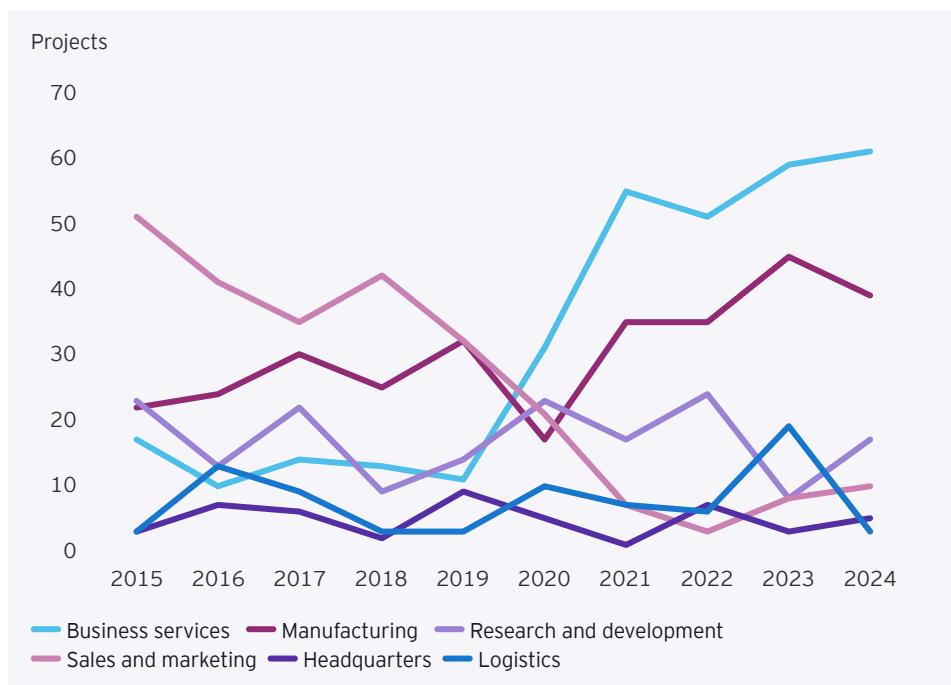


Figure 7: Activity of investment projects into Scotland, 2015-2024



Activities for Scottish projects in 2024: strategic investments such as R&D have seen an uptick, while Scottish manufacturing and business services have remained robust

As part of our data collection for this annual survey, we also track the activity behind each investment to understand what forms of investment are being prioritised within sectors and headline characteristics. The activity that generated the largest number of projects into Scotland in 2024 was business services with 61 projects – up by two projects (or 3.4%) on 2023. Business services has now generated the largest number of Scottish projects in each of the past four years. Manufacturing was the second most common activity undertaken by investment projects into Scotland in 2024, with 29 projects. While this figure represented a 13.3% decline from the 45 manufacturing projects recorded in 2023, it was still the second-highest total in the past decade.

No other activity was responsible for more than 20 projects in 2024, although R&D projects exhibited a healthy increase, more than doubling from eight projects to 17. An increase in R&D-focussed FDI is very beneficial for a region, as it brings high-value, knowledge-intensive jobs, fostering local talent development and innovation capacity. Strategically, it can anchor the location in global value chains, attract complementary industries and stimulate collaboration between businesses and research institutions, driving long-term economic growth. For all of these reasons, this type of investment is highly valued and should be a continued focus of policymakers in Scotland. The lowest number of projects in any activity in 2024 was in logistics, which recorded just three projects, down sharply from 19 projects in 2023.

Origins of FDI into Scotland: US investors continue to pull back across Europe, but remain bullish on Scotland, with some positive signs in non-European investment too

In common with the position in the UK as a whole, the US was the biggest single contributor of FDI projects in Scotland in 2024. US-originated investment was responsible for 37 of the 135 projects into Scotland during the year, equating to 27.4% of the total number of projects. The 37 US investment projects secured in Scotland in 2024 represented a 37% increase from 27 projects in 2023, bucking the overall trend across the UK, where US investment projects declined by 7.3%.

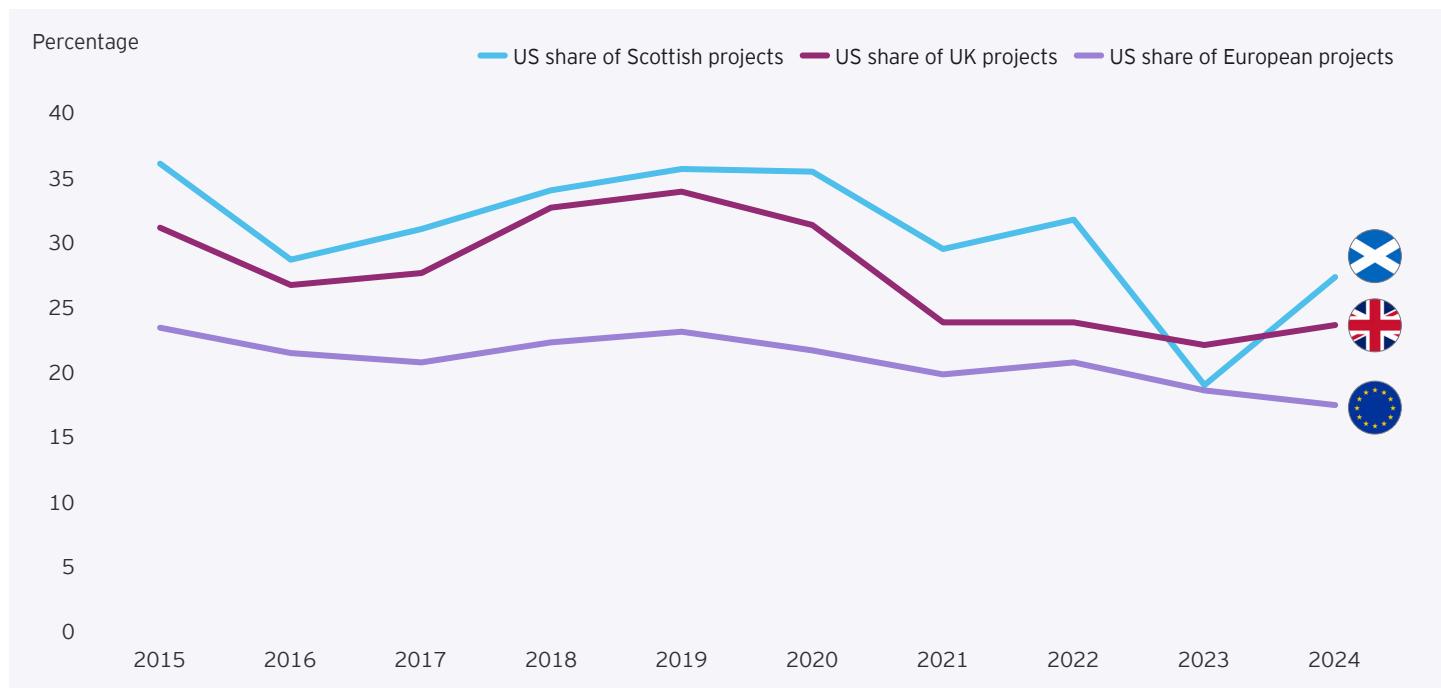
While US investments into Scotland during the year came from a diverse spread of sectors, it's noteworthy that over 50% of this investment activity focussed on either R&D or manufacturing. This is a potent investment mix as it combines both innovation and production capability. What's more, it not only creates higher-value jobs but also strengthens local

supply chains and can ultimately enhance a region's or local area's overall attractiveness to global investors. Furthermore, the intangible impacts of this kind of investment extend to the technology transfer, skills development and longer-term industrial resilience that stem from this kind of activity – policy goals that, as we know from this year's survey, investors believe represent the strategic pathway forward for Scotland and the UK.

Again, in contrast to the UK as a whole, Germany was Scotland's second-largest origin of investment projects in 2024, whereas for the UK, this position was occupied by India. The number of German projects secured by Scotland fell from 20 in 2023 to 12 in 2024, a decline of 40%. However, German-originated projects remained ahead of those from France, which declined from 10 in 2023 to eight in 2024, a total that allowed it to retain third place among Scottish FDI origins. A notable positive outlier for Scotland during the year was an increase in Japanese investments, which brought Japan up into fourth place overall on project numbers.

This expanding haul of Japanese projects provides a strong base to build on, and – importantly for Scotland – underlines both the need and potential for greater internationalisation and diversification in terms of investment origins. Crucially, a diverse international spread is beneficial in fostering a healthy degree of competition into the economy from FDI and in broadening technology transfer. An equally important impact in the current uncertain climate is that it also helps to reduce overall geopolitical risk and build an economy that's more resilient to external shocks.

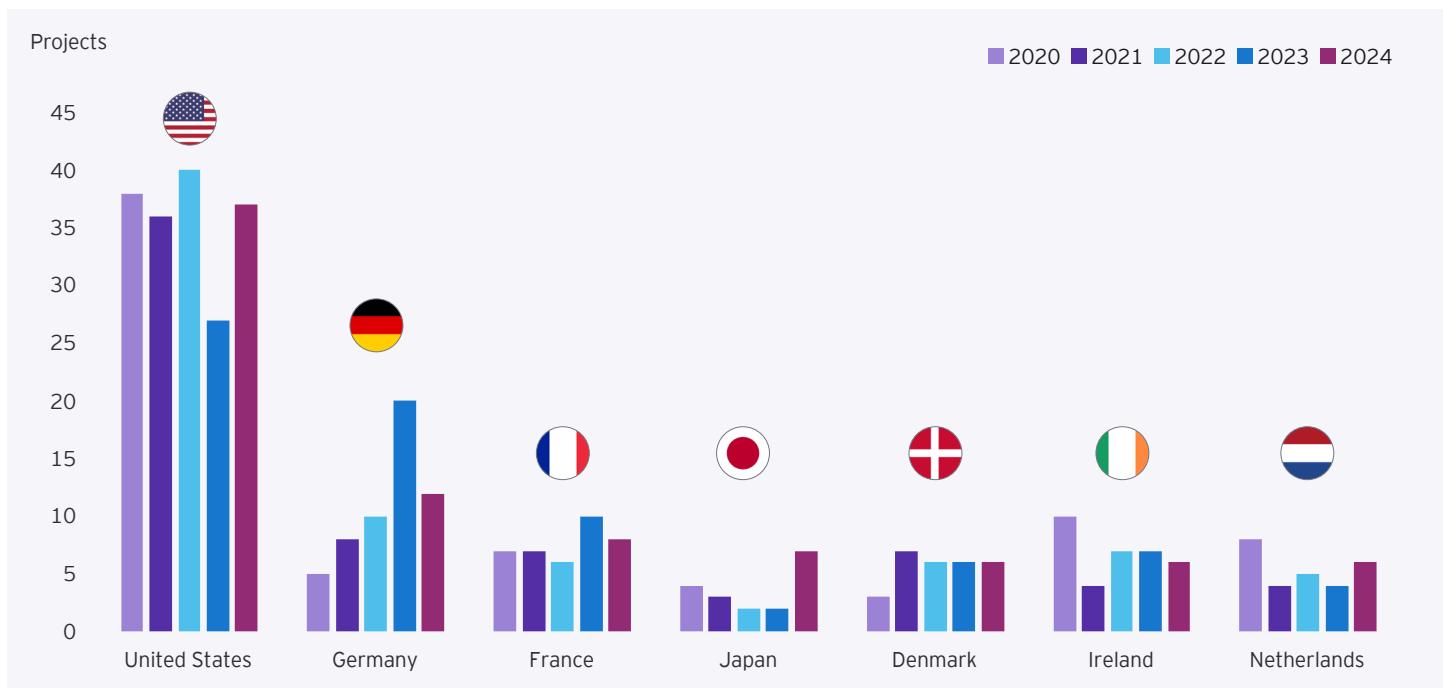
Figure 8: Proportion of investment projects originating from the US into Scotland, the UK and Europe, 2015-2024





The 37 US investment projects secured in Scotland in 2024 represented a 37% increase from 27 projects in 2023, bucking the overall trend across the UK, where US investment projects declined by 7.3%.

Figure 9: Leading origins of investment into Scotland, 2020-2024



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



Investor perceptions of Scotland are positive, but dominated by global instability



This report has already showcased Scotland's strong performance in securing FDI projects in 2024 despite significant macroeconomic and geopolitical headwinds. Although the absolute number of investments into Scotland was marginally down year on year, this drop must be seen in the context of adverse conditions that saw major declines in projects across Europe and in many other parts of the UK. Against this challenging backdrop, Scotland's market share of both UK projects overall and net new investments into the UK actually increased.

Similarly, while Scotland's number of job announcements from FDI also declined during the year, it remained relatively robust, still ranking second in the UK among regions outside of London.

One-quarter of investors planning to invest in the UK are targeting Scotland ...

Turning to forward-looking sentiment, in 2024-2025, Scotland retained its long-standing position in investors' eyes as the UK's preferred FDI destination outside of London. However, some of our datapoints serve to underscore that despite Scotland's continued resilience, there's no room for complacency, with investors pointing to several policy areas where they believe both government and business need to focus.

In an otherwise difficult year for Europe, the generally positive findings for Scotland from our 2025 survey of investor perceptions cast an interesting light on Scotland's resilient FDI performance and suggest it can be sustained into the future. When asked to identify the European countries that will be most attractive to foreign investment in 2024, investors rate the UK third, maintaining the same position as last year, behind only France and Germany.

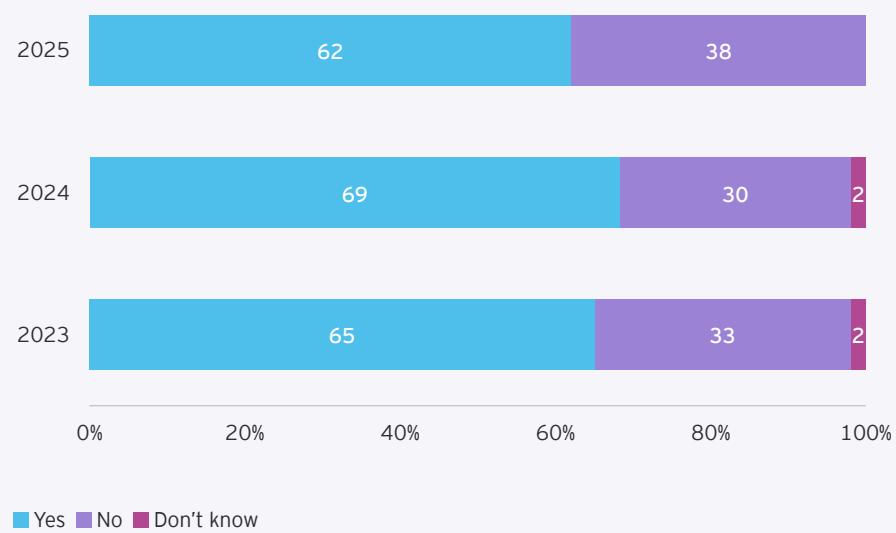
Even more tellingly, when we ask investors whether they are planning to establish or expand operations in

Figure 10: 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 11: Does your company have plans to establish or expand operations in the UK over the next year?



Source: EY UK Attractiveness Survey 2025

the UK over the coming year, a healthy majority (62%) say yes. While this figure represents a 7% decrease from the 69% recorded in our 2024 study, it's important to note that last year's outcome was the highest ever recorded in this research. Seen in the context of the geopolitical uncertainty currently chilling investor opinion, 62% represents a fairly strong vote of confidence in the UK as an FDI location.

What's more, when we go on to quiz investors on the target location for their due diligence and regional planning, we find that a lot of those UK investment intentions are specifically focussed on Scotland. Asked which part of the UK they're likely to choose as the destination for FDI, fully 25% cite Scotland. This figure is slightly down on 2023, and ranks only behind London, as well as being significantly ahead of the UK's other regions and devolved administrations. Viewed in the context of the current environment, this is again quite a positive result, given the downbeat mood among many investors in the face of today's global uncertainty.

... with both Edinburgh and Glasgow making the UK's top three target cities for FDI outside London

Further encouraging indications on the outlook for FDI in Scotland emerge when we ask investors which UK cities they're targeting for investment in the coming 12 months. While London – as ever – leads the way, Edinburgh comes a clear second on 25% (up by 2% on last year) ahead of third-placed Cardiff on 16%. Glasgow ranks fourth in the UK on 15%, again showing a healthy increase from last year's 9%. Combined with the proven strength of Scotland's cities as a magnet for FDI shown in the project numbers for 2024, these findings bode well for inward investment into Scotland in the future.

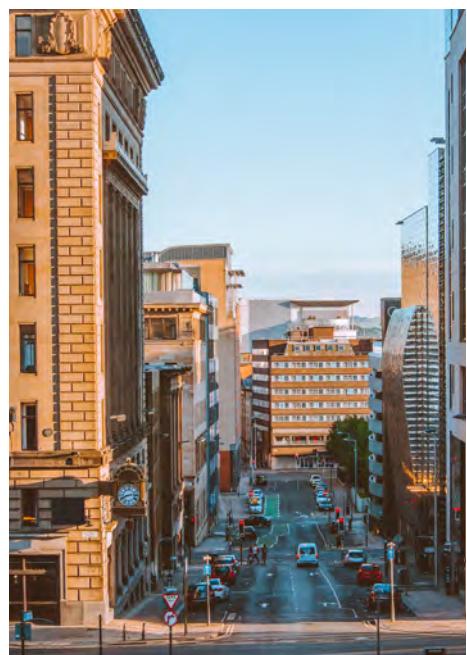
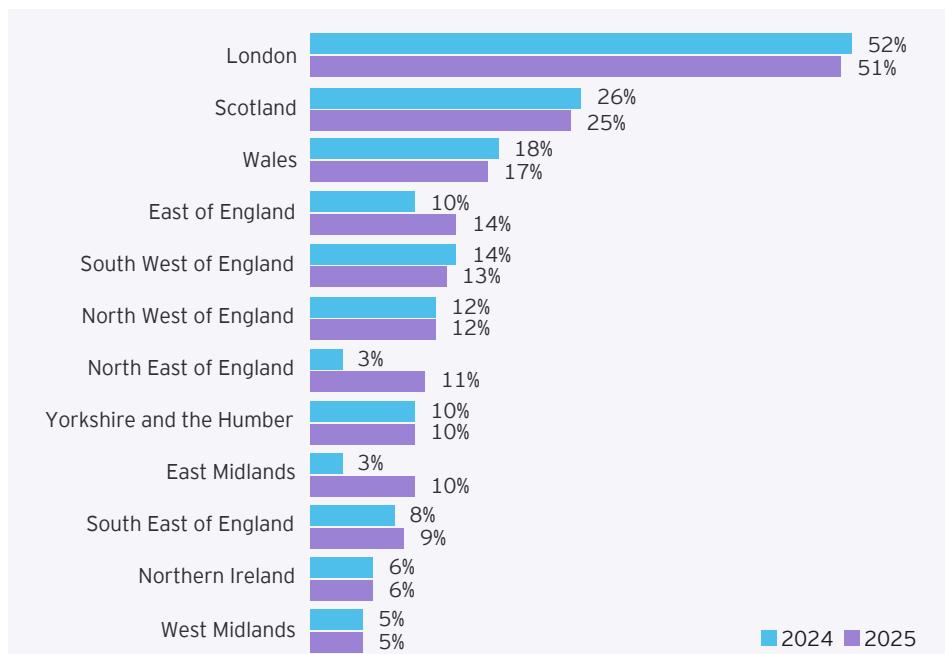


Figure 12: In which parts of the UK are you planning to establish or expand operations in the next 12 months?



Source: EY UK Attractiveness Survey 2024-2025

Figure 13: In which UK city or cities are you planning to establish or expand operations over the next year?



Source: EY UK Attractiveness Survey 2024-2025

Glasgow ranks fourth in the UK on 15%, again showing a healthy increase from last year's 9%.



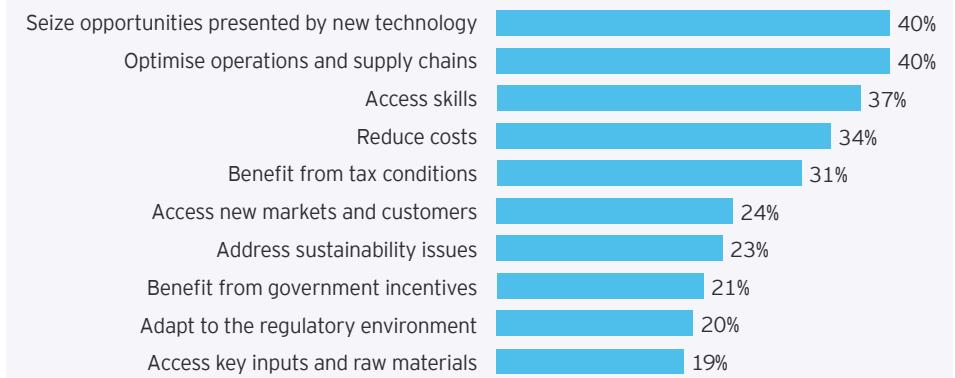
Investors are seeking longer-term stability and confidence to protect their investments ...

As the responses to our diverse array of survey questions make clear, the effects of recent geopolitical and global macroeconomic headwinds have resurfaced strongly in the past calendar year. Investors are primarily looking for a solid return on investment. They are favouring locations based on their competitive pursuit of the opportunities presented by new technology (40% of investors), efficiency in their supply chains (40%) and cost base (34%), and the perennial (and increasing year-on-year) issue across all sectors given the vagaries of the labour market – accessing the appropriate levels of skills (37%).

The overarching message? Despite the global emergence in recent years of interventionist government policies focussed on competitive subsidies and new legislation aimed at attracting investment through incentives, investors are still undertaking due diligence with a primary focus on the fundamentals of investment, such as gaining access to skilled labour, improving margins and achieving competitive advantage.

Subsidies have been a major factor in spurring interest, but they are not the deciding factor for many companies, which often care much more about broader stability, underlying economic growth, and the ability to conduct business without being overburdened by regulation.

Figure 14: What are the main reasons for establishing new or expanding existing operations?



Source: EY UK Attractiveness Survey 2025

... and there's a need to understand how the UK's relative attractiveness is changing across different attributes ...

When we compare the findings on the UK's attractiveness with those of its global peers and group them into thematic areas, we find that many investors believe the UK's attractiveness is decreasing in terms of its labour market (33%) and tax competitiveness (35%). Scotland's relative position within these themes should also be considered when crafting policy. 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 Scotland as an attractive investment destination. Our surveys show that elsewhere in the world, Scotland is renowned for its ready access to highly

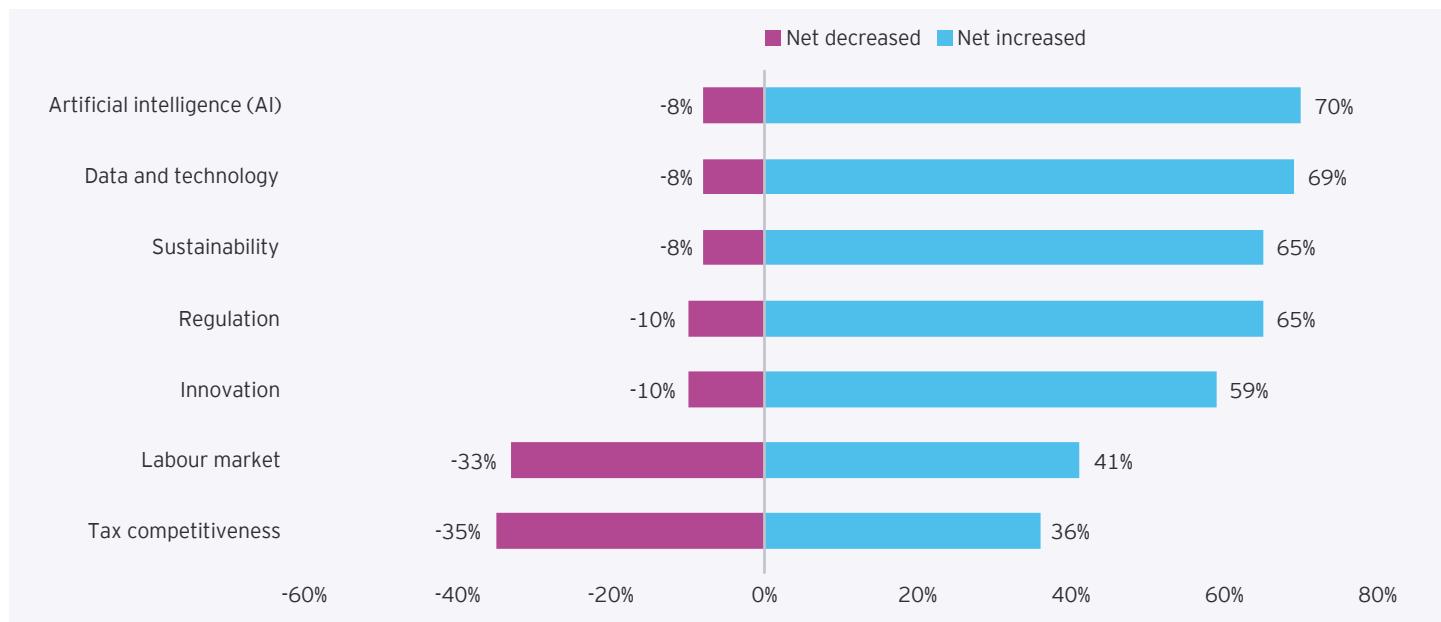
technically skilled labour, but this strong reputation does not prevent a substantial proportion of investors from becoming frustrated by the combination of a hotter labour market and rising costs.

This all adds up to a nuanced situation for policymakers to consider. Taken in isolation, most of the responses on the various themes look largely quite positive for Scotland (and the UK). However, if we take the themes with large net decreases in attractiveness and read these across to other areas, including the factors that are causing investors to switch up their operations and drive decision-making, it quickly becomes clear that policymakers should act pre-emptively to prevent further negativity from bedding in.

... presenting regional investment promotion bodies and local government with opportunities to think beyond incentives

In this survey in recent years, we've often commented on the more transactional approach investors take when considering UK investments outside of London. That hasn't changed this year, with access to grants and incentives remaining the top criterion investors apply when deciding on investments at the regional level, cited by 37%. This figure represents a clear challenge for countries across Europe, Scotland included. For investors, focussing on incentives makes sense given the rising importance they attach at the national level to accessing liquidity and capital. However, the ability of European governments to incentivise regional investments is likely to come

Figure 15: 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

under growing pressure as they continue to be buffeted by geopolitical risks and fiscal constraints.

After grants and incentives, the availability and skills of the local workforce once again comes a close second among investors' criteria for regional investment, cited by 30%. This figure is slightly down from last year, perhaps reflecting a gradual cooling in the market for specific skills from its heavily overheated state a few years ago. A telling finding here is the declining share of investors citing local labour costs as a criterion: this figure peaked at 23.5% in 2022, before slipping to 16.4% in 2023, 15% in 2024 and now 13% in 2025. Overall, what's clear is that while grants and funding are important transactional factors for investors, they're not the be-all and end-all. Alongside offering incentives,

there's an equally strong rationale for local development agencies to play a role in helping new entrants identify suppliers, find pathways to local talent, and integrate into the local economy.

Turning to the priorities applied by different sectors when choosing locations outside London, the heavy industry and manufacturing sectors stand out for their eagerness to capitalise on initiatives offering access to apprentices or people with transferrable skills in new technologies and areas of growth. This type of support can be a major consideration, whether an investor is comparing Scotland and the UK to other places in Europe or weighing up different locations within Scotland and the UK. When these choices are being made, it is vital 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 been attracted to the UK by strategic factors, then the precise location within the UK is potentially a more tactical choice – one that's likely to be driven, at least partially, by the available incentives. Within the UK's devolved policymaking process, this puts the onus on local policymakers to offer incentives that are as competitive as possible. That said, what still matters most to investors is the underlying strength of the local economy – as shown by their continued focus on the factors often termed the fundamentals: talent (30%), local business networks (24%) and suppliers (28%), and quality of infrastructure (21%). These are all areas where local government can play a leading role in attracting investors by offering competitive and high-quality services.

Figure 16: What are your investment criteria when considering investing in the regional locations outside of London in the UK?



Source: EY UK Attractiveness Survey 2025

Tech and business services remain the top perceived drivers of future growth for the UK ...

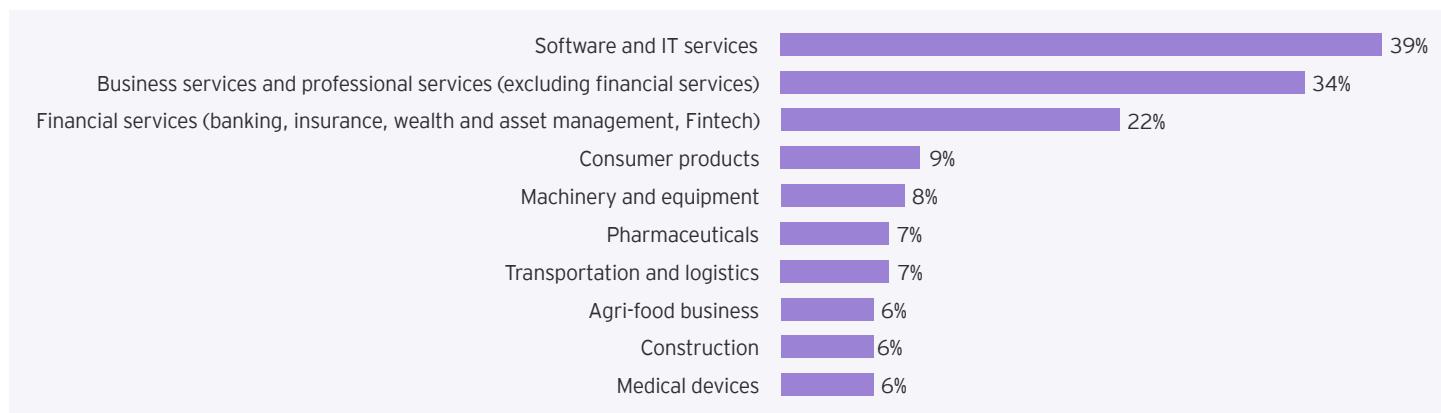
Asked to specify the sectors with the greatest influence on UK growth in the coming years, investors provide similar answers to those they gave in 2024. Software and IT services once again secure the largest overall vote in net terms as a future growth driver, with a combined total of 39% of investors rating these digital technology sectors in their top two, albeit down from 44% in 2024. Given investors' overall risk aversion and the overhang of uncertainty, it is

perhaps unsurprising that perceptions of which sectors will drive growth are down across the board.

A broader examination of investor perceptions across sectors and sources of growth offers further encouragement for Scotland. The top five sectors that investors expect to drive the UK's growth in the coming years are software and IT services, business and professional services, financial services, consumer products, and machinery and equipment. These are all sectors where Scotland has proven strengths.

For many years, business and professional services have accounted for a sizeable share of annual project flows both into Scotland and the UK more broadly. In light of this consistently large contribution, 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 many global peers, should be nurtured, protected and built upon as a solid foundation for growth.

Figure 17: 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



... and investors say that to stay competitive globally, the UK (including Scotland) needs to support strategic industries, boost R&D funding and improve energy pricing and security

When investors are asked where the UK should focus at a national level 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 Scotland and the UK more broadly, 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 Scottish or UK competitiveness is phrased, the vital role of 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 policy action, cited by 32% overall. This finding highlights the pivotal role of smaller companies in driving innovation and shaping the industries of the future, as well as their critical importance within the manufacturing supply chain ecosystem. 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.

Rated 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's also 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, including Scotland, has some of the highest energy

prices in the developed world, making this one of the most critical policy issues to address now.

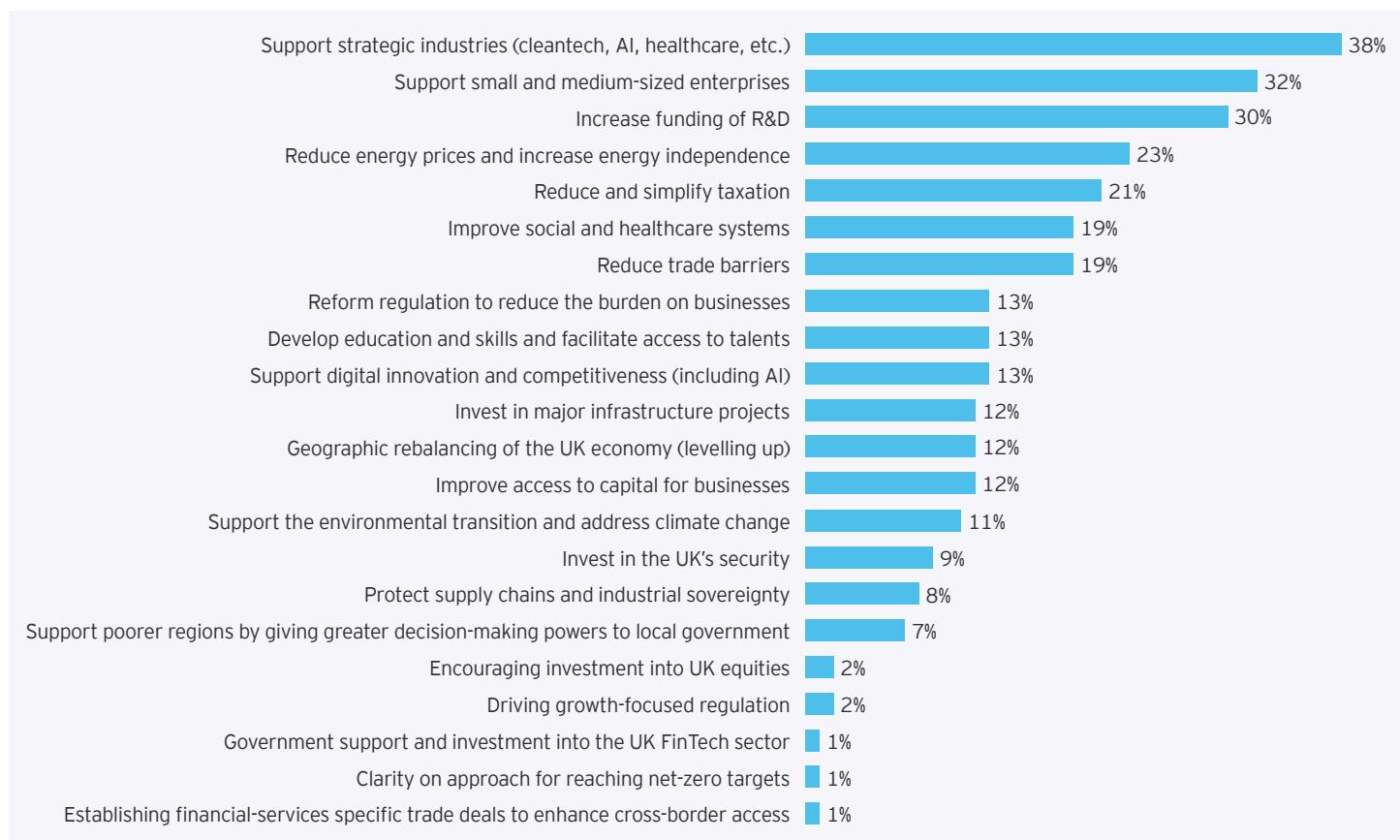
A related issue is the increasing importance that investors across attach to energy independence and security. This partly reflects the degree to which geopolitical and macroeconomic disruptions have become central to investors' thinking – a shift in perspective that is evident in all of our survey responses. Policy efforts directed at improving energy security will ultimately enhance investors' confidence in key attributes, such as macroeconomic stability, operational reliability for businesses, overall risk reduction, and predictability. Given Scotland's positive historical track record in all areas of the energy sector, this is a policy area where it could really lead the way in pushing for competitive policy that is attractive to investors.

A sectoral analysis reveals that the call for support for strategic industries is especially strong among respondents

from the chemical and pharmaceutical (48%), industrial (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 focussed on improving support for SMEs than other industries.

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, amid the increasingly fierce global competition for these high-value sectors, the responses we've gleaned from investors should give local and national policymakers in the UK and Scotland greater confidence to pursue a long-term industrial strategy, and to consider how incentives can attract the kinds of investment Scotland is seeking in the long term.

Figure 18: Where should the UK concentrate its efforts in order to maintain its competitive position in the global economy?



Source: EY UK Attractiveness Survey 2025



Conclusion: despite global trade headwinds, Scotland has a strong footing to compete for strategically important investment



It's been another challenging year for FDI globally, characterised by an increasingly uncertain geopolitical environment, and presenting a palpable risk that Europe, the UK and (with it) Scotland may be slipping down the global economic league table. Across Europe, countries are facing profound challenges both 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 Scotland and the UK's resilient performance in securing FDI in 2024 and remaining relatively attractive to investors in 2025 appears all the more impressive, underlining that there are grounds for optimism.

That's the context for this report. So, looking across our findings and analysis, what messages should Scottish and 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 both Scotland's strengths locally and the UK's strengths at the national level

The UK holds a world-leading position in several industries and boasts a wealth of high-quality talent in key sectors, many of which are facing a global skills shortage. 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 a 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 Scotland to capitalise and build upon. To make the most of these, what's needed is a clear industrial strategy focussed on priority growth areas, together with appropriate policy that supports its delivery. This will need to be integrated across devolved regions and play to the strengths of each constituent part of the UK.

2. Address barriers to investment

Alongside Scotland's 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 and 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 more broadly.

Scotland needs a policy agenda that is strongly connected across the UK and 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: Scotland – and the UK's reputation – as a beacon of stability and practicality is especially important in an uncertain world. Therefore, measured and considered policy changes are likely to be more effective than handbrake turns.

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

The newly installed UK government has put the achievement of higher economic growth at the heart of its mission – and this determination to boost growth ties in completely with the Programme for Government in Scotland. The 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 remain critical criteria for choosing to invest in Scotland.

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

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