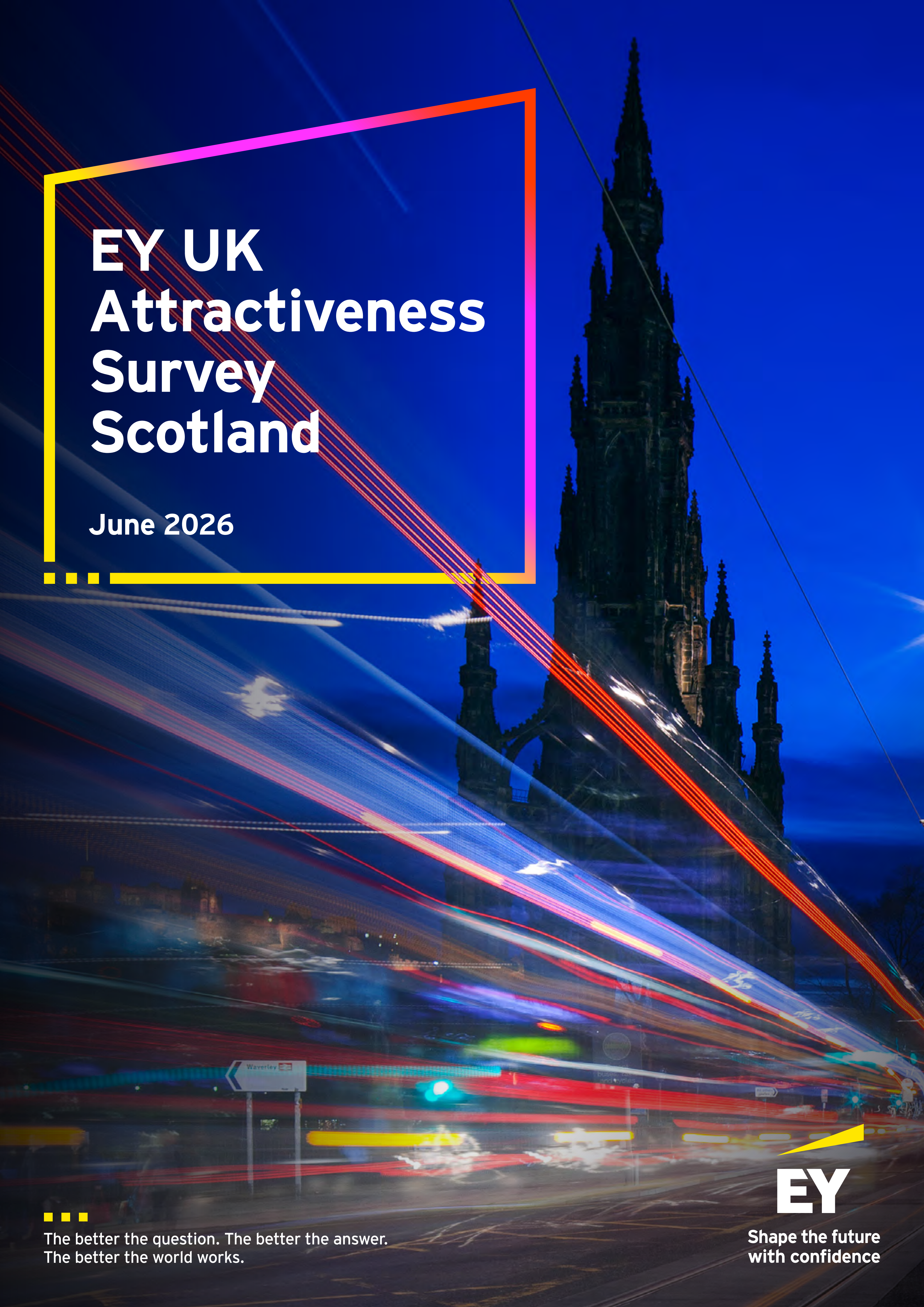
EY UK Attractiveness Survey Scotland

June 2026



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Foreword

A resilient performance to build on

I'm delighted to welcome you to the EY UK Attractiveness Survey 2026, a research report that has become a landmark publication on the Scottish business calendar. As in previous years, this study 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.

I'm equally delighted to report that this year's findings reveal another resilient showing from Scotland in attracting FDI, and — even more positively — an encouraging uplift in investors' views of Scotland as a location for future investment.

Sue Dawe OBE
EY Scotland Managing Partner
LinkedIn

Holding firm amid global headwinds ...

First, Scotland's project performance in 2025. There's no sugar-coating the fact that the 20% year-on-year fall in total project numbers was disappointing. But a closer look reveals a much more nuanced picture.

Take Scotland's share of UK projects overall. While this fell back, the decline followed six successive annual increases, and left Scotland's UK share still well above its decade-long average. Also, while projects across the UK suffered a smaller fall, stripping out London sees the UK-wide decline widen to 23%. And projects retreated across Europe too, with France – Europe's leading FDI location since 2018 – seeing a 17% decline.

What's clear from these numbers is that there's been no escaping the geopolitical and economic headwinds buffeting European FDI, and that – amid the turbulence – investment in Scotland has actually held up very well. There are also some notable bright spots, such as Scotland's increased share of UK manufacturing projects amid rapid declines across Europe.

... as perceptions continue to improve

However, it's when we turn to the investor perception findings that the really positive indications start to emerge. Our research suggests investors' views of Scotland are moving strongly in the right direction: of the 55% of businesses globally planning to invest in the UK this year, 33% are targeting Scotland, up from 25% in 2025.

There are further promising signs at the sector level. Take financial services. While Scotland's complement of FS projects slipped back in 2025, 52% of the FS respondents in our 2026 sentiment research favour Scotland as an FDI location: the same figure as London. Add in the fact their three most-favoured UK cities are London, Edinburgh and Glasgow, and these findings represent a hugely encouraging bellwether for Scotland's ongoing attractiveness for financial services.

A further positive sign for Scotland is investors' growing emphasis on skills. The availability and skills of the local workforce has risen this year to the top of investors' criteria when investing in places outside London. This plays to one of Scotland's renowned strengths, our pipeline of brilliant talent sustained by our world-class universities – making it even more vital to address the current structural challenges.

Turning perceptions into projects

The challenge now for Scotland is translating these positive perceptions into higher investment flows. Rising to this challenge will demand sustained commitment backed up with action.

When investors are asked what could be done to improve competitiveness for FDI, they point to things like taxation reforms, targeted incentives, upskilling initiatives, price of energy, and regulatory and policy clarity. These are the same actions that the Scottish business community has been calling on for years. So we're hearing a single unified voice across the spectrum about what needs to happen.

There's also an opportunity for the Scottish Government and Scottish Enterprise to look at where we're attracting investment from and consider targeted responses where there appears to be an opening. A case in point? India, which ranks second as a project country of origin for the UK doesn't even make Scotland's top five.

We've said in previous years that Scotland's consistently strong track record in FDI is no cause for complacency. Following a challenging 2025, this is truer than ever. With the Scottish election just completed, and a new parliamentary term beginning, there's arguably no better time to muster the political will for steps to bolster Scotland's attractiveness to foreign investors. The future of our economy – and our nation's prosperity – depends on it.

… investors' views of Scotland are moving strongly in the right direction: of the 55% of businesses globally planning to invest in the UK this year, 33% are targeting Scotland, up from 25% in 2025.

Executive

This year's key points from the report are:

Scotland's overall project performance in 2025

- UK FDI flows into Scotland weakened in 2025, with its project numbers falling by 20% from 135 in 2024 to 108 projects last year, its lowest annual total since 2020. This compared with a slower 14.4% decline across the UK overall, with total UK projects falling from 853 in 2024 to 730 in 2025.
- As a result of these year-on-year changes in project numbers, Scotland's share of all UK projects slipped from 15.8% in 2024 to 14.8% in 2025. However, Scotland's proportion of UK projects remained comfortably above its 10-year average of 11.6%,
- Despite its lower project volumes in 2025, Scotland retained its position as the most attractive UK region or devolved administration for FDI outside London, securing 40 more projects than third-placed West Midlands.

FDI employment creation and 'new' projects

- Scotland ranked third behind London and the West Midlands in 2025 for employment announced by inward investment projects, with 3,190 new jobs recorded, down from 4,330 the previous year.
- However, over the past decade, Scotland has secured a total of 54,339 jobs from FDI projects, a cumulative total second only to London.
- 'New' projects – first-time investments that are not expansions of existing sites – secured in Scotland in 2025 were down by 29.2% to 51 projects from 72 in 2024, the second consecutive annual decline. With new projects across the UK declining less sharply, Scotland's share of UK new projects fell for the first time since 2019, slipping from 13.5% to 10.8%.

Sector trends in Scottish projects

- Scotland's leading FDI sector in 2025 was business services and professional services with 22 projects, more than double its total of nine projects the previous year.
- Software and IT services ranked in second place with 14 projects, and utility supply in third with 12 projects. Machinery and equipment, which led Scotland's sector rankings in 2024, slipped to fourth place with nine projects, with agri-food fifth.
- Financial services projects in Scotland fell to five in 2025 from 11 in 2024. However, the nation's enduring strength in this sector is underlined by the fact that it has ranked second in the UK behind London for financial services projects in nine of the past 10 years.

Activity trends in Scottish projects

- In terms of project activities, business services was the most common activity for FDI projects into Scotland in 2025, with 60 investments – little changed from 61 the previous year – accounting for approximately 27.8% of all Scottish projects during the year.
- Manufacturing remained Scotland's second most prevalent activity, despite falling to 30 projects from 39 in 2024. However, Scotland's share of all UK manufacturing projects rose, underlining Scotland's strong manufacturing capability. Research and development (R&D) FDI activity in Scotland declined from 17 projects in 2024 to four in 2025.
- Headquarters projects in Scotland in 2025 fell to a near low-point for the past decade at just two investments, down from five in 2024. However, this drop mirrored wider global trends, as projects in this category decline in response to factors including rising uncertainty and new co-location strategies.

Origins of investment into Scotland

- The US remained the largest investor in Scotland in 2025, as it did for the UK as a whole. US-originated investment accounted for 33 of the 108 projects secured by Scotland during the year, down marginally from 37 projects in 2024.
- Ireland emerged as the second-largest origin of FDI projects into Scotland in 2025, with 12 projects, double its total the previous year. France remained in third place with eight projects, unchanged from 2024, followed by Denmark and Norway with five projects each.
- Germany, historically a leading source of Scottish FDI, saw a sharp reduction in activity, with its project numbers slipping to just two in 2025 from 12 in 2024. This mirrored a broader decline in German outbound investments across Europe during the year.

summary

FDI performance by Scotland's cities

- With Scotland holding onto second place behind London in terms of projects secured by the UK's regions and devolved administrations, the country's continued robust FDI showing was once again underpinned by its major cities.
- Scotland's 'big three' cities – Edinburgh, Glasgow and Aberdeen – all remained in the UK's top 11 FDI cities outside of London in 2025. Edinburgh secured an increase in projects from 24 in 2024 to 30 in 2025, putting it second only to Manchester on 31 projects.
- Glasgow – Scotland's leading FDI city in 2024 – saw its projects secured slip from 27 to 23 in 2025, putting it fourth outside London behind Birmingham in third place on 26.
- Aberdeen recorded five projects, down from 12 in 2024, reflecting its continuing challenges as North Sea oil production declines.

Investor perceptions of Scotland

- Perceptions of Scotland as an intended FDI location have improved over the past year. Fifty-five per cent of the investors we surveyed globally in 2026 say they're planning to establish or expand operations in the UK in the coming 12 months, and 33% of those respondents add that they're planning to invest in Scotland – a share that's up from 25% in 2025, and second only to London on 51%.
- In terms of UK cities earmarked for planned investments, Edinburgh ranks first after London on 27%, and Glasgow third after London on 17%, again underscoring the strength of Scotland's urban centres as focal points for FDI.
- A net 57% of investors expect the UK to become more attractive to FDI over the next three years, against only a net 15% who believe its attractiveness will decrease–again playing to Scotland's strengths as the UK's second largest and most attractive investment location.
- When considering investing in locations outside of London in the UK, the criteria that investors rank as most important may play to many of Scotland's strengths. They are:
  - Availability and skills of the local workforce
  - Access to regional grants and incentives for investment/R&D
  - Strength of transport infrastructure
  - Cost and availability of real estate locally
  - Availability of business partners and suppliers
- Financial services investors are especially positive about investing in Scotland, and in Edinburgh in particular. More than half (52%) plan to establish or expand operations in Scotland in the coming 12 months, level with London. When the findings are broken down at the city level, the three most attractive UK cities for financial services investment are London (52%), Edinburgh (44%) and Glasgow (23%).

Implications for policy and competitiveness

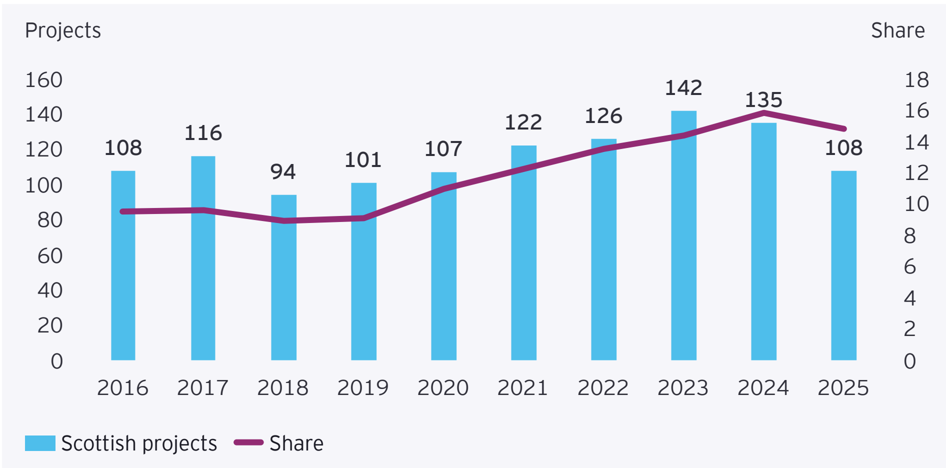
- Investors continue to regard software, professional services and financial services as the leading future growth sectors for the UK, cited by 29%, 22% and 21% respectively. As an established global services hub with some highly attractive cities and regions, Scotland continues to have a significant share of these high-performing sectors.
- At the UK level, investors are calling for the UK to sustain its own competitiveness for FDI through clearer execution on industrial strategy, stronger support for high-growth sectors and SMEs, faster development of skills, and lower energy costs: 36% cite industrial strategy as the top priority, 30% skills, 27% support for SMEs and 22% cheaper energy. All of these findings have clear implications for Scotland.
- The overarching message is that Scotland's investment performance in 2025 was resilient, but with clear signals around the need to improve competitiveness still further. A positive sign of what's achievable was Scotland's success in securing a disproportionately high share of UK manufacturing projects at a time when manufacturing investment has fallen sharply across Europe.

FDI into Scotland in 2025: relative outperformance in a weaker global environment for investment

During 2025, Scotland secured 108 FDI projects, down 20.0% from the 135 projects it recorded in 2024. This represented a sharper decline than the one it experienced the year before, and resulted in Scotland posting its lowest annual project total since 2020, when it secured 107 projects. Even so, the 2025 outcome remained broadly consistent with Scotland's longer-term investment trend, with activity levels still comparable to several of the earlier years in the past decade, rather than signalling a fundamental weakening in investor interest.

Across the UK, inward investment activity also softened during the year, with total UK projects falling from 853 in 2024 to 730 in 2025, a decline of 14.4%. Against this backdrop, Scotland's share of UK projects slipped from 15.8% to 14.8%, ending a six-year run of year-on-year increases. This loss of share largely reflected a strong performance in London (see below) where projects grew by 5%. Therefore, despite this marginal fall in share, Scotland performed better than the English regions, and continued to outperform its historical norm, with its proportion of UK-wide FDI projects remaining comfortably above the 10-year average of 11.6%, reinforcing its position as a consistently strong destination for inward investment within the UK, even amid the recent challenging market conditions.

Figure 1: FDI projects into Scotland and Scotland's share of all UK projects, 2016–2025



Source: EY European Investment Monitor (EIM), 2016-2025

Scotland remains the clear second choice for investors in the UK outside of London — despite a major cooling of investment across Europe ...

Our 2025 inward investment data shows that London once again attracted the largest number of FDI projects of any UK region, nation or devolved administration, securing 279 projects during the year. This represented a 5.3% increase on the 265 projects it recorded in 2024, reinforcing the UK capital's long-standing position as the country's leading destination for inward investment — a status it has held continuously since the EY European Investment Monitor (EIM) began tracking FDI projects in 1987.

At the same time, the data for 2025 also confirms that Scotland retained its position as the most attractive UK location for FDI outside London, a ranking it has occupied consistently over the past decade. Although projects into Scotland declined in 2025, the nation remained some way ahead of other parts of the UK in terms of projects secured, although London's renewed growth in projects in 2025 meant it widened its lead over Scotland, reversing the convergence observed a year earlier. Nevertheless, Scotland's margin over the third-placed UK region remained substantial, with Scotland securing 40 more projects than the West Midlands, underlining Scotland's continued status as the UK's foremost FDI destination outside London.

Figure 2: FDI projects in the UK's regions and devolved administrations, 2025

Region	Projects 2024	Projects 2025	Proportion of projects 2016-2025 (%)	Proportion of projects 2025 (%)
Greater London	265	279	38.9	38.2
Scotland	135	108	11.6	14.8
West Midlands	86	68	8.3	9.3
North West England	86	51	7.9	7.0
South East England	59	40	7.2	5.5
East Midlands	36	34	3.9	4.7
South West England	30	30	3.7	4.1
Northern Ireland	17	28	2.8	3.8
Yorkshire and the Humber	52	28	5.3	3.8
Wales	16	25	2.6	3.4
North East England	42	22	3.7	3.0
East of England	29	17	4.1	2.3

Source: EY European Investment Monitor (EIM), 2025

... with Scotland's cities putting in a resilient and competitive performance, remaining firmly represented among the UK's leading city locations for FDI

Scotland's ability to sustain its position as the UK's second-ranked destination for FDI continues to be underpinned by the consistently strong performance of its major cities. In 2025, Edinburgh and Glasgow once again featured prominently among the UK's leading city locations outside London, while Aberdeen remained a notable recipient of inward investment relative to its size. However, this year we have generally noted that cities with a sectoral composition orientated towards services have fared better, as investors remain cautious of undertaking highly capital-intensive projects. This has meant that locations with either a more traditional sectoral profile or a preponderance of industries that require major capital intensity have generally seen lower volumes of investment. This pattern has played out not just in in Scotland, but across the UK and Europe.

Among the UK's leading cities for FDI outside London, Manchester retained its lead in 2025, securing 31 projects. However, Edinburgh came close behind with 30 projects, reclaiming its status as Scotland's top FDI city and second place overall outside the UK capital. Birmingham was placed third with 26 projects, while Glasgow secured 23 projects, maintaining its position firmly within the UK's top tier of FDI city destinations. Aberdeen, with five projects, slipped out of the top 10, as projects continue to decline, reflecting the challenges it faces as North Sea oil production declines.

Figure 3: Largest UK city recipients of investment (excluding London), 2021-2025

Rank	City	2021	2022	2023	2024	2025
1	Manchester	33	45	36	44	31
2	Edinburgh	31	38	32	24	30
3	Birmingham	20	32	70	24	26
4	Glasgow	23	20	24	27	23
5	Belfast	24	15	10	7	16
6	Newcastle upon Tyne	6	11	11	13	11
=7	Cardiff	8	9	9	2	9
=7	Leeds	16	15	16	16	9
=7	Warwick	13	11	22	6	9
10	Nottingham	3	5	3	4	7
=11	Aberdeen	14	15	13	12	5
=11	Bristol	19	13	17	6	5
=11	Coventry	6	4	10	9	5
=11	Derby	4	7	4	2	5
=11	Leicester	2	7	7	3	5
=11	Telford	1	5	-	7	5
=17	Sunderland	4	5	4	5	4
=17	Swindon	5	3	5	1	4

Source: EY European Investment Monitor (EIM), 2021-2025

Scotland continued to attract a substantial flow of 'new' projects in 2025, despite a decline both in Scotland and across the UK …

In 2025, Scotland's complement of 'new' projects – first-time investments that are not expansions of existing sites – fell to 51 from 72 projects in 2024, a fall of 29.2%. This marked the second consecutive annual decline in new projects secured by Scotland, and took its net total of new projects back towards the levels seen earlier in the decade. The sustained contribution of inward investment to Scotland's economy over the longer term.

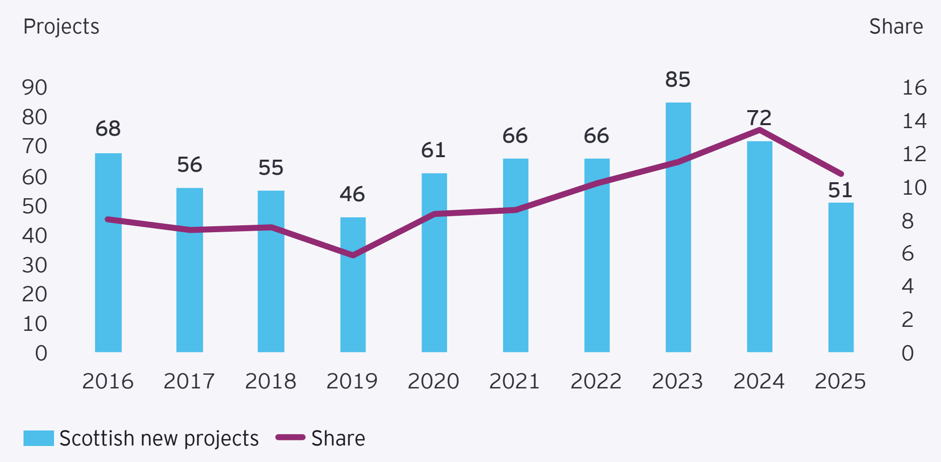
… while Scotland's FDI-related employment creation also fell, as large-scale job-generating investments were scaled back across Europe

While not all investment projects disclose employment data, the number of jobs announced as a result of FDI projects is still a useful measure of the inward investment's economic role and importance to a region or country.

In 2025, FDI projects in Scotland disclosed the creation of around 3,190 jobs, a figure that represented a further year-on-year decline following a larger drop recorded in 2024. This reduction in employment reflected the continued scarcity of large-scale, job-intensive projects, and mirrored a broader UK-wide and European shift towards smaller, more services-led investments. Scotland ranked third across the UK during the year, or second outside of London, behind the West Midlands.

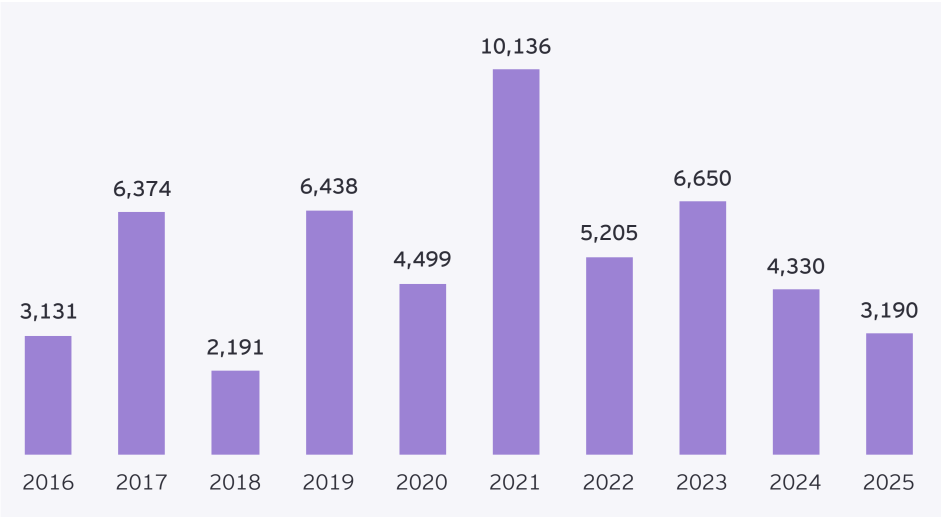
Over the past decade, Scotland has secured a total of 54,339 jobs from FDI projects, a cumulative total second only to London. This underlines the sustained contribution of inward investment to Scotland's economy over the longer term.

Figure 4: New FDI Projects recorded in Scotland and the share of new UK projects, 2016-2025



Source: EY European Investment Monitor (EIM), 2016-2025

Figure 5: FDI employment creation recorded in Scotland and share of UK FDI jobs, 2016-2025



Source: EY European Investment Monitor (EIM), 2016-2025

Sectors for Scottish FDI in 2025: rebalancing away from one-off utility investments – and towards a more sustainable, services-led project profile

In 2025, the sectoral mix of FDI projects into Scotland shifted notably compared with 2024. The country's leading sector was business services and professional services with 22 projects, more than double its total of nine projects the previous year. This was followed by software and IT services in second place with 14 projects, and utility supply in third place with 12 projects. Machinery and equipment, which led Scotland's sector rankings in 2024, fell back to fourth place with nine projects, while agri-food completed the top five despite a decline on 2024.

The 144.4% rise in Scotland's business services and professional services projects mirrors a similar surge in overall UK investment projects – potentially reflecting some of the increasingly blurred lines between technology and general business investments in an AI-enabled world.

From a longer-term perspective, software and IT services remains Scotland's strongest performing sector, having generated the largest cumulative number of projects over the past five years. Mirroring the UK-wide trend, software and IT services projects in Scotland saw a slight decline in 2025, but the resilience of the project flow in this sector underlines Scotland's ongoing appeal for digital and technology-driven investment. However, investment in this space is undergoing significant disruption from AI, the changing tech labour market, and a structurally lower amount of investment relative to the late 2010s, which represented the zenith of tech investment into Europe, the UK, and Scotland.

Meanwhile, project activity in Scotland's utility supply sector was relatively buoyant by historical standards, but remained well below the exceptional levels recorded in 2023 and 2024. The earlier surge in utility-related projects was driven in part by a concentration of one-off and auction-related investments, particularly linked to offshore wind capacity. These were not repeated at the same scale in 2025, with the resulting reduction in investments in the sector largely mirroring the overall decline in projects as a whole. Machinery and equipment projects also experienced a notable drop following an unusually strong year in 2024, suggesting a degree of normalisation rather than a structural weakening in the sector.

Financial services is one of the sectors that defied the overall decline in investment into Europe in 2025, with its volume of FDI projects rising by 21%. The UK leads Europe as the most attractive destination for financial services-related FDI, with London very much the leading city for attracting this kind of investment. In Scotland, Edinburgh is also among the top 20 destinations for cross-border investment in financial services. However, despite Scotland performing well relative to other European cities in attracting financial services projects, the total it secured in 2025 fell to five from 11 in 2024. While this decline was not dissimilar to the trends seen across Europe, London stood out as an exception, securing a 51% year-on-year increase in financial services projects that represented a recovery from 2024. Meanwhile, Scotland's total of FDI projects related to financial services means it has now been ranked as the second most-favoured region in the UK for this kind of investment in nine of the past 10 years. And looking forward, almost two-thirds of financial services firms have plans to establish or expand operations in the coming year, with London and Scotland seen as clear investment targets within the UK — and positive sentiment towards Edinburgh and Glasgow rising.

Over time, the classification of services-based FDI projects into Scotland has become progressively less clear-cut, reflecting deeper structural changes in the nature of modern business activity. Driven by rapid technological advances, digitalisation and evolving client demands, traditional distinctions between financial services, business and professional services, and technology have become increasingly blurred, as firms operate across multiple domains and deliver more integrated offerings. As a result, a growing number of investment projects are exhibiting characteristics that span these formerly distinct categories. This convergence is not simply a statistical quirk, but a reflection of a broader shift towards a more interconnected services economy, in which value creation is underpinned by data, innovation and cross-sector capabilities.

Finally, despite a more buoyant year for oil and gas projects in 2024, 2025 has seen a material dip in investments into the sector in Scotland, with the number falling from seven in 2024 to three in 2025. Sharp declines on this scale are perhaps more common in oil and gas than in other sectors due to the interaction of long-term structural shifts and cyclical shocks. While COVID-19 served to accelerate some investment in the sector, it now faces clear headwinds including uncertainty both over oil demand and also over policy towards decarbonisation, electrification and climate change. Additionally, the security concerns around energy sovereignty may be having a substitution effect under which FDI is displaced in favour of domestic investment. Given these factors, a decline in the volume of oil and gas FDI projects may not necessarily indicate an overall drop in investment into the sector. What is clear, however, is that macro uncertainty and geopolitics are driving a "wait and see" approach from investors, and reshaping capital flows in a sector that is markedly more sensitive than most others to political risks and cross-border complexity.

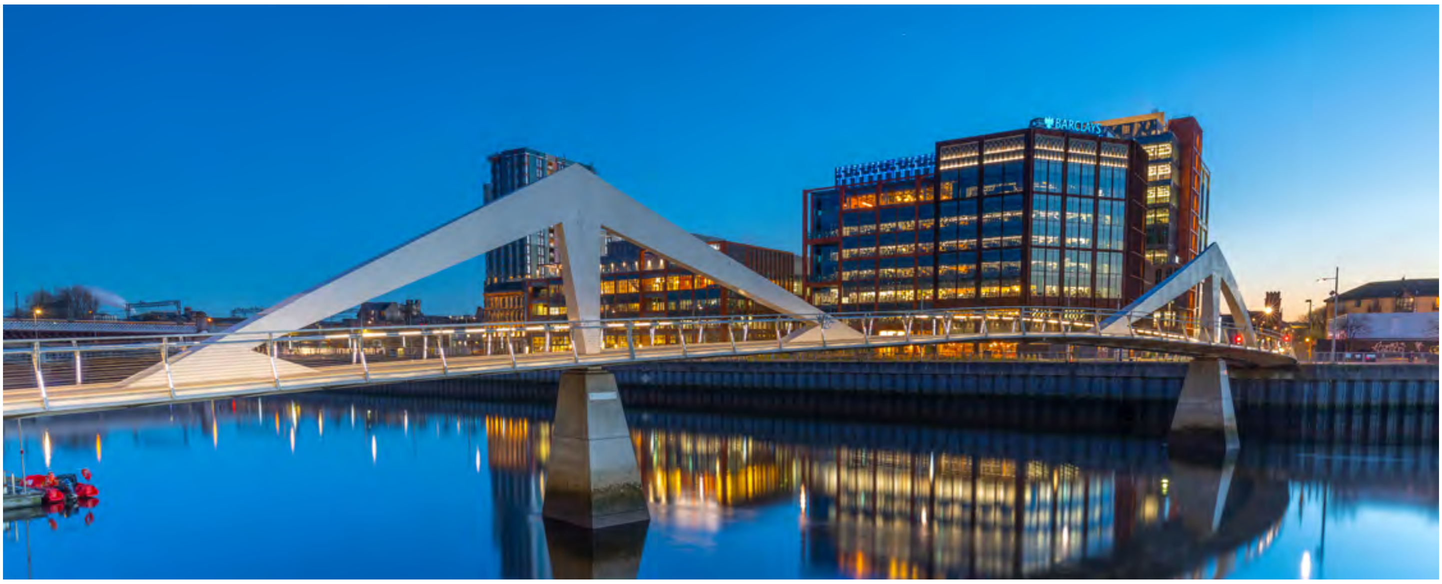
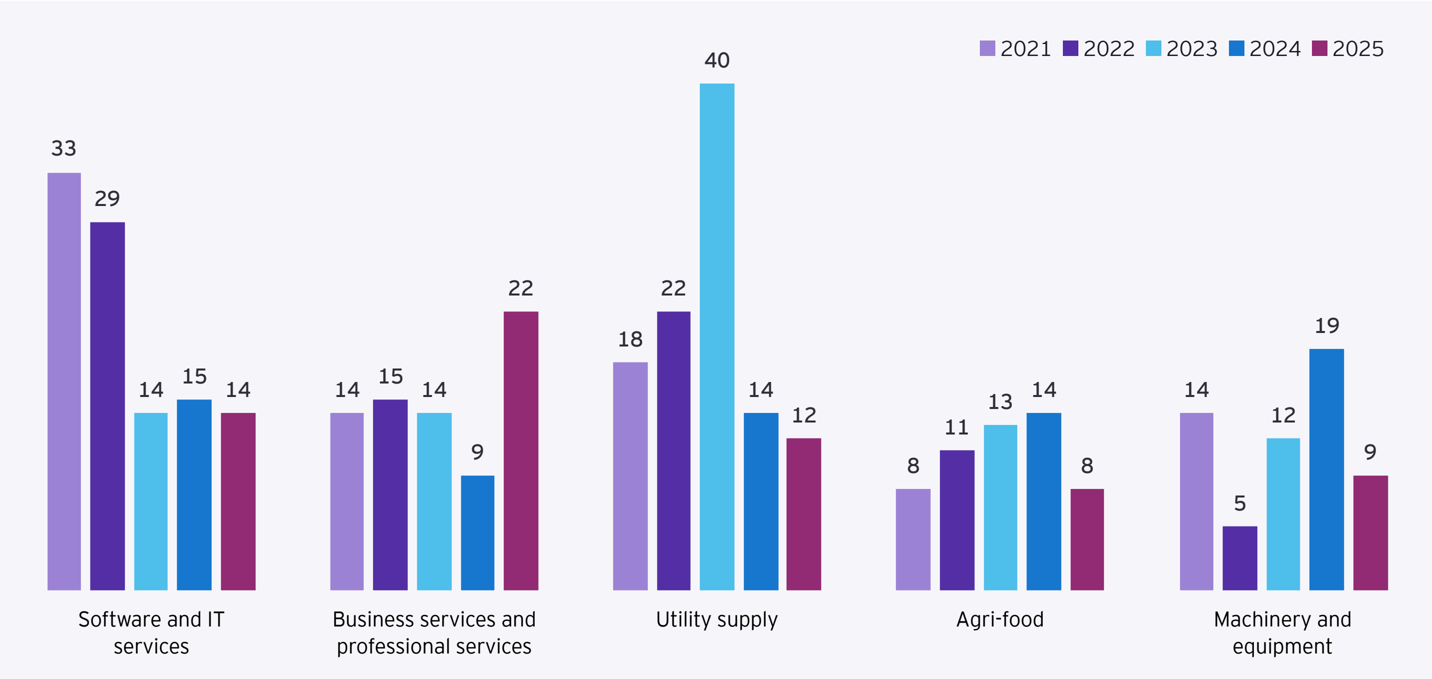


Figure 6: Number of projects from Scotland's five leading FDI sectors in the past decade, 2021–2025



Source: EY European Investment Monitor (EIM), 2021–2025

Activities undertaken by Scottish projects: business services leads the way – and manufacturing proves more resilient than in Europe and the rest of the UK

As well as recording project volumes, locations, sectors and employment, the EY EIM also tracks the activities they undertake. In 2025, business services emerged as the most common activity for FDI projects into Scotland, with 60 investments – little changed from 61 the previous year – accounting for approximately 27.8% of all Scottish projects during the year. This continued resilience underlines Scotland's strength in attracting services-led investments, particularly in professional, operational and support functions.

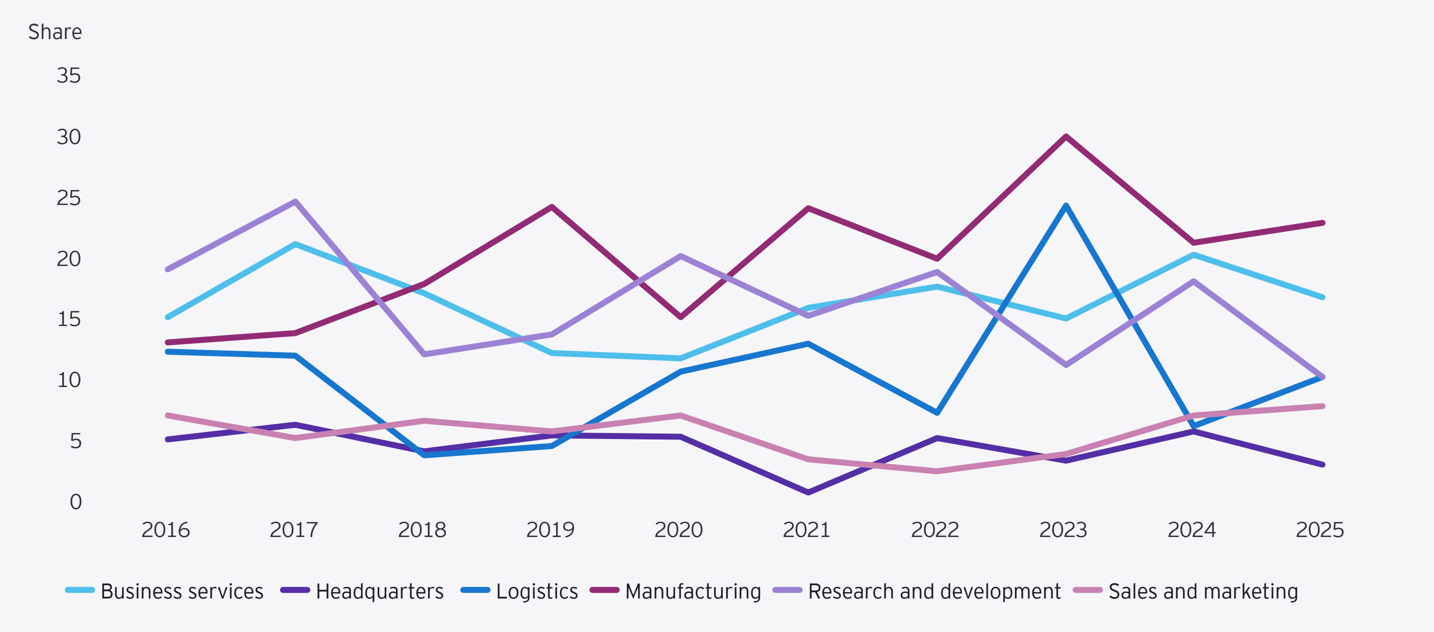
Manufacturing remained the second most prevalent activity, despite a reduction in project numbers to 30 compared with 39 the previous year. Manufacturing projects represented just over a quarter of all projects secured by Scotland in 2025, reflecting a degree of normalisation following a stronger period for manufacturing-related investment earlier in the decade. Despite the decline in 2025, Scotland continued to secure a disproportionately high proportion of UK manufacturing projects, with its share recovering to 22.9%, above the decade-long average of 20.3%. In a year when manufacturing activity has seen a slump Europe-wide, this positive performance highlights Scotland's strong manufacturing capability and overall attractiveness.

Meanwhile, research and development (R&D) activity in Scotland declined sharply from 17 projects the previous year to four in 2025, with Scotland's UK share of R&D projects also slipping back, reflecting a broader contraction in R&D-focussed FDI across the UK and Europe. Despite this decline, R&D investment remains strategically important for Scotland, given its role in supporting high-value, knowledge-intensive employment and anchoring regions within global innovation networks.

Logistics-related investments showed signs of stabilisation following a particularly weak performance in 2024, with Scotland's share of UK logistics projects recovering modestly in 2025. Nevertheless, logistics remained a relatively small component of Scotland's overall FDI activity mix, consistent with the sector's wider challenges across Europe, including weaker industrial demand and rising structural costs.

Headquarters projects secured in Scotland in 2025 dropped to a near low-point for the past decade, with this activity contributing just two new investments, down from five in 2024. However, this decline was not an isolated event, and in part reflected the wider buffeting of global investment as project numbers fall back. Decisions to invest in headquarters are rarely taken in response to immediate production needs, but instead are long-term decisions that are tied closely to reputation, attractiveness, and 'softer' factors such as policy predictability and regulation. As a result, when uncertainty rises – as we have seen recently on a global level – these are among the first projects to be delayed or cancelled, a trait that is borne out by the historical trend data. However, one of the structural factors that merits serious consideration by policymakers in Scotland, the UK and Europe as a whole is that firms often co-locate headquarters facilities in their fastest-growing markets, meaning much of the competition for this kind of investment will be stemming from the US and Asia. The way for Scotland to recapture more headquarters projects would be to offer increased stability, which would serve to offset any perceived policy risks that may be deterring investors.

Figure 7: Share of activity for investment projects into Scotland, 2016-2025



Source: EY European Investment Monitor (EIM), 2016-2025

Origins of FDI into Scotland: the US remains the biggest contributor in a shifting global landscape, bucking the trend of the US's relative pullback from Europe

As in previous years, the United States remained the largest single source of FDI projects into Scotland in 2025. US-originated investment accounted for 33 of the 108 projects secured during the year, down marginally from 37 projects in 2024. Despite this decline, the distinctive composition of US project activity means it remains especially strategically important for Scotland. US-backed projects continue to feature strongly in high-value activities, including manufacturing and R&D-related investment, supporting Scotland's position within global value chains.

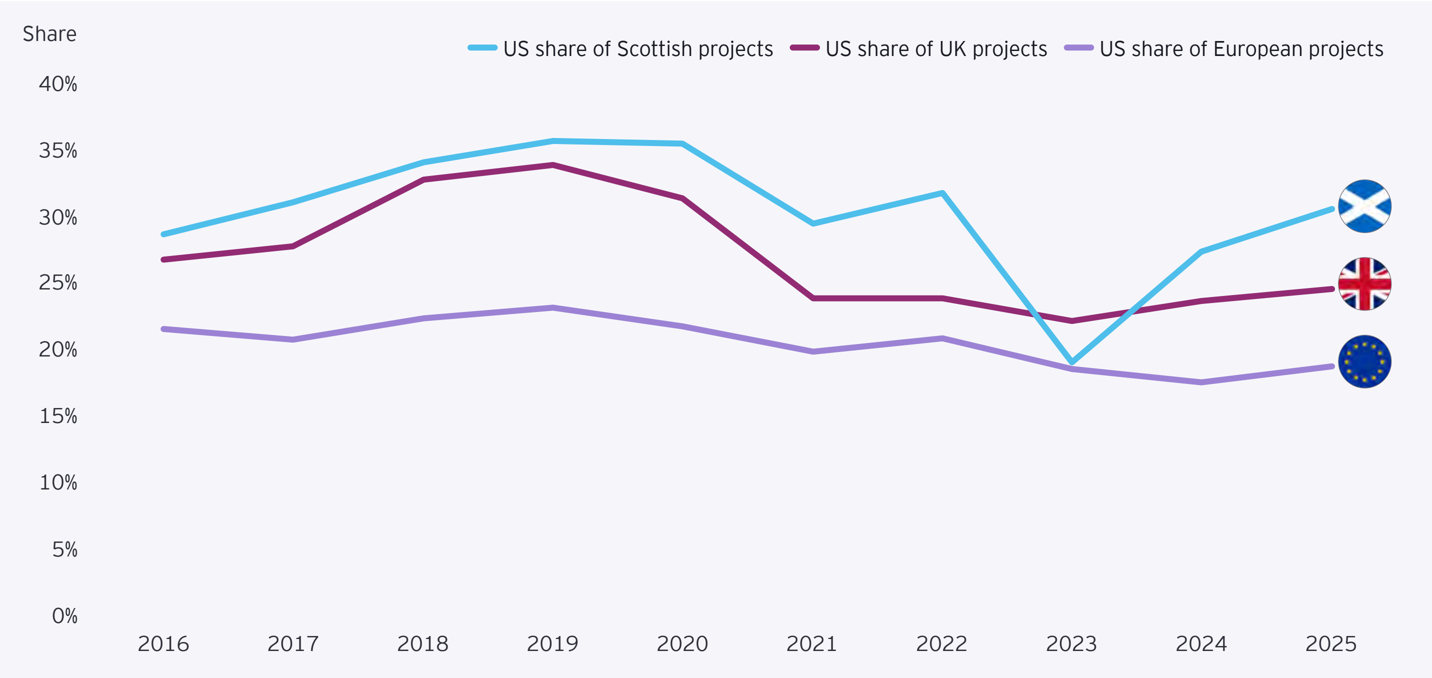
This high-value focus from US investors has been particularly important in 2025, as we have seen exactly these kinds of investments decline elsewhere in the UK and Europe. The US's mix of innovation- and production-orientated investments helps to anchor advanced capabilities locally, strengthen supply chains and support longer-term industrial resilience. Beyond direct job creation, these types of investment also bring wider benefits through technology transfer, skills development and productivity spillover. These are all priorities that align closely with the strategic pathways identified by investors in this year's sentiment survey, covered in more detail in the second half of this report.

In a significant shift in the rankings, Ireland emerged as the second-largest origin of FDI projects into Scotland in 2025, with 12 projects, exactly double its total the previous year. This represents a notable change in Scotland's investor base and reflects the growing cross-border investment links between Scotland and Ireland. In contrast, Germany, which had ranked among the leading sources of investment in earlier years, saw a sharp reduction in activity, with its project numbers slipping to just two in 2025 from 12 in 2024. However, as noted in our European attractiveness report, German outbound investment declined across the board in 2025, so the retreat in project numbers from Germany is by no means unique to Scotland. Meanwhile, among other leading origins of Scottish projects, France remained an important and stable source of inward investment, holding third place with eight projects, unchanged from its contribution in 2024.

The sources of investment into Scotland remain concentrated in North America and Europe, with these regions representing eight of Scotland's top 10 origins of FDI projects in 2025. By contrast, an analysis of the UK's share of all European projects by country of origin shows the UK overall has a broader spread of global FDI relationships. For example, the UK remained Europe's leading recipient of Indian investments in 2025, securing 46.4% of all Indian projects into Europe. The UK also continued to perform strongly in attracting investment from Australia, capturing 46.3% of Australian projects into Europe. Additionally, it was the recipient of 16.7% of all European investments originating from Singapore.

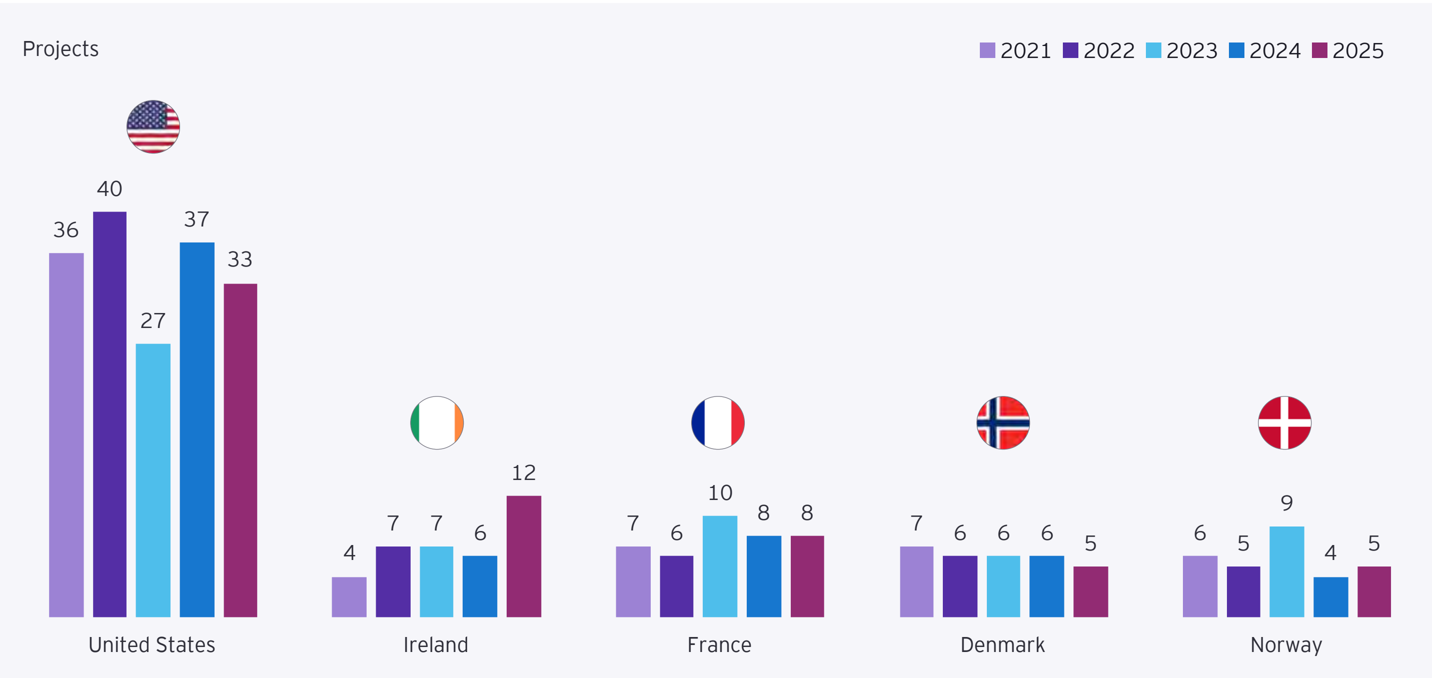
Our reflections on the origination of investments into Scotland remain similar to previous years: that the evolving pattern of investor origins in 2025 highlights both the continued importance of established partners, notably the US, and the need for greater diversification in Scotland's FDI base. Broadening the range of source countries is increasingly important not only for fostering competition and enhancing knowledge exchange, but also for reducing Scotland's exposure to geopolitical risk, and building a more resilient and internationally connected economy.

Figure 8: Proportion of investment projects originating from the US into Scotland, the UK and Europe, 2016-2025



Source: EY European Investment Monitor (EIM), 2016-2025

Figure 9: Leading origins of investment into Scotland, 2021-2025



Source: EY European Investment Monitor (EIM), 2026

Investors' perceptions of Scotland: positive sentiment shaped by global instability

So far, this report has highlighted Scotland's resilient FDI performance in 2025, achieved against a backdrop of persistent macroeconomic uncertainty and heightened geopolitical headwinds that continued to weigh on investment activity across Europe. While the total number of FDI projects secured by Scotland declined year on year, this outcome should be viewed against the backdrop of sharper contractions in projects across many major European markets and a slightly smaller one for the UK as a whole.

One-third of investors planning to invest in the UK are targeting Scotland over the next 12 months ...

This positive view of Scotland's attractiveness is bolstered by our 2026 perception survey of global investors. Taken together, our EIM project data and forward-looking investor research confirm that Scotland continues to be regarded by investors as the UK's most attractive FDI destination outside London, reinforcing its long-standing position within the UK's investment landscape. However, our sentiment data also underlines that – despite this resilience – there is little room for complacency, with investors highlighting a number of policy and competitiveness issues that will shape Scotland's ability to sustain its performance over the medium term.

Set against another year of challenging circumstances for investment into Europe as a whole, our investor perception findings provide a useful lens on the UK's and Scotland's prospects as FDI locations. When asked to identify the European countries they expect to be the most attractive for foreign investment in 2026, respondents ranked the UK equal second with Germany, behind only France. Having dipped in the previous two years, the UK's score on this question – at 31% – is now almost back to its level in 2023, underlining the UK's continued strengths as an investment destination. Yet this rating is still well below the 44% the UK recorded in 2022, signalling intensifying competition for FDI at the European level – and reinforcing the importance of an ongoing focus on policy and fostering a sense of stability, in order to maintain and strengthen the UK and Scotland's relative appeal.

Investors still show strong interest in the UK. A majority (55%) say they plan to establish or expand operations in the next year. While this is down from the 2024 peak of 69%, it remains a resilient result given geopolitical tensions and weak European growth. This suggests investors have become more cautious and selective, rather than losing confidence altogether. For Scotland, the challenge is to turn this positive sentiment into real investment by providing a stable and competitive business environment.

Figure 10: Which European countries will be most attractive for foreign investment in 2026?

Most attractive (%)	2022	2023	2024	2025	2026
France	47%	49%	34%	35%	38%
UK	44%	32%	25%	24%	31%
Germany	42%	62%	29%	26%	31%
Spain	17%	19%	17%	15%	22%
Italy	20%	20%	11%	9%	14%
Belgium	19%	23%	6%	10%	9%

Source: EY UK Attractiveness Survey 2022-2026

Investors' continued strong interest in investing in the UK is further underlined by other findings. Most notably, a majority of the investors surveyed (55%) say they plan to establish or expand operations in the UK next year. While this is down from the 2024 peak of 69%, it remains a resilient result given the current geopolitical tensions and subdued growth in both the UK and Europe. The implication is that investors have become more cautious and selective, rather than losing confidence altogether. For Scotland, the challenge is to turn this positive sentiment towards the UK as a whole into hard investment by providing a stable and competitive business environment.

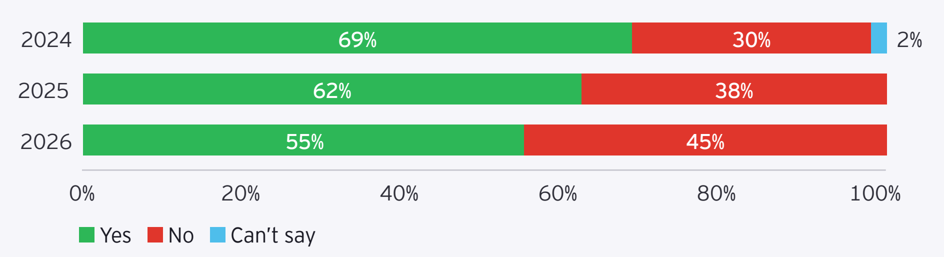
It appears that investors feel Scotland is making strides towards doing this, with respondents indicating that it continues to stand out clearly within the UK investment landscape. When the investors planning UK projects were asked which part of the UK they were targeting for new or expanded investment, around one-third (33%) identified Scotland as their key destination over the next 12 months, up sharply from 25% in 2024. This result represents a ringing affirmation of Scotland's position as second only to London, putting it well ahead of all other UK regions and devolved administrations.

... and Scotland's cities are continuing to punch above their weight in attractiveness to FDI

Further positive signals for Scotland emerge when investors are asked which UK cities they expect to target with projects over the next 12 months. Edinburgh now stands out clearly as the most-favoured city in the UK after London, cited by 27% of respondents, strengthening its position compared with last year and placing it well ahead of other UK cities. Birmingham ranks third in the UK and second after London on 18%, followed closely by Glasgow on 17% – again a significant year-on-year improvement. Cardiff, at 16% percent, rounds out top five.

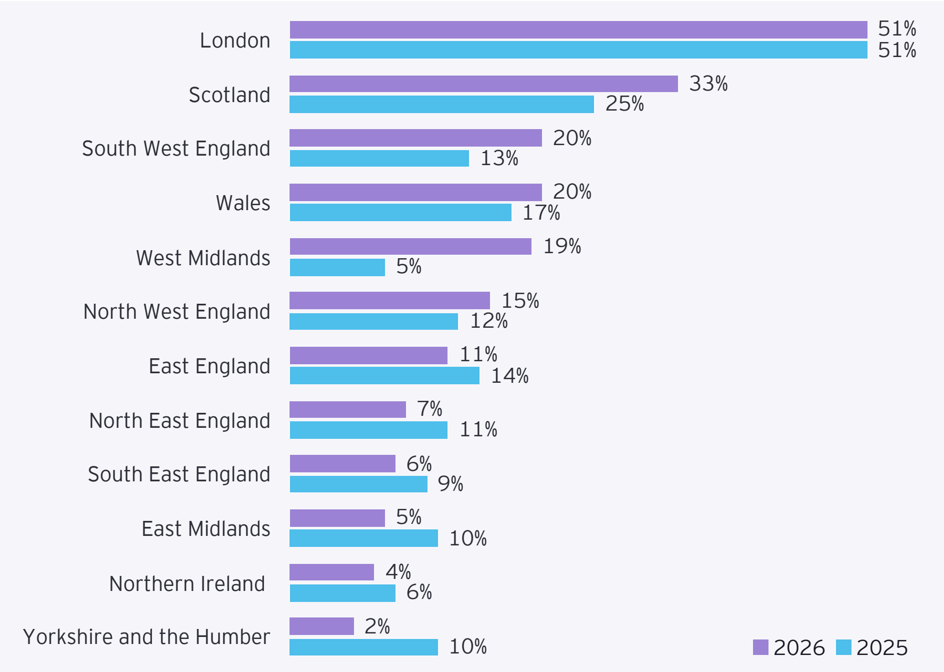
These findings underscore the strength of Scotland's urban centres as focal points for foreign investment. Combined with the proven track record of Scottish cities in securing FDI projects, this sentiment data provides a very positive signal for Scotland's future ability to attract inward investment into its major cities, even in a period of heightened global uncertainty.

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



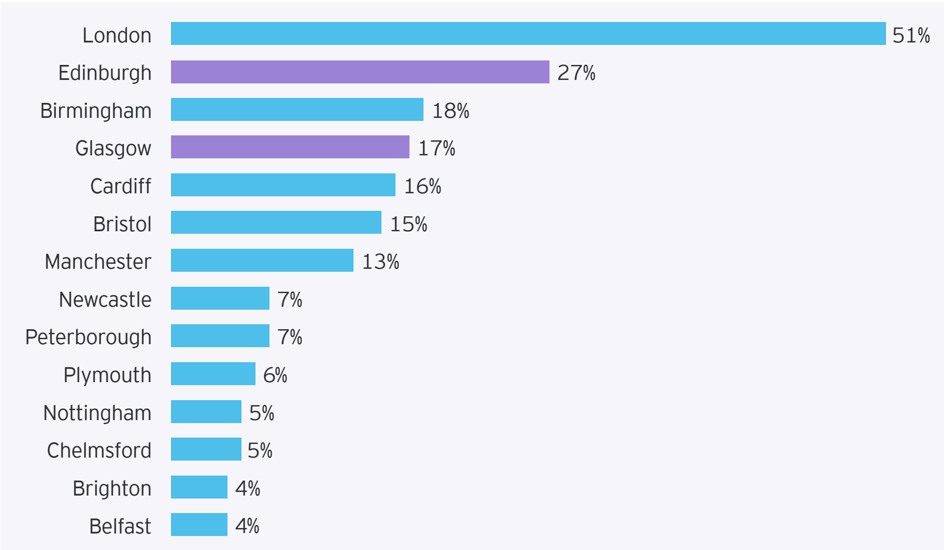
Source: EY UK Attractiveness Survey 2024-2026

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 2026

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



Source: EY UK Attractiveness Survey 2025

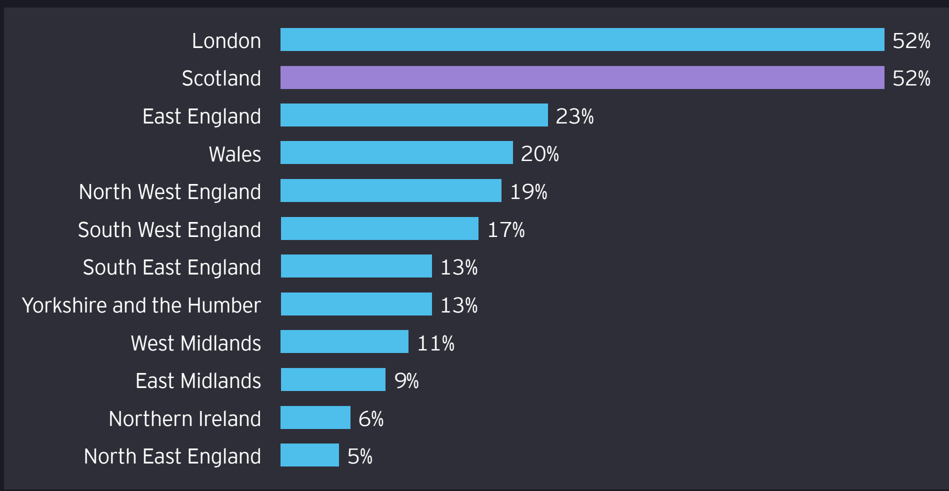
Sector spotlight: positive sentiment on financial services in Scotland

While Scotland has remained the most attractive destination outside of London overall, financial services investors are even more bullish on Scotland and Edinburgh in particular

In year-on-year terms, the number of financial services FDI projects secured in Scotland dropped to five in 2025 from a high of 11 the previous year. However, in our separate sentiment polling in 2026 among financial services investors, more than half (52%) say they plan to activate investment plans which would establish or expand operations in the next 12 months, and that they expect to do this specifically in Scotland. This represents a doubling of Scotland's sentiment score among financial services investors, and marks the sector out as a uniquely strong area of attraction for Scotland relative to other areas of the economy. Scotland's high rating the poll – in which respondents can choose multiple UK investment locations – is also impressive in that it is on a par with London.

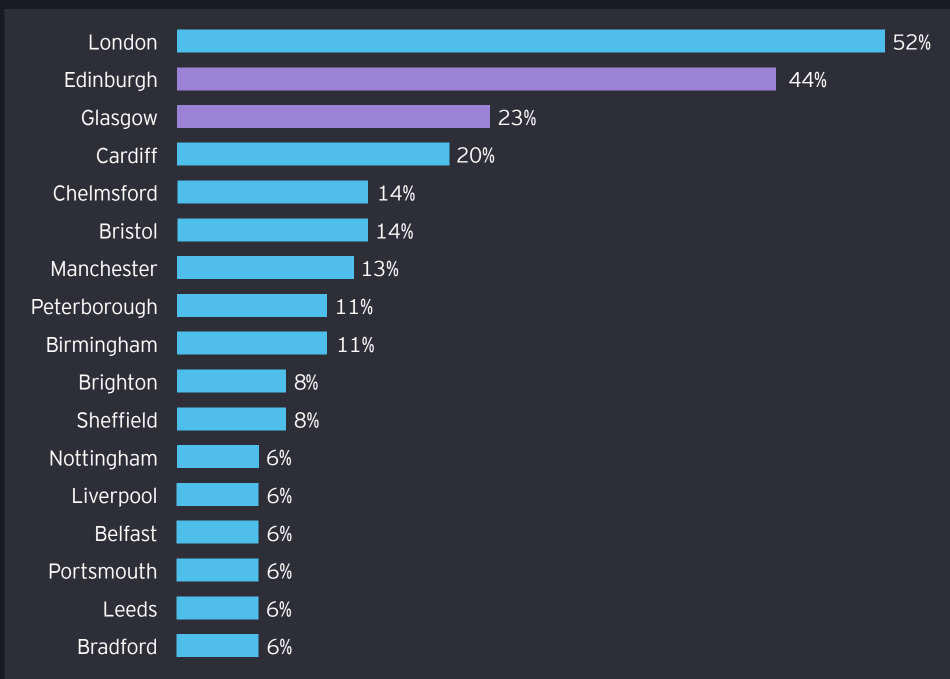
Furthermore, when the sentiment findings are broken down at the city level, the three most attractive cities for financial services investment in the next 12 months are London (52%), Edinburgh (44%) and Glasgow (23%). The strength of these results relative to London and the rest of the UK represents a ringing endorsement of how positively financial services investors view Scotland as a potential destination for FDI, and a clear signal for policymakers to take action to capitalise on these enduring positive perceptions.

Figure 14: In which parts of the UK are you planning to establish or expand operations in the next 12 months? (Financial services investors)



Source: EY UK Attractiveness Survey – Financial Services, 2026

Figure 15: In which UK City/cities are you planning to establish or expand operations over the next year? (Financial services)



Source: EY UK Attractiveness Survey – Financial Services, 2026

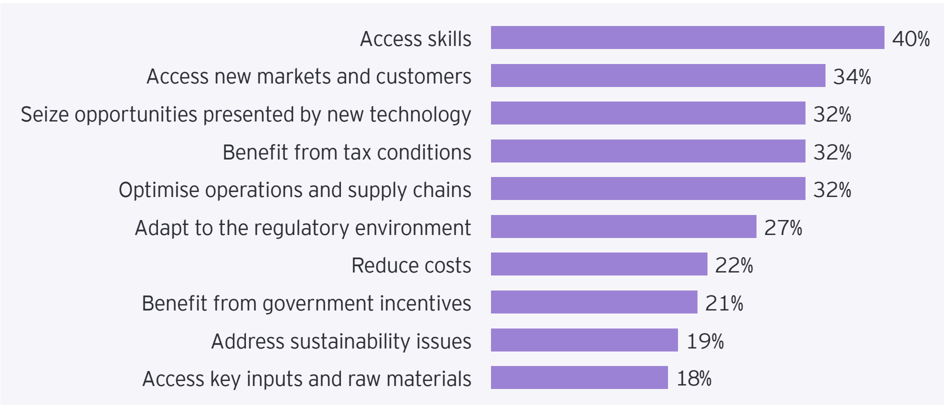
Amid macro instability, investors into the UK and Scotland are seeking longer-term stability, lower input costs and highly skilled workers …

At root, investment decision-making continues to reflect the fundamental reasons why overseas companies would choose to establish or expand operations in the UK and Scotland: to access new markets and customers (34%), and secure critical capabilities such as talent (40%) and technology (32%). Comparing the survey responses in 2025 and 2026, we find that investors seem to have had a mindset shift away from capturing upside and optimising their operations – and towards accessing the labour market and finding new customers.

This change may reflect the gloomier macroeconomic mood among investors relative to last year. Cost considerations also remain firmly on the agenda (22%), with investors continuing to factor operating costs into location decisions, even if these are rarely decisive in isolation. From our ongoing and frequent engagement with investors, we know that investment decisions are shaped by a combination of strategic growth ambitions and pragmatic operational needs, rather than by any single factor alone.

These motivations point to the need for continued long-term, strategic policymaking in Scotland with a core focus on industrial capability (as in 'Invest 2035'), innovation and skills development, alongside the maintenance of a stable and predictable business environment in which investors can have confidence that their commitments will endure in the face of political shifts. At the same time, our research highlights the continuing role of more reactive and short-term measures that could improve attractiveness, such as taxation reforms, targeted incentives, upskilling initiatives and regulatory clarity – all of which remain within the government's direct control and do not require long term planning horizons. It is the combination of such measures that can play an important role in attracting cross-border investment to the UK in general and Scotland in particular, and which will serve to strengthen the overall attractiveness of the investment proposition in an increasingly competitive global landscape.

Figure 16: What are the main reasons for establishing new or expanding existing operations?



Source: EY UK Attractiveness Survey 2026

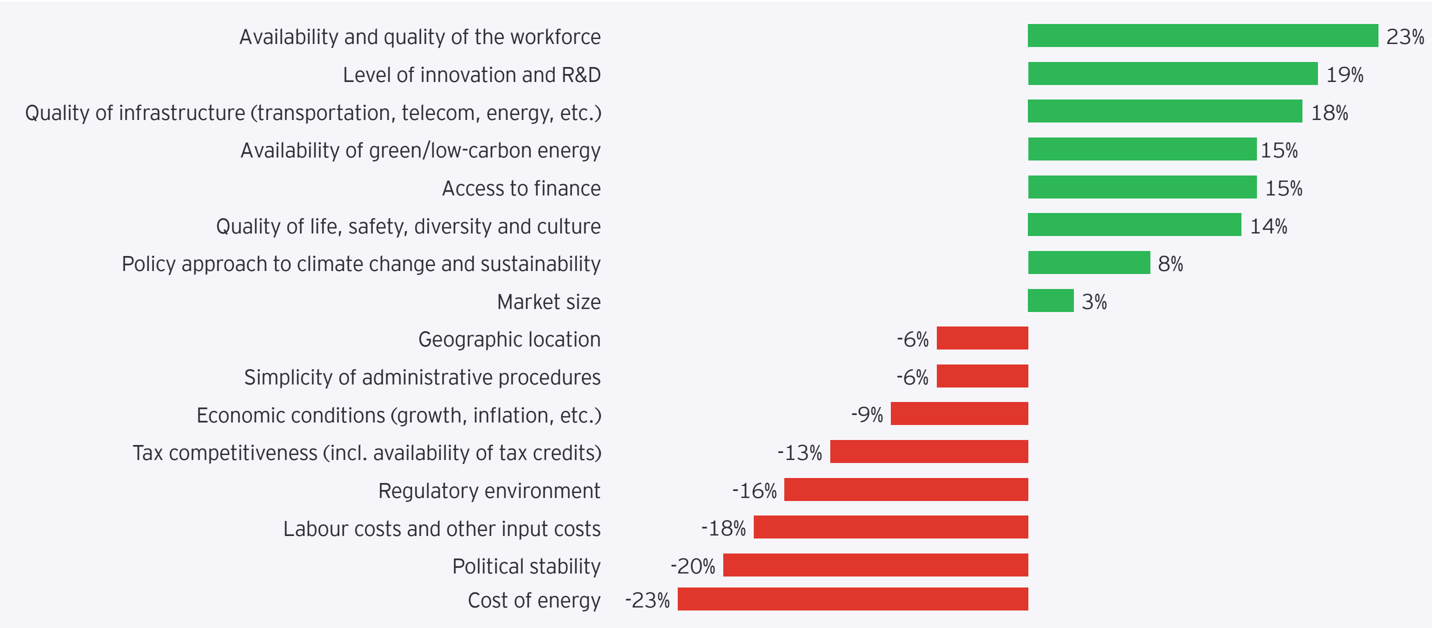
… but despite enduring strengths, Scotland and the UK's relative attractiveness is being impacted by high energy costs – along with political instability and labour cost pressures …

As in previous years, our 2026 investor perception survey also highlights some clear areas of perceived weakness in the UK and Scotland's investment proposition. A significant number of investors now believe that the UK's attractiveness is deteriorating largely as a result of the cost of energy (net -23%) and political instability (net -20%). This year has also seen the formerly recurrent themes of labour market input costs, tax competitiveness, and overall economic conditions reappear as net negative issues for investors. These concerns stand out as some of the largest net negatives seen across the thematic assessment, and represent a notable shift compared with more positive perceptions of other aspects the UK's offer.

More positively – and despite the overhanging uncertainty – the UK and Scotland continue to be widely valued for their deep pool of highly skilled and technically capable labour (a net +23% sentiment) with one-third of respondents rating this as an advantage compared to other countries. The strong response on levels of innovation and R&D also points to a similar level of net advantage. However, this strong reputation in some areas does not fully offset investors' frustration with a tight labour market and upward cost pressures, especially for internationally mobile and cost-sensitive investment projects.

Taken in isolation, many of the responses on specific attributes assessed in the survey remain broadly positive for both Scotland and the UK, reflecting their enduring structural strengths. However, when the areas showing the largest net declines in attractiveness – most notably the cost of energy and political stability – are considered alongside other tax competitiveness and input cost-related decision drivers, a clearer signal emerges. The findings suggest a need for policy action on major supply-side issues and at the political level in order to prevent negative perceptions from becoming more deeply embedded, particularly in sectors where investment decisions are finely balanced and highly sensitive to cost.

Figure 17: 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 2026

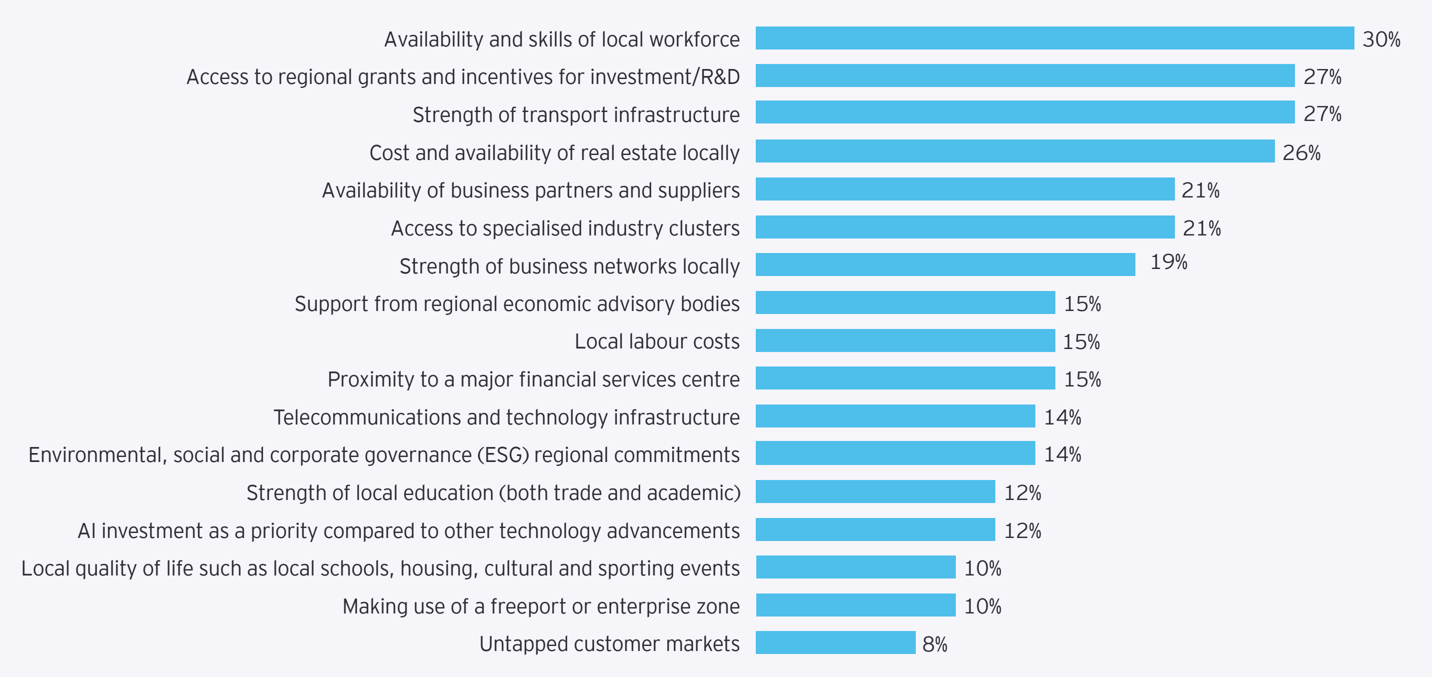
... and while financial incentives still play a role in regional investment decisions, the criteria have become less transactional and more about local skills and infrastructure

When investors considering investing in UK locations outside London are asked what criteria they apply, their responses suggest that access to grants and incentives has faded in significance, slipping from top position in 2025 at 37% to second place at 27% this year. Given the backdrop of fiscal constraints on governments across Europe, this shift may simply reflect a tacit acceptance among investors that access to state aid is no longer a prevailing opportunity for most regional investments. Scotland is no different. However, this year the availability and skills of the local workforce has become the dominant criterion for regional investment, albeit with the same 30% score as last year.

This continued importance appears to reflect a combination of a labour market that's being highly disrupted by technological advances, higher levels of inactivity, and a protracted period when the demand for certain skills has been running hot.

A further major factor in investors' due diligence on Scotland or other parts of the UK is the strength and optionality of the local transport infrastructure. This consideration has continued to increase in importance for investors, rising to 27% this year from 21% in 2025. Cross-border investors do not usually look to establish major capital-intensive investments or large numbers of jobs in difficult-to-reach locations, or in areas that are cut off from either cultural life for their workforce, the upsides from agglomeration effects, or the pathway to scale available in well-connected locations. Within Scotland's wider devolution agenda, our findings put a clear onus on local policymakers to deliver services effectively, build a strong early due-diligence investor brand, and set up whatever incentives are feasible to gain greater traction with investors.

Figure 18: What are your investment criteria when considering investing in the regional locations outside of London in the UK?



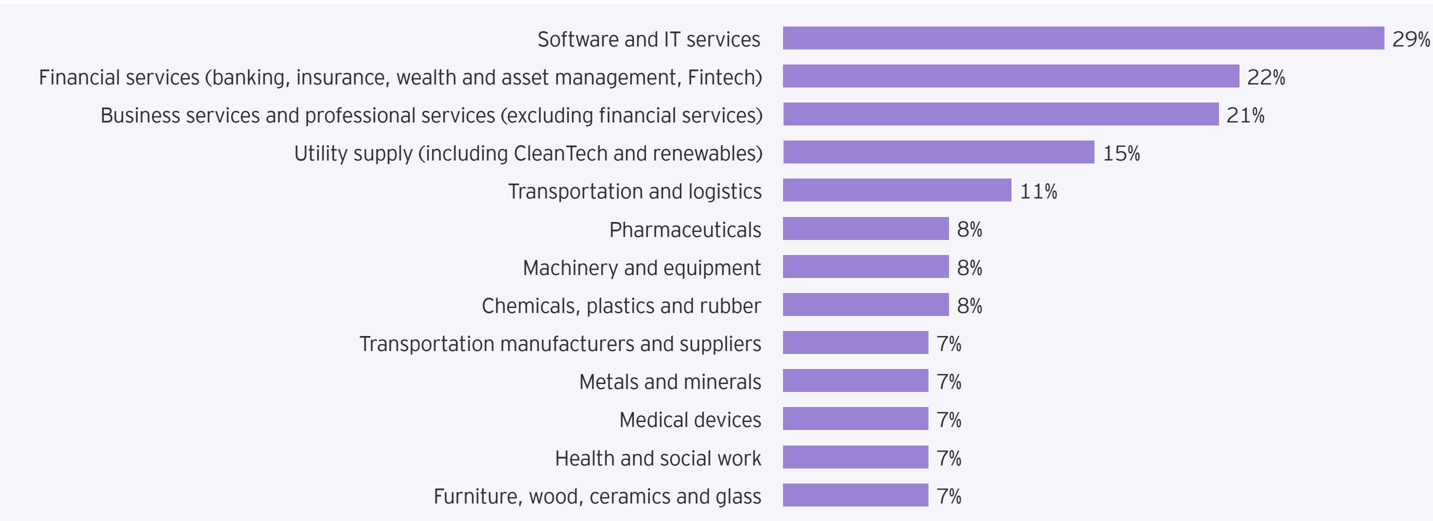
Source: EY UK Attractiveness Survey 2026

There's a need for policy to focus on technology-related activities, financial services, and business and professional services

Taken together, our analysis of FDI outcomes in 2025 and forward-looking survey evidence on investors' priorities provide a clear steer for policy thinking in Scotland. The FDI data indicates where Scotland has performed well historically in terms of attracting investment. But alongside this, the UK more widely continues to be seen by investors as having distinct areas of comparative advantage, with technology-related activities, financial services, and business and professional services consistently identified as the sectors most likely to drive future growth. This underscores the central role these activities continue to play as structural strengths of the UK economy – and Scotland's share of those high-performing sectors remains significant, even amid a more challenging global investment environment.

As in previous surveys, software and IT services emerges as the leading sector in net terms as an expected driver of future UK growth, with 29% of respondents ranking the sector in their top two, although this represents a decline from 39% in 2024. This was followed by business and professional services (22%) and financial services (21%), both of which remain closely linked to the UK and Scotland's role as a global services hub with some of Europe's most attractive cities and regions for FDI.

Figure 19: 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 2026

To stay competitive in the global race for FDI, investors call for more strategic support for key industries, along with a focus on skills, SMEs and reducing energy costs

Over many years, investors have remained consistent in their views on where the UK and Scotland should focus their efforts in order to compete globally: their top response this year (once again) is government support for a concerted effort on an industrial strategy (36%), with a clear focus on policies aimed at driving growth in key strategic sectors. While the 'Invest 2035' green paper was published October 2024, and was followed by the UK Industrial Strategy in June 2025, the emphasis on more support for key industries remains the top response. This suggests investors are less keen on knowing about the strategy itself – and more interested in the implementation and follow-through of the targeted support to the strategic industries in scope.

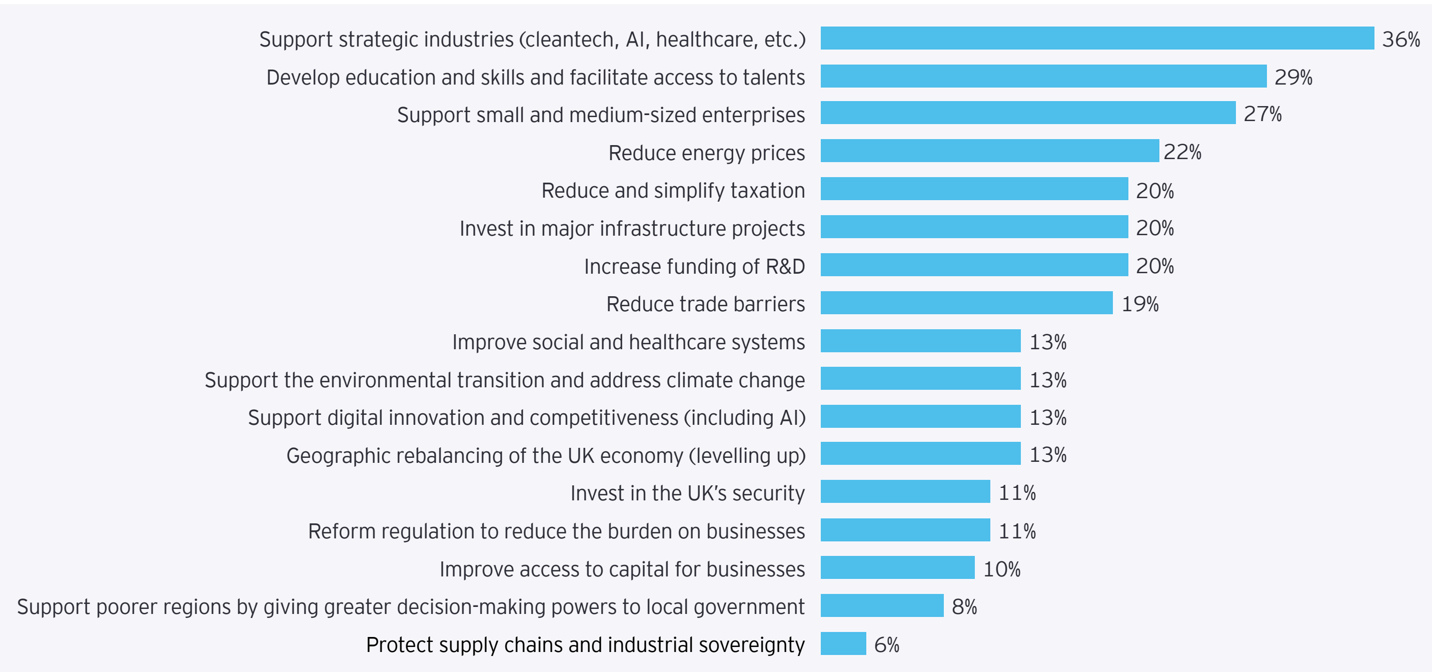
One area of focus which has shot up investors' list of priorities is the need to develop, educate and teach the skills to facilitate investors' access to talent. This action scored only 13% in 2025 but has leapt to 30% this year. The sharp increase is likely to be partly a result of tightness in the labour market, but may also reflect the substantial disruption underway in innovative new sectors which require a steady stream of highly skilled workers to keep pace with demand.

Regardless of how the question about UK and Scottish competitiveness is phrased, investors always rate support for SMEs as one of the most important actions to be addressed, cited by 27% overall this year. This finding reflects the pivotal role of smaller companies in spurring innovation and creating the industries of the future. What's clear is that investors don't necessarily believe that a siloed focus on larger businesses is the way to go. Instead, many recognise that most innovation happens in small start-ups, that SMEs comprise some of the most business-critical components of the supply chain, and that SMEs are critical to maintaining an ecosystem of investment.

Similar to last year's report – and ranked just beneath these priorities – is the strong call for action on energy prices, which is ranked in fourth place and cited by 22% of investors. Tellingly, this is also a dominant theme in several other aspects of our investor survey this year. The UK has some of the highest energy costs for businesses among advanced economies, with prices above European averages and IEA benchmarks. All of this means a push for cheaper energy is essential and would represent a major step in the direction that investors believe the UK should be taking. The price of energy has become a direct competitiveness issue for the UK, and many of the leading sectors in the Industrial Strategy require cheaper energy to compete internationally – with these costs now having a major influence the location decisions for global capital.

Concern around investment into the UK's security has also been creeping up the ranking each year, and is closely connected to the cost of energy. Alongside ongoing geopolitical uncertainty, the increasing policy focus on security reflects a more assertive response across Europe aimed at reshaping energy systems and strengthening industrial resilience. This evolving landscape has heightened the relative importance of energy considerations for the UK, where exposure to external price shocks remains significant. Building greater resilience into our energy system is now a priority for investors as well as a security concern.

Figure 20: Where should the UK concentrate its efforts in order to maintain its competitive position in the global economy?



Source: EY UK Attractiveness Survey 2026

Conclusions: building a resilient investment performance founded on clear competitive strengths

It has been another difficult year for FDI into Scotland, against the backdrop of significant instability for Europe and the UK more broadly. The economy has been challenged by weak growth, high costs and persistent geopolitical risk, which have combined to dampen corporate confidence and reduce the number of large, job-intensive projects. The investment slowdown across Europe is now clearly more than a cyclical wobble: it is increasingly shaped by structural forces ranging from higher and more volatile energy prices to tighter financial conditions, the reconfiguration of global supply chains, and a more security-conscious world which is nervous about cross-border investment.

In this context, Scotland's investment performance in 2025 looks relatively resilient, but with clear signals around the need to improve competitiveness still further. While overall project volumes declined, Scotland retained its position as the leading destination for FDI outside London and continued to secure a share of UK-wide projects well above its long-run average. This relative outperformance is especially notable given the sharper falls recorded across many other UK regions and European markets during the year.

Importantly, Scotland has also continued to attract a robust flow of investment from the United States, at a time when US outbound investment into Europe has softened more broadly. While the number of US-originated FDI projects into Scotland eased compared with the previous year, the US remained the single largest source of investments, with US-originated activity holding up better than in many peer European locations. This resilience was particularly significant given the concentration of US investment into higher-value activities, including manufacturing and research-related functions, which have been scaled back elsewhere across Europe.

The pattern of investment into Scotland also mirrors several wider trends, while retaining some distinctive strengths. As elsewhere, activity has tilted further towards services-led investment, reflecting investors' preference for lower capital intensity and faster deployment. At the same time, although R&D and manufacturing activity softened in absolute terms, Scotland continued to attract a disproportionately high share of UK manufacturing projects at a time when manufacturing investment has fallen sharply across Europe. This achievement underlines the depth and strength of Scotland's industrial capability and reputation.

Overall, Scotland's investment proposition continues to benefit from strong underlying fundamentals, including a skilled workforce, established sector strengths and a network of competitive city locations. However, the same concerns shaping investor sentiment on locations elsewhere in the UK are also evident in Scotland. High energy costs, wider input price pressures and ongoing geopolitical uncertainty remain prominent considerations for investors and increasingly influence the scale, timing and nature of investment decisions. In an intensely competitive global market, these perceptions matter — since they shape whether firms proceed cautiously, delay commitments, or redirect capital.

So, what should policymakers and business leaders in Scotland take from this year's findings? In our view, three priorities stand out:

1

Compete for investment in a world of structurally lower flows, by leaning into Scottish and UK strengths and targeting strategic value

Scotland – and indeed the UK more widely – are still winning a significant share of European investment, and investors continue to regard software and IT services, business and professional services, and financial services as the sectors most likely to drive UK growth. This is a genuine advantage in an era when many companies prefer lower-capex, faster-to-deploy projects. But it also creates a strategic risk: if Europe's weakness in industrial and R&D investment persists, the long-term productivity dividend from FDI could erode. Scotland's investment proposition needs to align with the UK's strengths and have a sharper focus on where it can win high-value activity not just by volume, but by capability: the likes of defence investment, deep tech, life sciences, and the enabling ecosystems that anchor R&D and scale-up activity domestically.

2

Tackle the cost and friction barriers that exist in Scotland and the UK – starting with energy, but extending to planning, tax, skills and policy clarity

This year's sentiment among investors is unambiguous that cost competitiveness is moving from a "nice to have" to a deciding factor, particularly for capital-intensive sectors and particularly when investing regionally. Energy costs emerge repeatedly in our survey as a leading negative and they have wide-ranging consequences, from manufacturing viability to the credibility of broader industrial policy. Alongside energy, investors continue to emphasise the importance of a predictable policy environment, efficient regulation, and a pipeline of skilled labour. The message here is not that Scotland or the UK lacks strengths (in fact, they both have plenty and FDI performance reinforces that); it is that those strengths are being discounted by investors when the operating environment feels expensive, uncertain or slow.

3

Strengthen regional offers around transport, skills and investable ecosystems

Over the past year, the regional picture across the UK and in Scotland has been mixed, with London holding up better (consistent with the UK's higher performance in service-led investment) while Scotland and other regions have taken a hit as more traditional and capital-intensive sectors lagged. But there are clear bright spots. Scotland captures a disproportionate share of manufacturing activity coming into the UK, is viewed very favourably by investors, and clearly demonstrates what can be achieved when city-regions combine sector strengths with delivery capacity and a clear proposition – with its major conurbations repeatedly featuring in the top ranks of UK cities for FDI. Investors' criteria for locating UK projects outside of London are also shifting: rather than focusing primarily on financial incentives, they are increasingly emphasising transport connectivity and workforce skills. These are areas where devolved government and leadership in Scotland can move fastest and create tangible advantage. Place-based execution, with investable pipelines, joined-up infrastructure planning, and skills systems designed around high growth sectors, is a recipe for increased investment flows and projects into the future.

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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 25-year legacy and has produced in-depth studies for Europe, a large number of European countries, Africa, the Mediterranean region, India, Japan, South America, Turkey and Kazakhstan.

Visit ey.com/attractiveness for insights on how countries and regions are benchmarking 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. Field research was conducted by FT Longitude between 2 March and 3 April 2026, based on a representative panel of 400 international decision makers. The decision-makers were determined by the most recently available FDI data (2025). 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 ability to provide the most competitive benefits for FDI.

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