

# LONDON & PARTNERS

FOREIGN DIRECT INVESTMENT REPORT  
2005 - 2015 A DECADE IN REVIEW



LONDON®  
& PARTNERS





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# FOREWORD



London & Partners, London's official promotional company, is proud to present our first foreign direct investment report, 2005 to 2015, which reviews foreign direct investment trends over the past decade, and London's position in the world.

During the last decade, London has attracted very significant levels of FDI and has grown its global market share. It has done so against a challenging backdrop, with global greenfield investment levels still not returning to their pre-global financial crisis highs. Investment continues to be depressed by slowdowns in emerging economies, such as China, Russia and Brazil, as well as by limited economic growth in Europe and elsewhere. Nonetheless, FDI remains a huge opportunity for cities like London, with around \$700bn invested in FDI projects each year.

And London has a very positive FDI story to tell. Despite investment levels into the capital declining briefly after 2008, they recovered by 2010 and have increased ever since. In fact, London remains the top European city for investment by some margin and, in 2014, \$9.2 billion was invested in FDI projects in the capital. In 2015 this number had risen to \$12.5 billion.

However, London is not only the leading European city for FDI. It is also one of the leading global cities, vying with Shanghai and Singapore for the top spot. Significantly, over the last decade, London has attracted more projects than either city, demonstrating its ability to compete successfully against the trend of businesses moving eastwards.

I am proud of the role that London & Partners plays in attracting FDI to London. We work with our commercial partners and UK Trade & Investment<sup>1</sup> to attract and support some 40% of all greenfield investment into the capital. In recent years, our reach and influence have grown extensively, and we are now working with over 1,000 companies to encourage them to bring new and exciting projects to London.

**Gordon Innes**  
Chief Executive



In this report we explore the trends for Foreign Direct Investment in London including source markets of FDI, key sectors and our globally significant clusters.

Since 2005, London & Partners has worked successfully with over 2,200 companies to support the creation of more than 41,000 jobs. 2015 was a record-breaking year with a new high of 283 projects and 6,494 new jobs created. Our data confirms that London is a leading location for US, Indian, Chinese, Japanese and Spanish investors and that we are also attracting investment from an increasing range of source markets. Back in 2005 we worked with companies from 20 different countries. In 2015 our market coverage doubled and we supported inward investment from 41 countries.

London is particularly attractive as a hub for technology, media and telecoms; business services; creative Industries; financial services; retail; life sciences and healthcare. We are also the top global destination for regional headquarter functions. And the reasons are clear; London offers ambitious companies the best chance of international success by providing access to world-class talent, connectivity to global markets, a competitive business environment that extends right across all of our boroughs, access to smart capital and the world's best professional and business support services. London is also the easiest city in Europe in which to do business as underlined by our top rankings in independent research from fDi Intelligence and PwC and this is reflected in our exciting pipeline of future projects .

London & Partners remains dedicated to helping expanding companies realise their global ambitions and we will continue to work with our commercial partners and stakeholders to keep London at the forefront of global FDI. We also take seriously London's role as the entry point for global businesses that are capable of driving economic growth across the entire UK and we will work closely with our national partner UK Trade & Investment, as well as partners across the UK's other great cities, to maximise our impact.

**David Slater**  
Director of International Trade & Investment

<sup>1</sup> London & Partners is UK Trade & Investment's delivery arm in London. UKTI sources around 45% of the FDI projects that L&P helps to attract to the Capital.

# INTRODUCTION

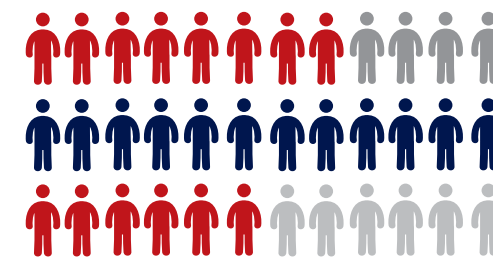
*FDI is a huge market – around \$700bn is invested each year globally. Despite static global market conditions, London holds strong and still attracts record levels of investment.*

The first *London & Partners foreign direct investment report 2005-15* looks at the past decade of investment across all world regions. The report focuses on greenfield investment as it has the most tangible impact on economic development and is the most solid indicator of a country's competitiveness.<sup>2</sup>

The objective of this report is to map and track investment in London amid a global context. For the first time we are publishing analysis on our own database of over 2,200 companies from around the globe that we have worked with first hand. These insights will lead to better servicing of companies looking to expand to London, and a clearer overall understanding of global trends, key global cities, sector trends, and investment in the UK, by ultimately taking a magnifying glass to London.

Key learning from this report show that despite a slow global recovery following the 2008 crash, foreign direct investment (FDI) is a huge market, with nearly \$700 billion invested each year globally. Evidence shows that London has remained a strong player as a recipient for FDI, with London positioned as the leading FDI destination city in Europe, as well as one of the leading global cities.

Our second chapter specifically on London takes the London & Partners database and looks in detail at the main investor countries: the USA, India, China, Japan and Spain. Our experienced Business Development Managers offer further insight into trends by country and current investment opportunities in London. Following this, we also draw attention to the key sectors for investment: tech, business services, creative industries, financial services and retail.



2015 was a record-breaking year with 283 companies coming to London and 6,494 jobs created.

**SINCE 2015 TOP INVESTORS IN LONDON BY COUNTRY ARE THE USA, INDIA, CHINA, JAPAN AND SPAIN**



<sup>2</sup> The fDi Report 2016, Global greenfield investment trends.



SECTION

01

# LONDON

IN A GLOBAL CONTEXT





# GLOBAL OVERVIEW

## A CHALLENGING DECADE

*Although global recovery has been slow there have been strong signs of improvement, particularly in North America, the UK and London.*

### The world in brief

#### Trends 2005-2015

The global economy did well until the 2008 crash when most countries struggled as both destination and source investors. However, North America is an exception as a destination for investment; this region has been able to exceed pre-crisis levels in terms of the number of projects and total capital.

Despite this, FDI remains a massive global industry, close to \$700 billion in 2014. Putting this in context, Wal-Mart's consolidated fiscal revenue for the same year was \$473 billion,<sup>3</sup> showing there is a lot at stake for competing FDI destinations.

#### Insights

- Europe is the leading source investor in the world, accounting for 51 per cent of all global projects.
- China receives the most investment, accounting for 9 per cent of all global projects.
- Economic uncertainty and a slowdown in markets such as China held back investment despite a brief recovery in 2013 - 2014.

#### It's been a slow recovery...

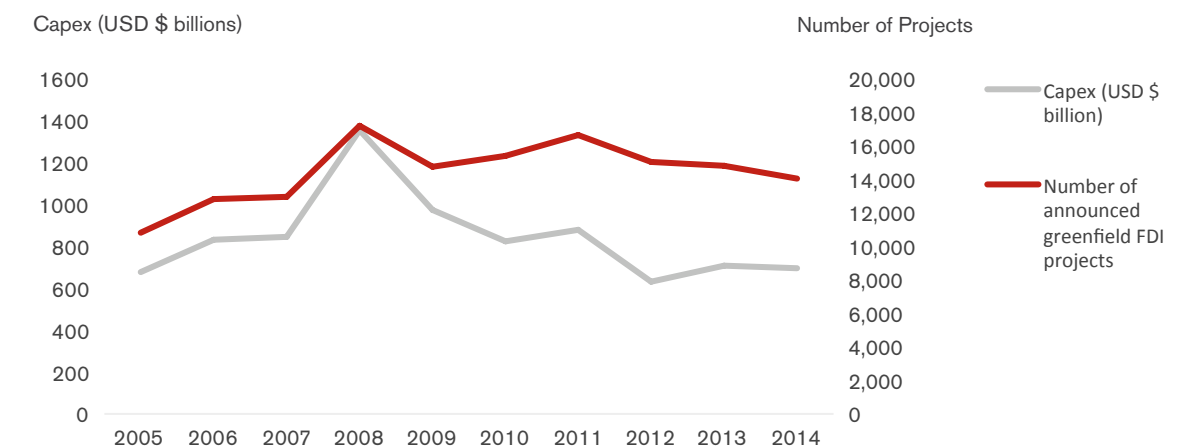
The years following the 2008 financial crisis saw a dramatic decline in both the number of greenfield investment projects and capital expenditure globally. The pace of economic recovery around the globe has been uneven. With the slowdown in economies such as Brazil, Russia and China - as well as eurozone troubles - affecting global growth, investment levels have failed to return to the heights of 2008.

Despite signs of a pick-up in 2011 and 2013 global investment has remained relatively level over the past couple of years. From 2013 to 2014 there was a five per cent decrease in total world investment projects and a one per cent decrease in the total world capital investment, and data suggests that levels remained fundamentally flat in 2015.

<sup>3</sup> Wal-Mart Annual Report, 2014



1.1 Total world greenfield investment 2005-2014



Source: UNCTAD (The United Nations Conference on Trade and Development) World Investment Report 2015

#### ...but there are signs of hope

While Europe, Asia-Pacific and Africa and the Middle East each saw a large dip in capex investment, Latin America and the Caribbean and North America have held on well. Investment in to North America, in particular, has risen steadily over the past ten years, with an increase of 167 per cent in the number of projects. Latin America and the Caribbean saw a spike in 2013 and Nicaragua was the top Latin American country that year with a total of \$40.6 billion invested. This was largely due to Chinese investment in Nicaragua's future canal.

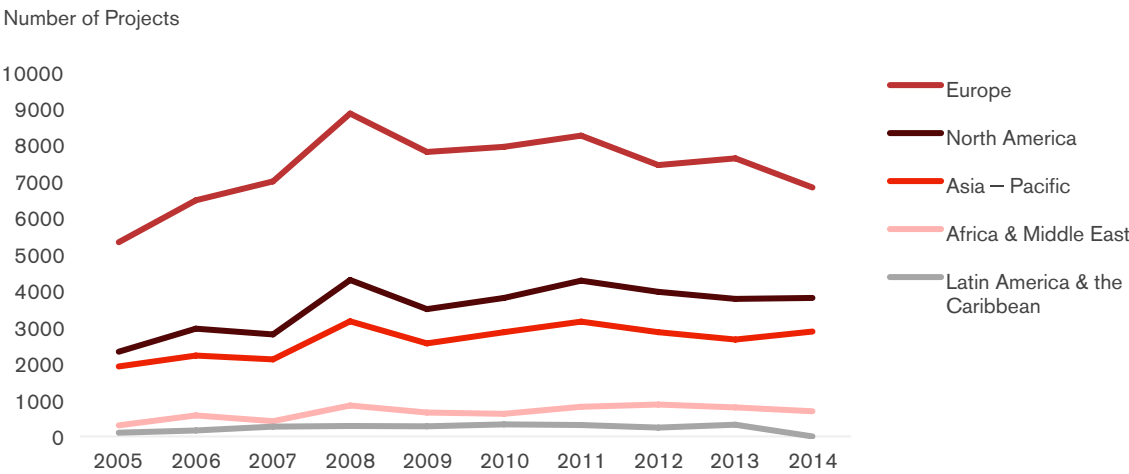


## World regions 2005-2014: who invests the most?

Europe<sup>4</sup> was the leading source region for investment from 2005 until 2014, accounting for 51 per cent of all global source investment projects and 37 per cent of all capital expenditure.

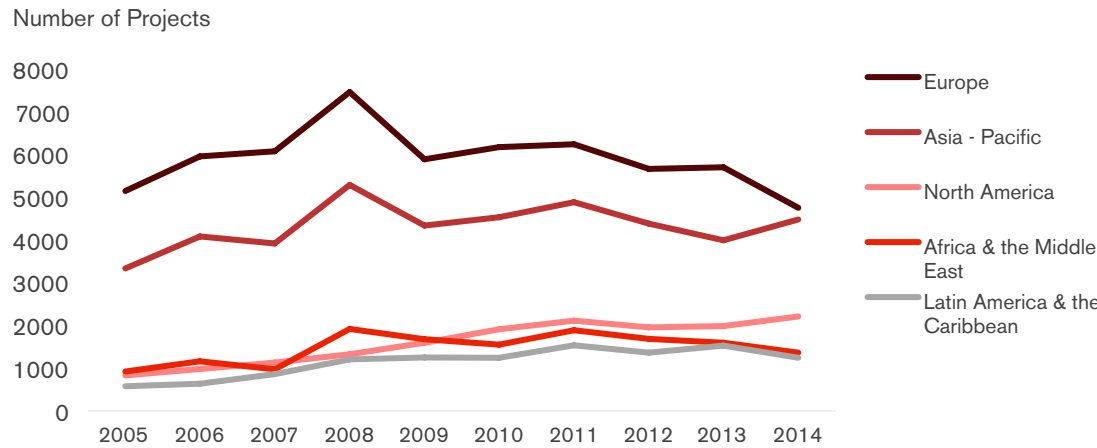
Most regions have seen a significant drop in investment levels since 2008, with the exception of Latin America, which showed a slight pick-up in 2010, 2011 and 2013.

### 1.2 Number of announced FDI greenfield projects, by source region, 2005-2014



Source: UNCTAD World Investment Report 2015

### 1.3 Number of announced greenfield FDI projects, by destination region, 2005-2014

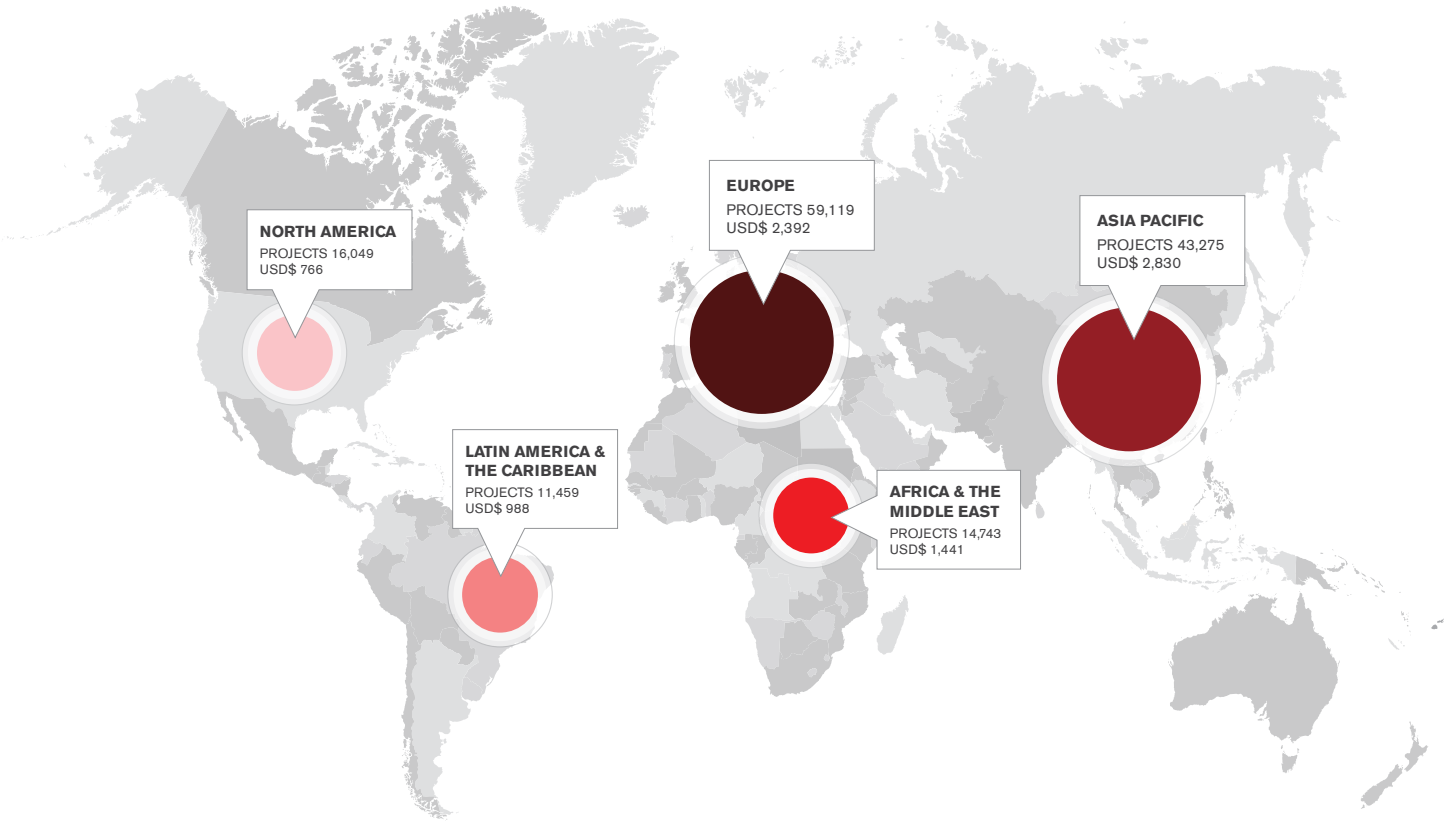


Source: UNCTAD World Investment Report 2015

<sup>4</sup> Region consisting of Russia, the Commonwealth of Independent States and central, eastern, and south-eastern Europe.

## Global regions 2005-2014: where do companies invest?

### Global FDI destination regional investment: total projects and capex (USD \$ billion) 2005-2014



Source: UNCTAD World Investment Report 2015

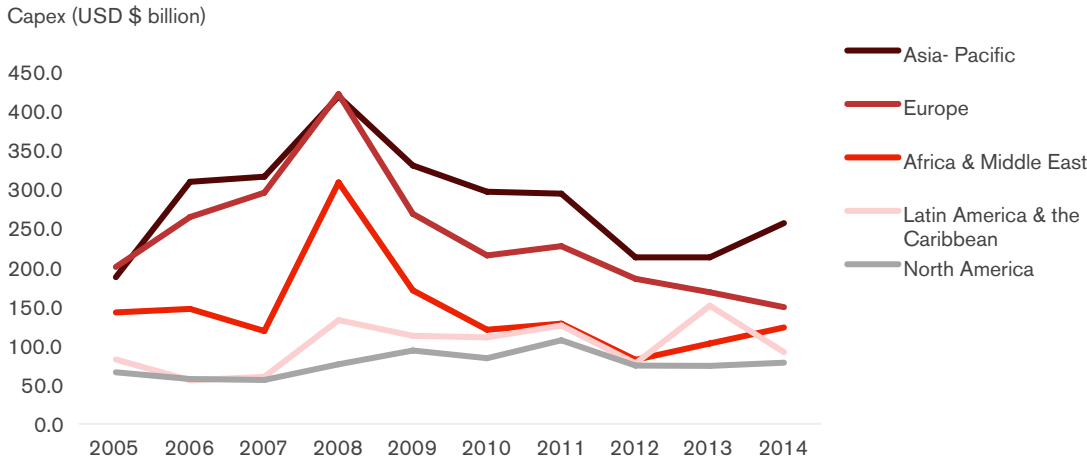
Europe led the field for total investment projects, while Asia-Pacific saw the most capital investment from 2005-2014. Asia-Pacific's strength is due to emerging economies such as China (\$968.1 billion invested in 2005-2014) and India (\$409.8 billion). The other top countries in the region were Vietnam (\$236 billion) and Australia (\$215.4 billion).

### Sector investment: a global divide

Europe's service sectors, including software and IT, business services and financial services, benefited from the most capital investment, whereas Asia-Pacific saw most investment in manufacturing, including industrial machinery, equipment and tools, and chemicals.



1.4 Value of announced greenfield FDI projects, by destination region, 2005-2014, (USD \$ billion)



Source: UNCTAD World Investment Report 2015

## Global sector trends 2005-2014: tech leads the way

As industries have increasingly embraced technology over the past ten years, software and ICT has grown to become the leading sector for investment, with a 70 per cent increase in the number of projects. Europe received the most investment in the software and ICT sector, with the UK the top country overall. London was the top city, recording a 95 per cent increase in number of tech projects over the last decade.

Since 2008, Textiles saw the highest percentage increase in projects at 38 per cent, demonstrating a speedy recovery. Software and IT services (28 per cent) and communications (23 per cent) also saw the highest increase of investment.

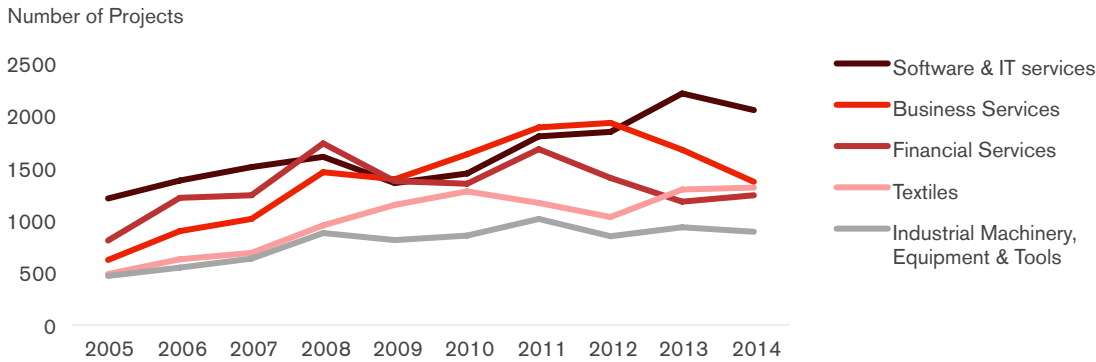
*The top ten leading global sectors account for 64 per cent of all global investment.*

1.5 TOP 10 SECTORS FOR GLOBAL FDI GREENFIELD INVESTMENT, NUMBER OF PROJECTS AND VALUE OF PROJECTS, 2005- 2014

	Projects	10 year percentage change	1 year percentage change
Software & IT services	16,425	70.3%	-7.1%
Business services	13,888	120.5%	-18.4%
Financial services	13,236	53.7%	5.3%
Textiles	9,986	169.6%	1.5%
Industrial machinery, equipment & tools	7,882	91.2%	-4.2%
Food & tobacco	7,421	7.2%	-9.3%
Communications	7,226	37.8%	-2.3%
Consumer products	6,393	63.9%	-23.7%
Transportation	6,135	28.6%	-15.1%
Chemicals	4,839	30.3%	-7.7%

Source: fDi Markets (The Financial Times) 2005 - 2014

1.6 Top five sectors for global FDI greenfield investment, number of projects, 2005-2014



Source: fDi Markets, 2005 - 2014



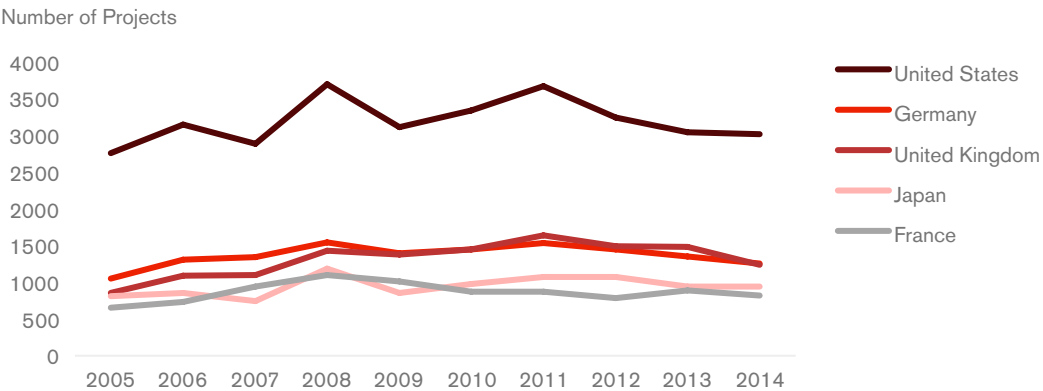
Top global countries 2005-2014: source of investment

The USA is the world's top investor country, investing more than double the amount of projects and capital as the second country, Germany. The UK, however, also performs strongly and is the third largest investor globally. Altogether, the top ten countries account for 70 per cent of all source investment.

1.7 NUMBER OF ANNOUNCED GREENFIELD FDI PROJECTS AND VALUE (USD \$ BILLION), BY SOURCE COUNTRY, 2005-2014		
	Total Projects	Total Capex (USD \$ billion)
United States	31,949	1,492.7
Germany	13,701	638.6
United Kingdom	13,171	579.0
Japan	9,457	606.6
France	8,677	484.7
Spain	5,221	271.9
Switzerland	4,568	199.2
Italy	4,015	217.3
Netherlands	3,840	231.2
Canada	3,627	258.6
Other	46,397	3,699.2
Total global projects	144,623	8,420.4

Source: UNCTAD World Investment Report 2015

1.8 Number of announced greenfield FDI projects, by source country, 2005-2014



Source: UNCTAD World Investment Report 2015

Top global countries 2005-2014: destination of investment

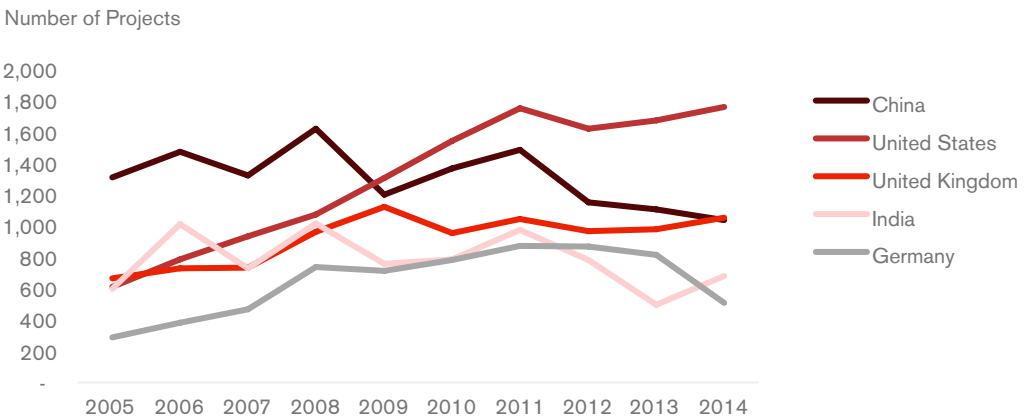
China was the number one destination country for total investment over the ten-year period, with the USA following very closely and the UK coming in at third place. Overall, investment in China has declined by 45 per cent since 2008, with France investing in 67 per cent fewer projects in 2014 compared to 2008, Japan (53 per cent fewer) the UK (22 per cent fewer) and Hong Kong (42 per cent fewer).<sup>5</sup>

Conversely, investment in the USA shot up rapidly between 2006 and 2011, and also received the most investment in 2014. The USA has benefited from an increase in investment from its top five investor countries: Canada (101 per cent increase in projects from 2008 to 2014), France (+78 per cent), the top investor the UK (+49 per cent), Japan (+41 per cent) and Germany (+37 per cent).<sup>6</sup>

1.9 NUMBER OF ANNOUNCED GREENFIELD FDI PROJECTS, BY TOP TEN DESTINATION COUNTRY, 2005-2014		
	Total Projects	Total Capex (USD \$ billion)
China	13,070	968.1
United States	13,054	571.3
United Kingdom	9,210	370.4
India	7,836	409.8
Germany	6,432	151.0
France	4,820	131.9
Russia	4,000	263.3
Spain	3,924	142.2
United Arab Emirates	3,476	127.9
Singapore	3,277	132.6

Source: UNCTAD World Investment Report 2015

1.10 Number of announced greenfield FDI projects, by top five destination country, 2005-2014



Source: UNCTAD World Investment Report 2015

<sup>5</sup> fDi Markets, 2005-2014

<sup>6</sup> fDi Markets, 2005-2014

Top global cities 2005-2015: where do companies invest?

London, Singapore and Shanghai sit neck and neck as the top global cities for inward investment. London takes the top spot for total projects since 2005, with Shanghai and Singapore the frontrunners for total capital invested.

However, in 2015 London was the top city for capital invested, which reflects the trend that investment into London has been growing over the past ten years. Singapore has also seen consistent growth since 2005, but with a dip in 2014-2015, while investment into Shanghai has been decreasing since 2005.

New York has seen a 126 per cent increase in number of projects since 2008, Sydney an increase of 97 per cent, London +30 per cent, Singapore +18 per cent and Bangalore +10 per cent more projects. Why do these cities attract foreign investment more than others? City Lab's study - *The World's Most Economically Powerful Cities*<sup>7</sup>, offers some insight as the study takes into consideration overall economic clout, financial power, global competitiveness, equity and quality of

life. New York takes first place and London second, confirming that these powerhouses offer attractive benefits to foreign investors. Furthermore, McK-insey's report *Urban world: The shifting global business landscape*, makes note of the highly effective efforts of Singapore's economic-development board, promoting it as a top location of choice for Western multinationals setting up operations in Asia's emerging economies.

Not all cities have recovered

The slowdown in the Chinese economy and fluctuation of renminbi stock markets has affected key cities in the region, with Beijing seeing 62.7 per cent fewer projects in 2015 than 2008 and Shanghai seeing 39.3 per cent fewer. Hong Kong was also affected by this trend with 22.3 per cent fewer projects.

Paris saw a 22.5 per cent decrease, which would have been exacerbated by recent eurozone troubles. Dubai saw a 29.5 per cent decrease due to its exposure to global economic difficulties as well as fluctuations in oil prices.

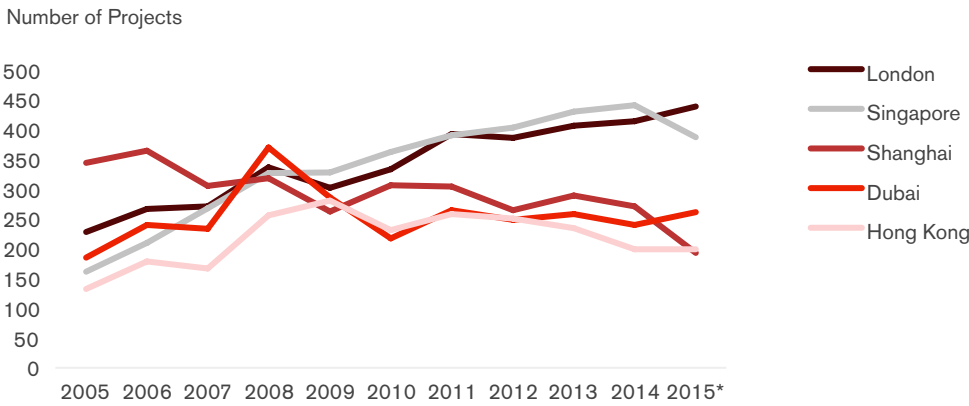
1.11 NUMBER OF ANNOUNCED GREENFIELD FDI PROJECTS, BY TOP 10 DESTINATION CITIES, 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
London	228	267	271	337	302	333	393	386	407	414	439
Singapore	161	210	268	327	328	363	391	403	430	441	387
Shanghai	344	365	306	318	263	307	305	265	289	271	193
Dubai	185	240	234	370	286	217	265	249	258	240	261
Hong Kong	132	179	167	256	281	231	258	251	235	199	199
Paris	129	168	161	213	134	156	143	139	215	203	165
Beijing	169	200	181	236	158	166	153	152	127	116	88
NYC	44	71	70	96	109	151	150	161	204	202	217
Bangalore	125	142	81	108	84	97	114	88	79	100	119
Sydney	39	48	72	70	86	113	124	147	133	136	138

Source: fDi Markets, 2005 – 2015. \*Note that for this section, by referring to fDi Markets data we are able to use data for 2015.

<sup>7</sup> Martin Prosperity Institute, City Lab's study *The World's Most Economically Powerful Cities, 2015*

1.13 Top five cities for number of announced greenfield FDI projects, 2005-2015



London investment trends in focus

There was a massive spike in capex investment in London in 2012 of a total of \$20.5 billion— the year of the London Olympics. The Games generated \$20.2 billion in trade and investment benefits for the UK economy and was the catalyst for one of the largest and most ambitious transformation projects undertaken in Europe in recent times. Development included the Queen Elizabeth Olympic Park and surrounding areas in east London; along with the Westfield shopping centre and the East Village district.<sup>8</sup>

Such development can offer insight into the drastic spike in 2012. fDi Markets data shows that of the \$20.5 billion invested in London in 2012, \$14.8 billion was in the real estate sector.

Overall for capex, London has been able to recover to pre-crisis levels of investment and supersede this amount with \$12.5 billion in 2015.

<sup>8</sup> 2010 to 2015 government policy: 2012 Olympic and Paralympic legacy8 May 2015



# EUROPE

## RIDING THE TIDES OF CHANGE OVER TEN YEARS

*The world sees Europe as a great place for business. With a growing market of over 851 million people, coupled with a highly talented workforce, Europe secures its position as the leading region for incoming investment.<sup>9</sup>*

### Europe in brief

#### Trends 2005-2015

Despite eurozone troubles, 50 per cent of investors see Western Europe as the most attractive region in the world for foreign direct investment.<sup>10</sup>

#### Insights

- Europe is the leading global region for incoming investment projects.
- The USA is the primary investor in Europe.
- The UK is the top country in Europe to receive investment, accounting for 16.4 per cent of all investment projects and 17.3 per cent of all capex.
- London is the leading European city for projects and capex. Accounting for 5.9 per cent of all investment in Europe.

#### 2016 forecast

The UK, Germany and France will remain key countries for foreign investment, with London and Paris as leading cities and Dublin also expected to gain momentum. However, Moscow is expected to see a decline in investment.

#### Europe: a leading global region

Europe was the leading global region for incoming projects in 2005-2015. While Asia-Pacific led for total capital investment over this period, Europe came in at a close second place. *EY's attractiveness survey Europe 2015*<sup>11</sup> reveals that 50 per cent of investors see Western Europe as the most attractive region in the world for foreign direct

investment. And 59 per cent of investors (up 5 per cent from 2014) believe Europe's attractiveness will keep improving in the next three years.

The EY report also highlights that Europe's improvement stems not just from economic stabilisation and recovery in Europe, but from slower global growth and uncertainty about the outlook for rapid-growth markets and their ability to continue delivering the growth rates achieved over the past decade.

#### Why does Europe attract the highest number of projects?

Many foreign companies consider several European cities before making their final choice. Top cities considered by foreign investors include London, Paris, Berlin, Frankfurt, Amsterdam, Brussels, Munich, Barcelona, Prague and Madrid<sup>12</sup> as well as Dublin. As European cities compete fiercely for foreign investment this gives us an insight into the overall European offering, and how and why companies decide where to invest. Headline priorities for companies are access to markets and clients, the top business environment and access to talent.

Europe is a developed market with high GDP and economic stability. Investors from outside the region are attracted by the opportunity to access a market of over 851.6 million people across both Western and Eastern Europe, together with access to a talented workforce.

Looking at the UK specifically, according to World Bank Group's Doing Business rankings<sup>13</sup>, the UK is ranked sixth globally for ease of doing business (ahead of the USA) and second in Europe, after Denmark. Foreign investors see the UK as an attractive location for doing business, which contributes to its leading position.

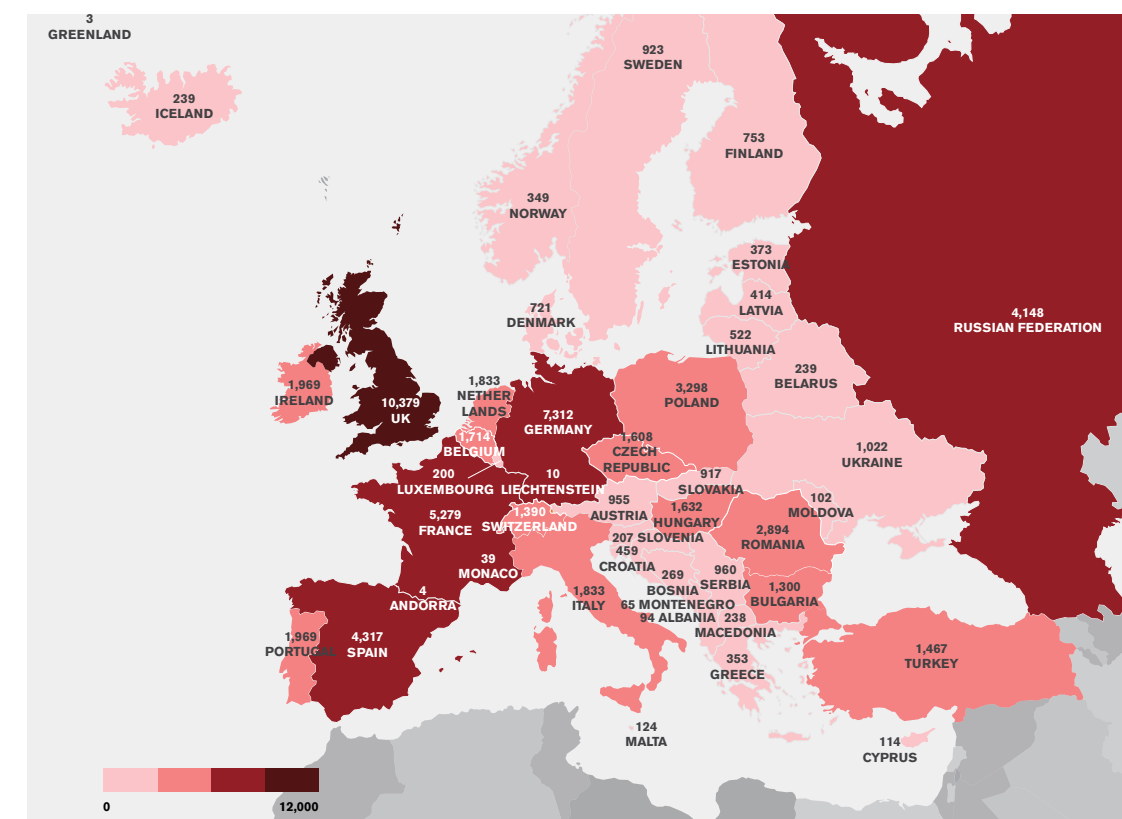
#### Which countries invest in Europe?

In general, Europe invests in Europe — of the top ten investors only two are non-European: the USA and Japan. Europe actually accounts for 62.9 per cent of all investment back into Europe.

The top investors in terms of total projects and capital are the USA, Germany, the UK, France and Spain. The USA is the clear frontrunner, accounting for 22.3 per cent of all investment projects in Europe and 17.6 per cent of all capital invested in Europe.

### Top European countries 2005-2015: where do companies invest?

#### Total number of announced greenfield FDI projects, by destination European country, 2005-2015



<sup>9</sup> Europe includes Eastern and Western Europe.

<sup>10</sup> EY's *attractiveness survey Europe 2015*: Comeback time: [www.ey.com/Publication/vwLUAssets/EY-european-attractiveness-survey-2015/\\$FILE/EY-european-attractiveness-survey-2015.pdf](http://www.ey.com/Publication/vwLUAssets/EY-european-attractiveness-survey-2015/$FILE/EY-european-attractiveness-survey-2015.pdf)

<sup>11</sup> EY's *2015 European attractiveness survey* (total respondents: 808).

<sup>12</sup> EY's *2015 European attractiveness survey* (total respondents: 808).

<sup>13</sup> World Bank Group's Doing Business rankings: [www.doingbusiness.org/rankings](http://www.doingbusiness.org/rankings) Top 10: Singapore, New Zealand, Denmark, Korea, Hong Kong, UK, US, Sweden, Norway, Finland.

The UK leads for investment, accounting for 16.4 per cent of all investment projects in Europe since 2005 and 17.3 per cent of all capex. Germany and France also prove to be attractive in terms of the number of projects, but are beaten by Russia in the amount of capital investment.

This has had a positive impact on the workforce with jobs generated in Russia, the UK, Romania and Poland. Russia in particular has seen the creation of over a million jobs. This has been driven by the top sectors for investment, which are typically more labour intensive, including consumer products, real estate, automotive and food and tobacco.

Overall investment in the UK has seen an increase of 78.5 per cent more projects in 2015 than in 2005. Spain gained more investment projects,

seeing an increase of 106.6 per cent despite a turbulent economic climate; but France has seen a decrease of 10.5 per cent fewer projects in 2015 than in 2005.

European investment trends 2005-2015

Europe followed global trends with an investment boom in 2008 and a dip in 2009 after the financial crisis. In 2005 we saw 5,058 projects in Europe and 2015 saw 5,108 proving Europe has on a whole regained strength. The UK and Germany recuperated from the financial crisis quicker than others, whereas Russia has seen a slowdown of investment in recent years, which is connected to oil prices and economic sanctions.

2.1 NUMBER OF ANNOUNCED GREENFIELD FDI PROJECTS, BY DESTINATION EUROPEAN COUNTRY, 2005-2015			
	Projects	Capex (USD \$ billion)	Jobs Created
UK	10,521	430.5	824,990
Germany	7,312	160.5	363,157
France	5,436	141.2	327,687
Spain	4,317	154.2	433,473
Russia	4,225	276.1	1,314,227
Poland	3,322	146.1	771,589
Romania	2,894	141.6	976,499
Ireland	1,990	61.3	163,026
Netherlands	1,853	74.3	107,257
Italy	1,833	88.0	147,499

Source: fDi Markets, 2005 - 2015

<sup>14</sup> fDi Intelligence *European Cities and Regions of the Future 2016/17*: [www.fdiintelligence.com/Rankings/European-Cities-and-Regions-of-the-Future-2016-17](http://www.fdiintelligence.com/Rankings/European-Cities-and-Regions-of-the-Future-2016-17)

<sup>15</sup> EY's *attractiveness survey Europe 2015*: Comeback time.

<sup>16</sup> Grand Paris Project, JLL.

Top European cities 2005-2015: where do companies invest?

London receives more investment than some countries. When comparing it to the top European countries for investment, London ranks 6th just before Poland, Romania and Ireland. The UK capital attracts 5.9 per cent of all European investment projects since 2005; as well as 10.3 per cent of all investment into Western Europe.

Bucharest leads for total jobs created, driven by the city's top sectors of real estate, food and tobacco, business services and coal, oil and natural gas, all of which require higher levels of staffing.

2.2 NUMBER OF GREENFIELD FDI PROJECTS, BY TOP TEN EUROPEAN DESTINATION CITIES, 2005-2015			
	Projects	Capex (USD \$ billion)	Jobs Created
London	3,777	106.7	190,924
Paris	1,826	30.9	79,061
Moscow	1,094	34.8	232,168
Dublin	887	23.6	66,507
Madrid	873	18.3	60,525
Bucharest	752	28.6	314,767
Frankfurt am Main	704	9.7	25,287
Barcelona	703	16.7	56,662
Amsterdam	639	18.4	30,218
Munich	638	6.3	21,785

Note: Capex and jobs created include estimates. Source: fDi Markets, 2005 – 2015

The recent fDi Intelligence *European Cities and Regions of the Future 2016/17*<sup>14</sup> rankings place London as the top European city for investment. This shows that despite economic difficulties faced by Europe, there are many reasons for optimism and investment prospects, and cities and regions remain committed to attracting investment from foreign companies.

What do investors look for in Europe?

Priorities for companies looking to expand include the cost of setting up, ease of doing business, availability and cost of office or commercial space, access to talent and connectivity to the rest of Europe and the globe.

Ten-year trends

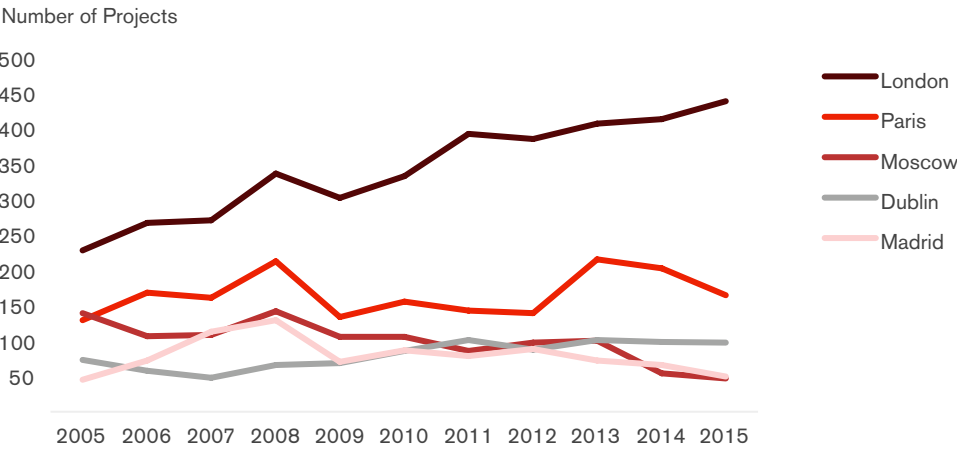
Investment in London has increased by 93 per cent

in terms of projects and 243 per cent in capital. This trend is supported by *EY's attractiveness survey Europe 2015*<sup>15</sup>, which states that London is the unrivalled leader, remaining Europe's most attractive European city according to 52 per cent of investors. The reasons include London's international business culture, business resources and talent.

Paris saw a 28 per cent increase in the number of projects since 2005 and 50 per cent increase in capex. EY states that infrastructure programmes in Paris are one of the top attractions for foreign investors, reflecting the value of the 'Greater Paris' project, which aims to promote sustainable economic growth and jobs across its hinterland. Having begun in 2007 under Nicolas Sarkozy's presidency, this project aims to transform Paris into a 21st century city and confirm its rank among competing international megacities.<sup>16</sup> Moscow on the other hand saw a dip of 66 per cent in the number of projects.



2.3 Number of greenfield FDI projects in Europe, by top 5 destination cities, 2005-2015

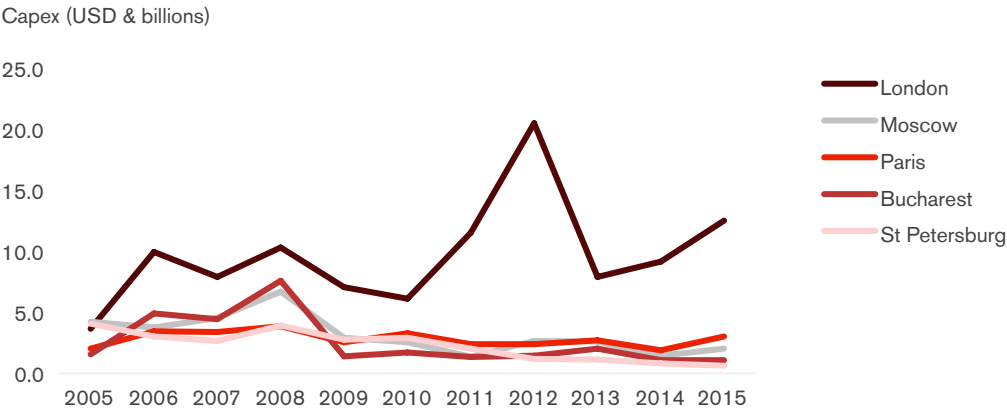


Source: fDi Markets, 2005 - 2015

London soars as Moscow falls behind

London experienced a peak in capital investment in 2012, with a total of \$20.5 billion invested, coinciding with the 2012 Olympics and re-development plans.

2.4 Value of announced greenfield FDI projects, by destination European city, 2005-2015, (USD \$ billions)



Source: fDi Markets, 2005 - 2015

Who invests in Europe's top five cities?

The USA is the largest investor in the top European cities of London, Paris, Moscow, Dublin and Madrid, accounting for 44.4 per cent of all investment into London and 46.2 per cent of all investment into Dublin.

It's no surprise that US companies come to Europe for its large market and rich talent pool, but we've also seen sector trends play a key role. The tech sector has great appeal and US investment in the European tech sector accounts for 24.6 per cent of all US foreign direct investment in the region, and there's been a 21.4 per cent increase in US tech investment from 2005 to 2015.

*Europe tends to keep its investments close to home with France, Germany, Spain and Italy among the top investors in Europe's top five cities.*



# UK

## THE EUROPEAN LEADER FOR FOREIGN INVESTMENT

*As the top country for investment in Europe, the UK's appeal continues to grow. Its entrepreneurial spirit and economic resilience make it a leading attraction for companies looking to establish European headquarters.*

### The UK in brief

#### Trends 2005-2015

The UK saw a 78.5 per cent increase in the number of projects, with UK regions holding strong after the 2008 financial crisis.

#### Insights

- The UK is Europe's top investment country and is third worldwide.
- London leads for inward investment projects, followed by Scotland, the South East and the North West.
- The top five destination cities for investment are London, Manchester, Edinburgh, Belfast and Glasgow.

#### 2016 forecast

UK cities offer vast opportunities for foreign investors and this, coupled with relatively consistent investment levels since 2005, suggest that the UK will continue to attract investment.

#### A decade of steady growth...

The UK's regions held strong after the 2008 financial crisis, with Scotland, the South East and the North West the most popular among foreign

investors. And since 2005 there's been a 78.5 per cent increase in the number of investment projects in the UK.

Unsurprisingly, London leads the way. Proving its reputation a resilient and internationally competitive city safe haven for investment, the capital had exceeded pre-crisis investment levels by 2011 and has been gaining strength ever since, securing 35.9 per cent of all projects and 24.8 per cent of all capital invested in the UK in the past ten years.

#### ... followed by record investment levels

2015 saw a record 439 projects in London, 22,146 jobs and \$12.5 billion of capital invested.<sup>17</sup> Scotland in particular saw a significant increase with 231 per cent more projects in 2015 than 2005. (record levels of investment recorded in 2015 with a total of 139 projects)

#### Headquarters hotspot

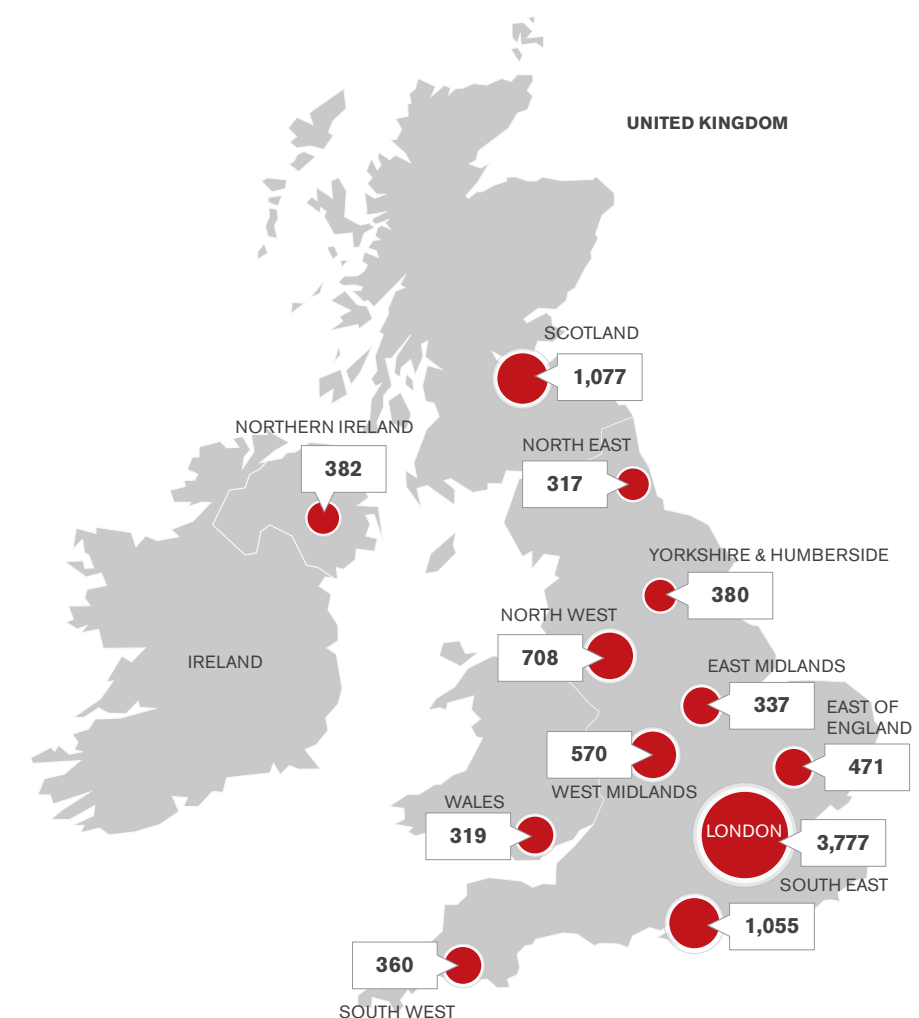
EY's *attractiveness survey Europe 2015*<sup>18</sup> tells a positive story, stating that UK headquarters are back on track. After a slight drop in 2013, the number of FDI HQ projects rose a little (159 projects compared to 154 in 2013). Emerging from the economic crisis, the UK was able to renew its competitiveness and harness its cosmopolitan culture to rise again as the leading destination for HQs in Europe.

#### UK investment hubs

London is a prominent destination for inward investment, particularly for companies specialising in information and communication, financial services and professional services. It is also home to more startups than anywhere else in the UK<sup>19</sup>.

London, Scotland, the South East and the North West are the most popular UK regions among foreign investors.

#### Map of UK regions by total projects, 2005-2015



Source: fDi Markets, 2005 - 2015, other 768

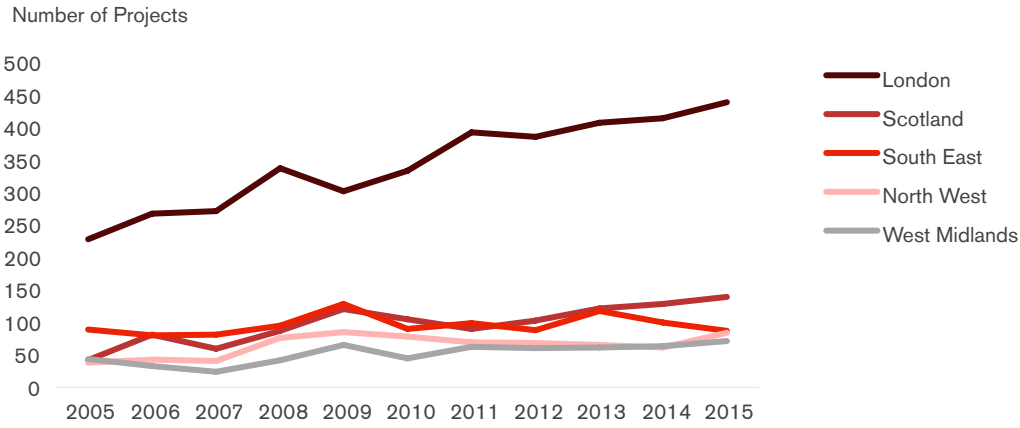
<sup>17</sup> fDi Markets, 2016

<sup>18</sup> EY's *attractiveness survey Europe 2015*: Comeback time: [www.ey.com/Publication/vwLUAssets/EY-european-attractiveness-survey-2015/\\$FILE/EY-european-attractiveness-survey-2015.pdf](http://www.ey.com/Publication/vwLUAssets/EY-european-attractiveness-survey-2015/$FILE/EY-european-attractiveness-survey-2015.pdf)

<sup>19</sup> Greater London Authority's Draft Economic Evidence Base (2016) report: [www.london.gov.uk/business-and-economy-publications/draft-economic-evidence-base-2016](http://www.london.gov.uk/business-and-economy-publications/draft-economic-evidence-base-2016)



3.2 Number of greenfield FDI projects, by destination top 5 UK regions, 2005-2015



Source: fDi Markets, 2005 – 2015

Which countries invest in the UK?

The US is Europe's top investor and also the leading investor in the UK, accounting for 38.2 per cent all investment since 2005. Following top investors include: Germany with 8.3 per cent, France (7.1), Japan (3.8) and Ireland (3.7).





# LONDON

AS A DESTINATION FOR FOREIGN  
INVESTMENT





# LONDON

## A GLOBAL INVESTMENT LEADER

*Renowned for its economic strength, innovation and soft power, London consistently ranks among the top ten most competitive global cities.<sup>20</sup> So, it's no wonder foreign companies come to the UK capital to do business.*

### London in brief

London is the top city in Europe and one of the top cities in the world for greenfield foreign direct investment. Since 2005, we've seen 2,238 projects land in the city, creating more than 41,000 jobs.<sup>21</sup> And 2015 was a record-breaking year with a new high of 283 projects and 6,494 new jobs created.

#### What makes London so successful?

London & Partners' clients tell us that that they come here for the capital's stable, business-friendly regulatory environment, connectivity and easy access to the European market, reinforced by the wealth of talented people who make the city their home.

#### Trends 2005-2015

Investment in London more than doubled over the past decade (208+ per cent), confirming London as a leading city to invest in. The capital's economic resilience and underlying strengths as a business location have enabled its continued growth.

#### Insights

- London is the top city in Europe and one of the top cities in the world for greenfield

foreign direct investment.

- Asia-Pacific is the top regional investor in London.
- Top investors by country are the USA, India, China, Japan and Spain.

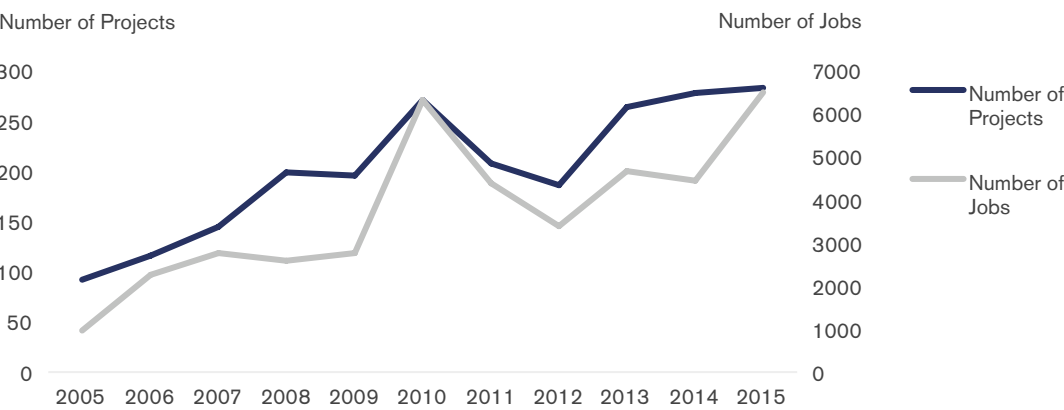
#### 2016 forecast

Given increasing interest from companies in China and India, we expect Asia-Pacific to remain the top regional investor. On a country level, we also predict high levels of investment from the USA. London's top sector, tech, should also benefit.

The fDi *Intelligence European Cities and Regions of the Future 2016/17 ranking*<sup>22</sup> acknowledged London as a beacon for investors, with the capital picking up the top spot in several categories, including:

- European cities of the future
- Northern cities of the future
- Major cities of the future
- Major cities for economic potential
- Major cities for human capital and lifestyle
- Major cities for business friendliness

### 4.1 Number of announced greenfield FDI projects and total jobs created in year 1, 2005-2015



Source: London & Partners

### 4.2 TOP 20 INVESTING COUNTRIES BY NUMBER OF GREENFIELD FDI PROJECTS IN LONDON, 2005-2015

	Projects	Jobs Created
USA	572	15,749
India	250	4,191
China	216	2,424
Japan	138	2,677
Spain	134	1,992
Australia	130	2,644
France	105	2,000
Canada	69	657
Korea	68	429
Italy	49	410
Germany	43	784
Ireland	38	271
Singapore	34	164
Brazil	30	229
Hong Kong	30	987
Netherlands	26	396
New Zealand	26	261
Israel	25	174
Portugal	24	186
Taiwan	23	165

Sources: London & Partners data, 2005- 2015

<sup>20</sup> Including: PWC's Cities of Opportunity Report, MORI Foundation's Global Power Index, AT Kearney's Global Cities Index, and the GAWC Global Cities Index

<sup>21</sup> London & Partners Company Database

<sup>22</sup> fDi *Intelligence European Cities and Regions of the Future 2016/17 ranking*: [www.fdiintelligence.com/Rankings/European-Cities-and-Regions-of-the-Future-2016-17](http://www.fdiintelligence.com/Rankings/European-Cities-and-Regions-of-the-Future-2016-17)



London: where do investing companies come from?

The USA is by far the top investor in London, accounting for 25.5 per cent of all investment projects and 38.3 per cent of jobs created since 2005.

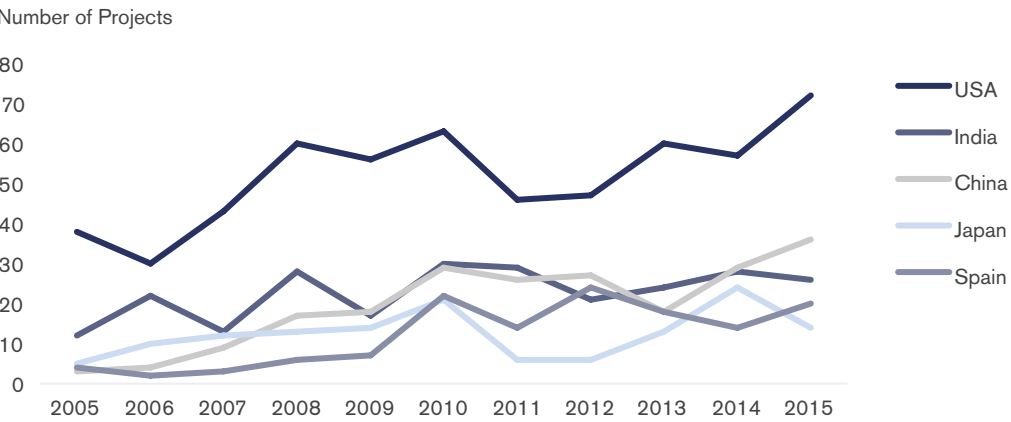
India, China, Japan and Spain complete the top five investors in London since 2005. Combined, these five countries account for 59 per cent of all projects and 66 per cent of all jobs created since 2005. On average, the USA creates the most jobs per project in London, with 27.5 jobs per project, compared to 16.8 for India and 11.2 for China.

We examine the top five countries in more detail over the next pages.

4.3 NUMBER OF GREENFIELD FDI PROJECTS IN LONDON- TOP 10 SOURCE COUNTRIES, 2005-2015											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
USA	38	30	43	60	56	63	46	47	60	57	72
India	12	22	13	28	17	30	29	21	24	28	26
China	3	4	9	17	18	29	26	27	18	29	36
Japan	5	10	12	13	14	21	6	6	13	24	14
Spain	4	2	3	6	7	22	14	24	18	14	20
Australia	7	9	10	15	7	12	15	11	15	12	17
France	1	8	8	13	10	11	10	5	11	20	8
Canada	4	3	8	5	8	6	9	5	6	7	8
Korea	1	11	8	11	5	6	7	7	5	4	3
Italy	3		4	1	3	6	4	1	7	8	12
Other	14	17	27	30	51	65	42	32	87	75	67
Total	92	116	145	199	196	271	208	186	264	278	283

Sources: London & Partners data, 2005- 2015

4.4 Number of greenfield FDI projects in London – top five source countries, 2005-2015



Sources: London & Partners data, 2005- 2015

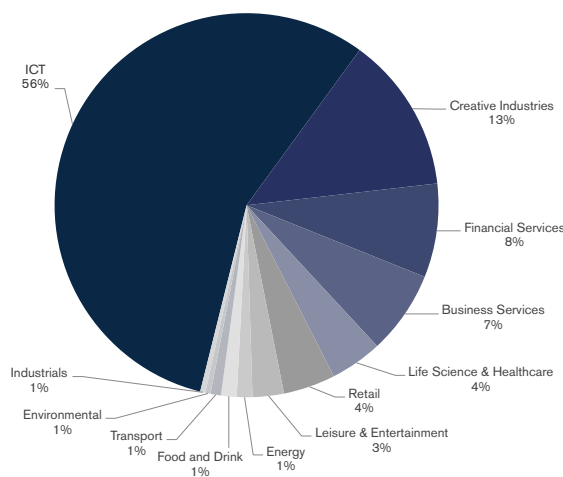


# USA

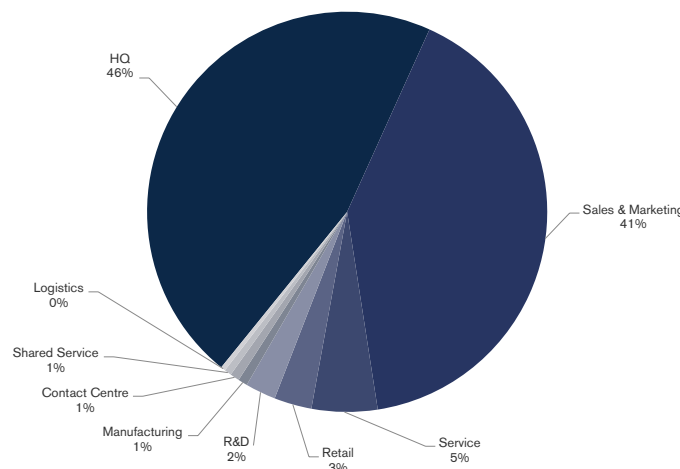
## LEADING IN LONDON INVESTMENT

*US tech firms find a natural home in London. American companies see the city as the perfect place for international growth due to a common language and similarities in culture and consumer behaviour. With an increasing number of premium retail, hospitality and leisure brands arriving each year, the UK is providing an enthusiastic and hungry customer base for US products.*

4.5 US investment by sector, number of projects, 2005-2015



4.6 US investment by proposed function, number of projects, 2005-2015



Sources: London & Partners data, 2005- 2015



## USA INVESTMENT IN LONDON 2005-2015

16,000 JOBS

572 TOTAL PROJECTS



240 TOTAL TECH PROJECTS



89% Increase in investment

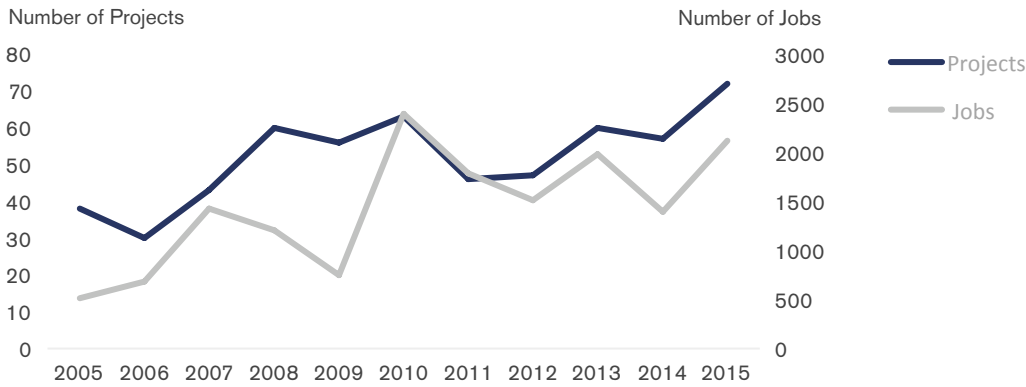
26% of all London investment projects



Top investor in London, the UK and Europe



4.7 Number of USA greenfield FDI projects and jobs in London, 2005-2015



Sources: London & Partners data, 2005- 2015

EXAMPLE US COMPANIES INVESTING IN LONDON (COMPANIES LISTED BY PROJECT SIZE) :		
Company	Year	Sector
Salesforce	2013	ICT
Gansevoort Hotel Group	2013	Leisure & Entertainment
Intuit	2013	ICT
Cloud Sherpas	2015	ICT
Xbox	2013	Creative Industries
Zendesk	2015	ICT
Appirio	2014	ICT
Draft Kings	2015	ICT
Box	2014	ICT
Live Nation Entertainment	2015	Creative Industries

\*The total number of jobs created is confidential.



North America: The USA London’s Top Investor

London is the number one city in Europe for US investment, securing three times more investment than its closest competitor Paris, says Nick Royle, London & Partners’ Principle Adviser – North America.

The USA is the top investor in the UK and Europe and leads the field in investing in London, with a total of 572 projects landing in the city since 2005, creating close to 16,000 jobs. 2015 in particular witnessed a record number of 72 projects landing in the city and 2,120 jobs created.

Tech overtakes business and financial services

Tech has replaced business and financial services as the leading sector for projects and job creation. This sector saw projects increase by nearly 170 per cent in 2015 compared to 2005, reflecting the rapid growth of tech in London and offering investment opportunities for US companies.

From 2010-11, the number of tech companies from the east coast of the USA started to rival that of the west coast. New York, San Francisco and Los Angeles are the main sources of investment and Austin, Atlanta and Seattle have also emerged as strong sources of foreign direct investment.

An additional trend is the growing number of accelerators and incubators in London, with the arrival and expansion of such companies as General Assembly and WeWork. In the past few years London & Partners has built strong relationships with businesses such as Central Working and we have partnered with The Trampery to open London's first dedicated travel technology incubator space at our offices in London Bridge. Moreover, Level39, based in Canary Wharf, is Europe's largest technology accelerator space for finance, cybersecurity, retail and smart-city technology companies.

London remains the European capital for tech and is a frontrunner for innovation in areas such as fintech, edtech, adtech and urban solutions.

**A rise in premium products**

Since 2007-08 London & Partners has seen a number of premium brand retail, hospitality and leisure projects each year and we've been working with brands including Whole Foods Market, Abercrombie & Fitch, Amazon Store and Sushi Samba, proving that London and the UK provides a favourable consumer base for US products.

**The USA sees London as a springboard to Europe**

Over the past decade, 46 per cent of US companies set up a headquarters function in London. And 40 per cent opened a sales and marketing office in London. In our experience, many companies do this with the intention of developing this office into a HQ. From working with our US clients we know that they view London as the place to expand their business. Deloitte's report *London Futures, London crowned business capital of Europe*<sup>23</sup> reinforces this fact as 49 per cent of the

top 250 US companies have a European HQ in London.

London offers vast opportunities for US companies looking to expand here and across Europe. Deloitte's *Global cities, global talent London's rising soft power*<sup>24</sup> report, highlights the fact that London leads for talented professionals, employing approximately 1.7 million workers in highly skilled roles compared to 1.2 million in New York, its nearest rival. And 60 per cent of the inner London working-age population hold a degree (Deloitte).

With annual events such as London Technology Week, we expect to see further increases in investment over the coming years. London & Partners offers expertise to expanding US companies; we have teams on the ground in New York, Los Angeles and San Francisco to help them make the move to London and we are well-equipped to welcome US clients from all sectors.



**North America: The Wider View**

**Investment from North America has been increasing and 2015 was a record year for investment from the region, explains Craig Harrison, London & Partners' Head of North America – International Trade & Investment.**

Since 2013 we've seen investment return to pre-crisis levels and it's been increasing ever since. 2015 was a record year for investment from North America with 80 projects.

The top investment sectors from North America are tech – London's leading sector – business services, financial services and the creative industries. From our experience we have seen both US and Canadian businesses come to London to expand in the UK and Europe, and also use it as a springboard to expand on a global scale. Judging by the projects our North American clients have in the pipeline, the next year looks very exciting and we expect to see these trends continue.

<sup>23</sup> Deloitte's *London Futures, London crowned business capital of Europe* report: [www2.deloitte.com/content/dam/Deloitte/uk/Documents/uk-futures/london-futures-london-crowned-business-capital-of-europe.pdf](http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/uk-futures/london-futures-london-crowned-business-capital-of-europe.pdf)

<sup>24</sup> Deloitte's *Global cities, global talent London's rising soft power* report: [www2.deloitte.com/content/dam/Deloitte/uk/Documents/Growth/deloitte-uk-global-cities-global-talent-2016.pdf](http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/Growth/deloitte-uk-global-cities-global-talent-2016.pdf)



**USA company profile**

Airbnb is an accommodation booking service letting private, spare space around the world. Founded in San Francisco in 2008, it has offices around the world, including London. Airbnb offers accommodation in more than 20,000 cities across 192 countries. We interview Christopher Lukezic, Director of Marketing and Communications EMEA, Airbnb.

**Business success in London**

Airbnb grew its UK business by 748 per cent after setting up a temporary London office in 2011 and moving to a permanent base in Tech City, London's hi-tech cluster, in early 2012. By summer 2012 it was listing more than 10,000 London properties.

**A London base gives you access to Europe's largest end-user market: 7.8 million people. Was this a factor?**

"We've had users and properties in the UK since 2009, but we moved to London to be closer to our community, to support them better, both on and offline. Being closer to our community means we can innovate quickly and better support our community by building real relationships with them and the local neighbourhoods where they live."

**What advice would you give a company trying to expand to London?**

"Don't underestimate the time you need for recruitment. Choose your location wisely. Meet companies that have just done it to find out how to solve problems: London & Partners can introduce you."

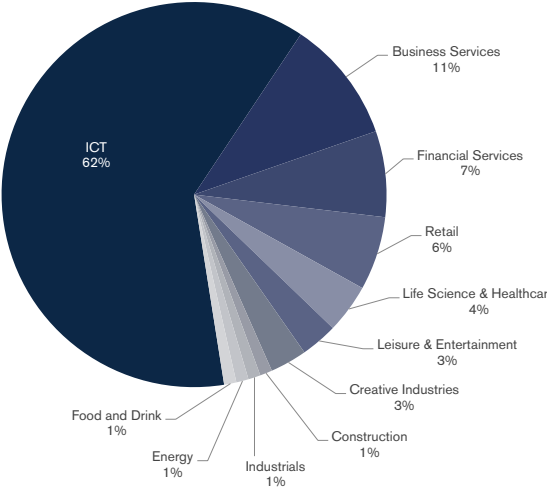


# INDIA

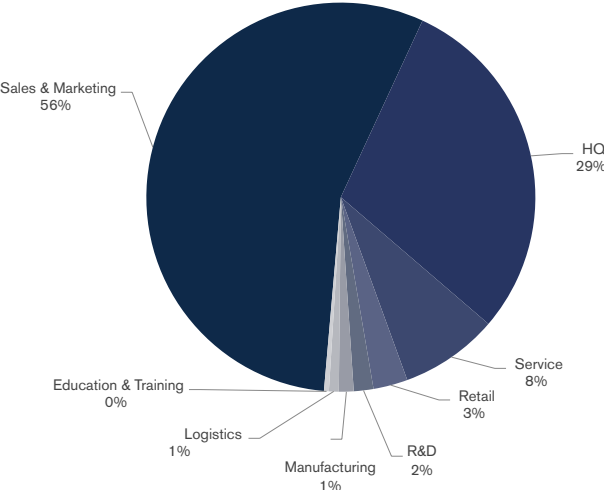
## INVESTORS COME TO LONDON FOR ITS LEADING TECH SCENE

*Foreign direct investment from India has gained momentum in the last decade. Attracted by thriving tech hubs, Indian investors come here to set up sales and marketing offices and establish European headquarters.*

4.8 Indian investment by sector, number of projects, 2005-2015



4.9 Indian investment by proposed function, number of projects, 2005-2015



Sources: London & Partners data, 2005- 2015



INDIAN INVESTMENT IN LONDON 2005-2015

4,191 JOBS

250 TOTAL PROJECTS

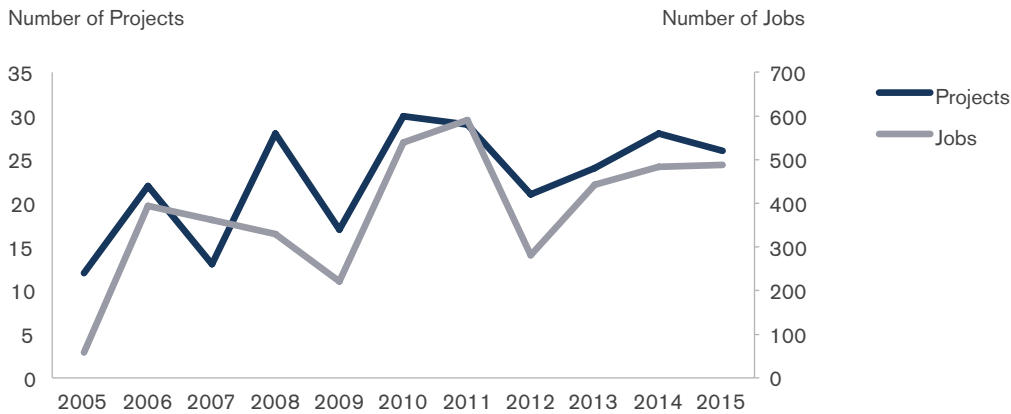


116% Increase in investment

11% of all London investment projects

2ND LARGEST INVESTOR IN LONDON  
2ND LARGEST TECH INVESTOR

4.10 Number of India greenfield FDI projects and jobs in London, 2005-2015



EXAMPLE INDIAN COMPANIES INVESTING IN LONDON (COMPANIES LISTED BY PROJECT SIZE):

Company	Year	Sector
Kayako Europe	2014	ICT
Cigniti Technologies	2014	ICT
Infotech enterprises	2014	ICT
Lodha Group	2014	Construction
TATA ELXSI	2014	ICT
CIPLA LIFESCIENCES	2014	Life Science & Healthcare
Denave India	2014	ICT
DFYnorm	2015	Creative Industries
Mold-Tek Technologies	2015	ICT
Collabera Technologies	2015	ICT

\*The total number of jobs created is confidential.



A tale of success

**India's economy is picking up, and its services sector is booming, which means more firms expanding to London, explains Sunil Dwivedi, London and Partner's Head of India – International Trade & Investment.**

The UK is the most popular business destination in Europe for Indian companies and the historic ties between London and India strengthen this partnership. There is a vibrant, thriving Indian community in London comprising more than 543,000 people, according to the 2011 UK Census. And while bigger Indian companies are already familiar with London, more and more SMEs are looking to expand here.

India is London's second largest investor. There's been a general upward trend for Indian investment with London seeing 116.6 per cent more projects in 2015 than in 2005. However, there have been dips along the way. After India saw growth rates of over 9 per cent between 2005 and 2007, growth slowed in 2008 in the wake of the global financial crisis, but in recent years investment levels have risen back to pre-crisis levels. The IMF estimates that in 2014-15 Indian GDP grew 7.3 per cent and it projected that India would continue to see growth, with 7.3 per cent GDP growth expected in 2015-16 and 7.5 per cent in 2016-17. India has also now replaced China as the top destination for FDI following a year of high-value announcements, specifically in coal, oil and natural gas and renewable energy.<sup>25</sup>

A strong service-led economy

India is among the few countries that has succeeded in shifting from an agricultural economy to a service-led economy. The services sector contributes close to 60 per cent of GDP, with ICT and financial services contributing significantly to this figure. This indicates that knowledge-based sectors such as ICT, technology and financial services are growing in India, and all are strong FDI source markets for London.

Since 2005, tech has been the top sector for Indian investment in London, accounting for 45.6 per cent of all investment, a total of 114 projects. This investment in tech has increased by 133.3 per cent since 2005, highlighting the trend that tech investment is the fastest-growing sector, with fintech and edtech offering attractive investment opportunities. Furthermore, for the tech sector as a whole in London, India accounted for 16.2 per cent of investment projects.

Easier to do business in London

Many Indian companies set up sales and marketing offices (56 per cent) and HQs (29 per cent) in London. From our experience working with these companies, the reason they look to the capital is due to the ease of doing business, competitive tax rates, access to market, a transparent business environment and banking regulation, along with opportunity to expand in the UK and Europe.



Looking forward, Knight Frank's The Wealth Report 2014 stated India is projected to have 119 billionaires by 2023 and will be ranked fourth in terms of the number of billionaires in the next ten years. This leads us to expect a pickup in business and investment. Knight Frank's The Wealth Report 2016 also highlighting that besides Mumbai, other cities like Delhi and Bengaluru have been the prime beneficiaries of the tech boom. Indian investors are diversifying globally into development and core assets in gateway cities such as London.

**How we help Indian investors**

India is a large and complex market with a number of industry clusters spread across multiple cities. Delhi, Mumbai and Bangalore are the top three source markets for London & Partners in India.

In order to aid these companies we've had a representative office in Mumbai since 2007. We predict that the next wave of FDI into London will come from new age companies from further afield as new knowledge-based clusters develop outside tier 1 cities in India (cities are classified on the basis of their population, Tier 1 being the largest cities in India). These companies are likely to have started in around 2005 and gained substantial size to expand internationally.

London & Partners also run events such as the IE20,<sup>26</sup> which offers twenty of India's most dynamic businesses, established since 2000, a unique opportunity to win recognition on the international stage in London and develop their global potential. We are sure all these factors will lead to further investment in London from India in the upcoming years.

<sup>25</sup> The fDI Report 2016, Global greenfield investment trends  
<sup>26</sup> IE20: [www.indiaemerging20.com](http://www.indiaemerging20.com)



**Indian company profile**

Founded in India in 1981, Infosys is a leading business consulting and technology company employing more than 155,000 people worldwide. With 67 offices and 69 development centres in the USA, India, China, Australia, Japan, the Middle East and Europe. We interview Srikanth Iyengar, Global Head of Business Development, Strategic Global Sourcing, Infosys Technologies to find out more.

**Business success in London**

Infosys' UK annual revenues have grown since it set up in London's Canary Wharf in 2005 — from modest beginnings in 2004 to becoming the company's second largest market worldwide in 2013. London is now home to Infosys' European HQ, dedicated to sales, marketing and back office functions. The company employs some 1,250 people across London.

**Why did you set up your headquarters in London?**

"We are using the UK to drive northern European markets such as France and the Nordics. We have offices across Europe but we are running them out of London. Our objective is to make Europe contribute well over a third of global revenue, up from its current contribution of around 25%."

**London is an EMEA hub for thousands of leading companies.**

**What effect is this having on Infosys?**

"London gives us proximity to clients. Our biggest clients are in financial services and we're a short walk from them along with other companies such as BP, Diageo and Vodafone."

**London offers one of the largest concentrations of ICT skills in the world.**

**Are you tapping into this?**

"The technology business is all about people and we have been able to build a strong brand by attracting the best people. London is a global centre for talent. It's all about bringing the brightest minds to our clients."

**What advice would you give to other companies considering expanding to London?**

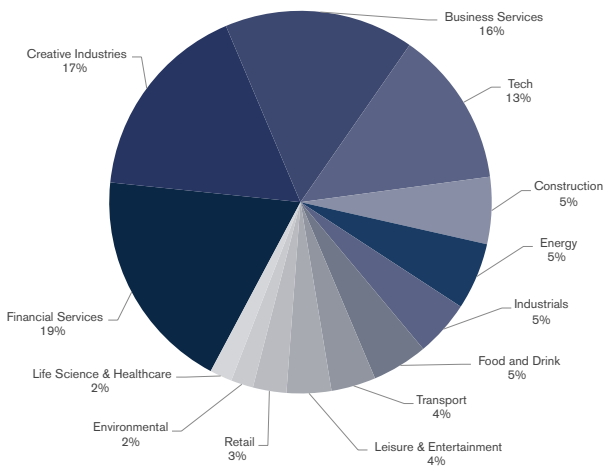
"Come to London! I've lived in the USA, India and Europe but there's no other city in the world that brings together these professionals, the best academic institutions, world-class entertainment and art. It's also so well placed for global trade, given the shift of the global economy from the Americas to Asia."

# CHINA

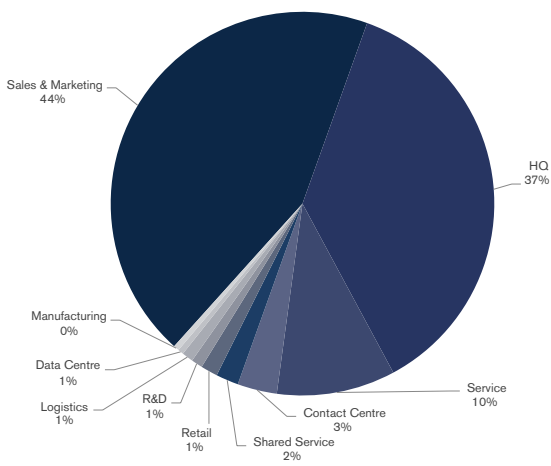
## SERVICE AND TECH SECTORS ATTRACT CHINESE INVESTORS

*London is the leading destination for Chinese foreign direct investment into the UK and Europe. Traditionally attracted by opportunities in the services sectors, in recent years Chinese companies have been investing in London's world-leading tech sector.*

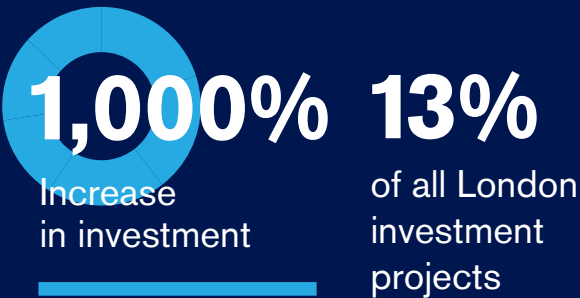
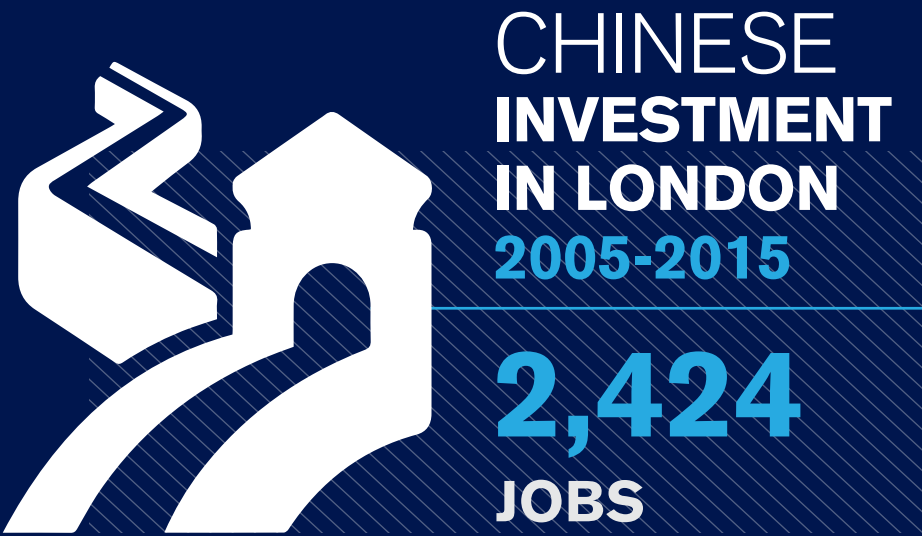
4.11 Chinese investment by sector, number of projects, 2005-2015



4.12 Chinese investment by proposed function, number of projects, 2005-2015

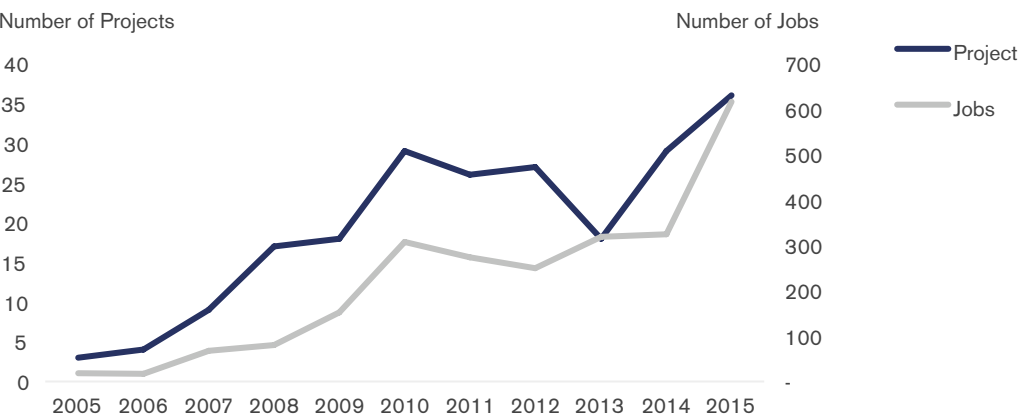


Sources: London & Partners data, 2005- 2015





4.13 Number of Chinese greenfield FDI projects and jobs in London, 2005-2015



EXAMPLE CHINESE COMPANIES INVESTING IN LONDON (COMPANIES LISTED BY PROJECT SIZE) :		
Company	Year	Sector
Huawei Technologies Co., Ltd.	2015	ICT
Far East Global Group limited	2015	Industrials
Yuanda Enterprise Group	2015	Construction
ABP (China) Holdings Group Ltd	2013	Business Services
Alphatex Knitting Co. Ltd.	2015	Retail
Reignwood Group	2015	Leisure & Entertainment
China Equity	2015	Financial Services
Hanergy UK Ltd.	2014	Environmental
Greenland Group	2015	Business Services
Chris & Cherry Limited	2015	Food and Drink

\*The total number of jobs created is confidential.



A gateway to the West

London offers Chinese firms access to markets, expertise and capital, and an entry point to the West, explains Geyang Huang, London and Partners' Head of China – International Trade & Investment.

Chinese investment has been steadily increasing since 2005 and China is now the third largest investor in London, as demonstrated by major deals across all industry sectors. In fact, London continues to be the leading destination city for Chinese foreign direct investment into the UK and Europe.

Since 2005, 216 Chinese projects have landed in the city, creating 2,424 jobs and 2015 saw a record level of Chinese investment with 36 projects. Chinese investment has, for the most part, held steady over the past decade and, interestingly, we didn't see a major dip after the 2008 financial crisis. Although we must mention the dip in investment in 2013, which can be attributed to the turbulent economic climate in China over recent years.

EY'S European Investment Monitor<sup>27</sup> states that London attracts 13.2 per cent of all Chinese foreign direct investment into Europe (2004-2014) ahead of Dusseldorf/Neuss (9.1 per cent of projects), Frankfurt (3.9 per cent) and Paris (two per cent). From the London & Partners data we have seen a drastic upward trend in Chinese investment, with the number of projects increasing by over 1,000 per cent from 2005 to 2015.

Tech takes the lead...

Since 2013 we have seen investment gain in strength and diversification. Before 2005, Chinese investment was very much focused on traditional sectors such as financial services and business services. Now investors look to sectors such as tech, creative services and life sciences, with the tech sector in particular building momentum.

Chinese tech companies coming to London can benefit from access to banks and finance, regulators and government bodies, plus world-leading universities and talent. For Chinese investors, London's tech sector offers genuine return on investment – the capital is home to more 'unicorns' (tech companies valued at \$1 billion+) than any other European city and continues to attract record levels of venture capital investment year-on-year.

The strength of the sector has seen a number of global venture capital firms set up funds in London, including the recent announcement from Chinese firm Cocoon Ventures for its \$714 million fund targeting London and UK tech companies.

**...but the appeal of London's financial sector remains strong**

Chinese FDI stock in the UK continues to grow. ONS reports<sup>28</sup> that in 2013, the total stock value of FDI investment from China in the UK stood at \$1.4 billion (plus an additional \$16.6 billion originating from Hong Kong). Looking forward, London faces a strong future as the western hub for Chinese finance, with China Construction Bank's position as the first clearing bank outside China for the renminbi and the recent announcement that the Chinese government intends to make London the first overseas financial market in which to open a sovereign debt market for renminbi.

Another significant sector is London's world-leading property investment market. This market offers stability, transparency and prestige. We welcome investment from Chinese investors as they can play an important role in regenerating areas of London.

Ultimately, the UK and China has a strong trade relationship. This relationship has been cemented during President Xi's visit to the UK in 2015 and Mayor of London Boris Johnson and Chancellor George Osborne's trade visits to China in recent years.

**How London & Partners helps Chinese firms**

In addition to a China team in London, we have offices in Beijing and Shanghai, and also work closely with UK Trade & Investment (UKTI) in China. We welcome and encourage investment from China, such as investments in infrastructure that have a positive impact on London and the UK's economy.

According to our data, we are seeing evidence that Chinese investment is strong across all sectors in London, with significant investments in creative industries, financial services and technology. We are keen to encourage even more investment from China and to forge even closer ties with Chinese firms, which will hopefully result in us working together on more projects in the future.

<sup>27</sup> EY'S European Investment Monitor: [www.eyeim.com](http://www.eyeim.com)

<sup>28</sup> ONS, How important is China to the UK economy? June 2015



**Chinese company profile**

Founded in 1987 in China, Huawei is a leading information and communications technology (ICT) company with global sales of more than \$20 billion in 2015. It employs 150,000 people in more than 140 countries, supplying 45 out of the world's 50 top telecommunications companies and the majority of the UK telecoms market. Huawei set up in London in 2001 and has offices in Paddington, the City and Westminster, with headquarters in Reading. We interview Daniella Goldman, Director of Public Policy and Government Relations, Huawei.

**Business success in London**

During a series of high-profile meetings during London's Olympic year – featuring the Prime Minister, the Mayor of London, international industry leaders and members of the British royal family – Huawei unveiled a plan to invest \$1.9 billion in the UK. The company is on track to increase its UK workforce from 890 in 2013 to 1,500 in 2017-18. Since 2012 Huawei has acquired the Cambridge-based Internet of Things company Neul, opened a new R&D centre in Bristol, helped roll out 4G and broadband networks around the UK for customers including EE and BT, begun pioneering the development of 5G technologies, and increased its UK workforce from 781 to 1,030 people. The company now has a presence at 15 locations across the UK. Furthermore, Huawei has made a contribution of \$1.4 million to UK GDP over the last three years (2012-2014) and currently supports 7,400 jobs directly and through its supply chain.

**Why is Huawei focusing on UK expansion?**

"We have seen a step-change in the business here. There is considerable interest from our China board: they are now very focused on the UK market. More board members are travelling over from China to offer their expertise to the UK business. There has been a huge increase in the interest of very senior Chinese businessmen in the UK business, which is very positive."

**The UK is Europe's most liberalised and dynamic telecoms market with the most advanced infrastructure in Europe. Were these factors for you?**

"Yes. The UK is an innovation hub. The country is playing a key role in the global digital economy. We are pleased to see that the UK is also an open market, which welcomes overseas investment."

**Tell us about your sizeable operations across the UK and Europe.**

"We have investments in every western European country and have been operating in the UK for 12 years. The company currently employs 1,030 staff in the UK. Staffing is projected to increase to around 1,500 in the next four to five years, nearly doubling our UK workforce. This will include highly skilled engineers and sales staff."

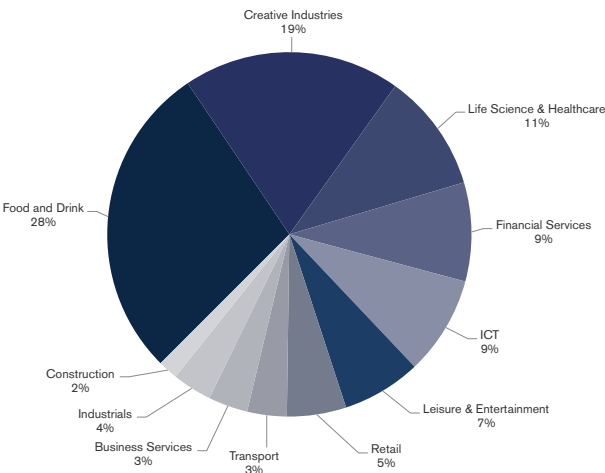


# JAPAN

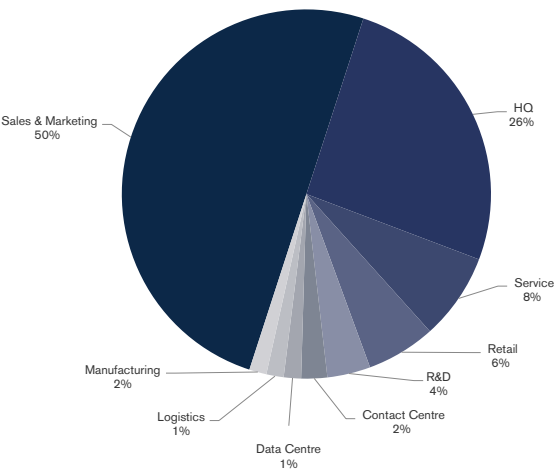
## INVESTORS RATE LONDON FOR ITS CULTURAL HERITAGE

*Drawn here by London's unrivalled physical and digital connectivity, Japanese companies see the capital as the ideal location for sales and marketing functions, and for tapping into food and drink, creative industries and life sciences specialists.*

4.14 Japanese investment by sector, number of projects, 2005-2015



4.15 Japanese investment by proposed function, number of projects, 2005-2015



Sources: London & Partners data, 2005- 2015



JAPANESE  
INVESTMENT  
IN LONDON  
2005-2015

2,677  
JOBS

138 TOTAL PROJECTS



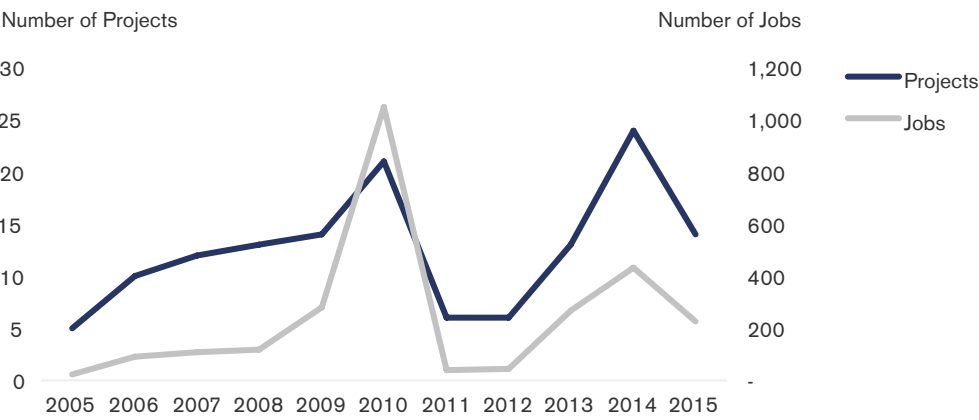
180%  
Increase  
in investment

6%  
of all London  
investment  
projects



4TH LARGEST  
INVESTOR IN  
LONDON

4.16 Number of Japanese greenfield FDI projects and jobs in London, 2005-2015



Sources: London & Partners data, 2005- 2015

EXAMPLE JAPANESE COMPANIES INVESTING (COMPANIES LISTED BY PROJECT SIZE) :		
Company	Year	Sector
Takeda Global Research & Development Centre (Europe)	2014	Life Science & Healthcare
Dining Innovation	2015	Food and Drink
Salt Consortium	2015	Food and Drink
Pole to Win Europe	2015	Food and Drink
Yagi Tsusho	2014	Creative Industries
Chikaranomoto Company	2015	Retail
Telehouse Europe	2014	Food and Drink
Wasoukan	2014	ICT
Greenland Group	2015	Retail
Yahoo Japan Corporation	2014	Creative Industries

\*The total number of jobs created is confidential.



Japan rises above economic challenges

London attracts four per cent of all Japanese foreign direct investment into Europe, far ahead of its European rival cities. Jeff Cao, London & Partners' Head of Asia Pacific – International Trade & Investment explains.

Since 2005, we've seen 138 Japanese projects land in the city and the creation of 2,677 jobs. In fact, creating more jobs in London than China has created in London. From our extensive work with Japanese companies we understand they come to London to benefit from the availability of skilled and innovative labour.

Asia-Pacific is the top contributing region of inward investment into London, accounting for 41.5 per cent of global investment in the last 11 years. The top Asia-Pacific countries are India (250 projects since 2005), China (216), Japan (138), Australia (130) and Korea (68).

Resilience despite tragic challenges

Overall, there has been an increase in investment since 2005. However, investment took a nosedive after two severe shocks: the 2008 global financial crisis and the 2011 Great East Japan earthquake and tsunami. Looking at trends in the London & Partners database, Japanese investment into London recovered strongly after the 2011 earthquake and tsunami and reached an all-time high three years later with a spike in investment in 2014.

But investment fell once more in 2015. CNN Money noted that Japan's gross domestic product contracted by an annualised 0.8 per cent in the third quarter of 2015, officially putting the world's third-largest economy back into recession.

An interesting sector mix

More than three quarters of Japanese investment comes from five key sectors: food and drink, creative industries, life sciences, financial services and tech. Many Japanese retail brands look to expand in Europe via London.

Another trend is the establishment of Japanese global headquarters in London, breaking with the tradition of using US subsidiaries to manage their global networks. Companies following this trend include Primetals and Hitachi Rail. This is also reflected in London & Partners data, as 26 per cent of all Japanese investment in London had an HQ as a proposed function and 50 per cent established a sales and marketing office.



### Exciting opportunities for Japanese investors

Key reasons for Japanese companies to invest in London include its unrivalled connectivity with world-class infrastructure – both physical and digital – strong economic growth and an open, welcoming investment climate. Furthermore, London's cultural heritage is highly valued by Japanese clients, as well as the presence of amazing Japanese restaurants, shops, schools and barbers.

Existing investment opportunities include life sciences, robotics, space technology and green technologies. With the forthcoming 2020 Tokyo Games, there's great potential for collaboration in areas such as urban, sustainability and cyber security, and we expect to see industry-to-university and university-to-university collaboration between London and Tokyo flourish. And we feel that a mix of British originality and Japanese creativity will allow profitable third country opportunities. Fintech is another sector that could see a spike in investment due to changes in banking regulation in Japan, which could also lead to a London-Japan collaboration.

### A bright future

London & Partners foresees that investment from Japan will continue to land in London. While we recognise that the Japanese economy is experiencing certain difficulties, as outlined in data released by the Bank of Japan in December 2015, we are positive Japan will continue to strive ahead and London will remain very attractive as an investment destination.



## Japanese company profile

Shionogi Europe is a new healthcare company, launched approximately 130 years when the organisation was founded (1878) by Gisaburo Shiono SR. in Do-shomachi, Osaka, Japan. The headquarters of Shionogi & Co., Ltd are in Osaka. The company has grown to become a major research-driven pharmaceutical business placing the highest value on patient care. In 2012, Shionogi Europe headquarters launched in London, marking the beginning of a new era for the organisation. We interview Takashi Takenoshita, CEO-EHQ.

### What is Shionogi?

"One of the oldest and most successful research-based pharmaceutical companies in Japan. Our products are marketed worldwide through our partners such as GSK and AstraZeneca."

### Why is Shionogi focusing on UK expansion?

"The UK has leading scientists and professionals in the life sciences sector. It also provides a good base for managing business in the European continent. We came to London for three reasons: discover, develop and distribute innovative medicine."

### Business success in London

"We received a licence and started distributing innovative medicine to help women with post menopause symptoms. In addition, we have successfully developed one additional product and are developing several more. Recently, we announced a long-term collaboration agreement with Cambridge University."

### London is home to more European HQs than any other city. Why did you set up your headquarters here?

"In addition to its strength in life sciences and vast talent pool, London offers a good legal and regulatory environment. Active government support was also a contributing factor to setting up in London."

### Life sciences is developing rapidly in the UK, were these factors for you?

"Yes, very much so. The UK has a very strong foundation in life sciences – world class research, well educated professionals, good legal framework and a strong investor community."

### What advice would you give to other companies considering expanding to London, especially life science companies?

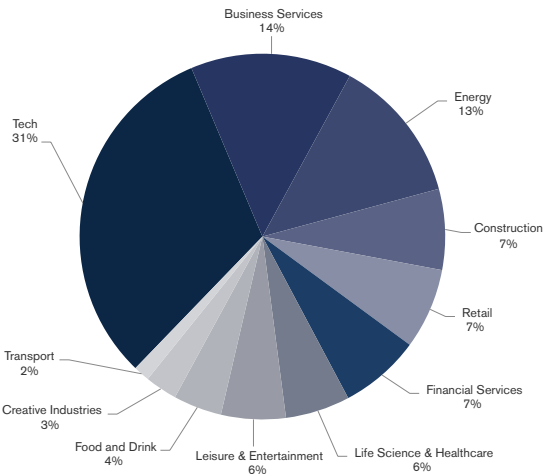
"Evaluating the intangible value of being in the UK; in terms of human capital, transport link, etc."

# SPAIN

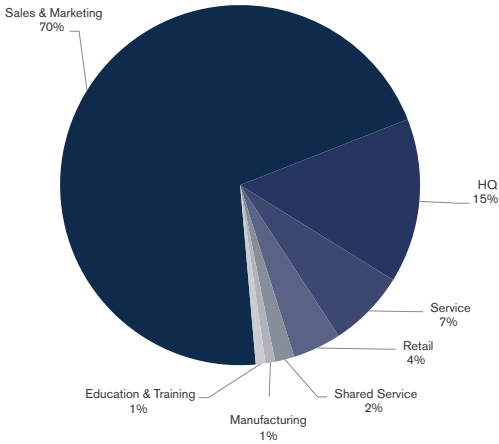
## INVESTORS SEE LONDON AS A GATEWAY TO THE UK MARKET

*Attracted by an established network of Spanish brands and businesses, and a culture that embraces trade, Spanish companies come to London to set up sales and marketing offices with a view to launching their European headquarters.*

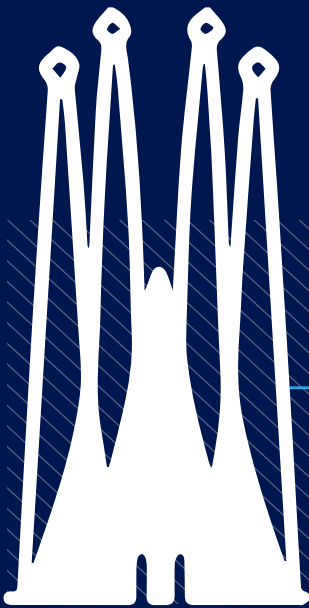
4.17 Spanish investment by sector, number of projects, 2005-2015



4.18 Spanish investment by proposed function, number of projects, 2005-2015



Sources: London & Partners data, 2005- 2015



SPANISH INVESTMENT IN LONDON 2005-2015

1,992 JOBS

134 TOTAL PROJECTS



350% Increase in investment

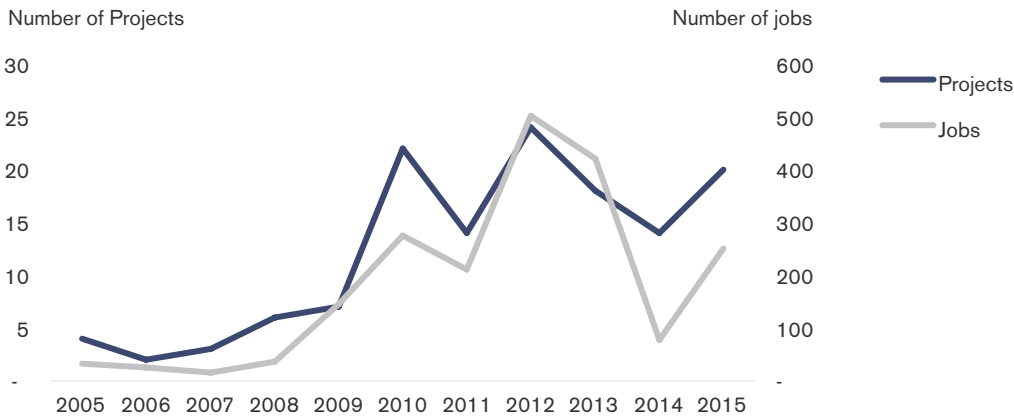
6% of all London investment projects



5TH LARGEST INVESTOR IN LONDON



4.19 Number of Spain greenfield FDI projects and jobs in London, 2005-2015



Sources: London & Partners data, 2005- 2015

EXAMPLE SPANISH COMPANIES INVESTING IN LONDON (COMPANIES LISTED BY PROJECT SIZE) :		
Company	Year	Sector
ME London	2013	Leisure & Entertainment
Telefonica	2012	ICT
Ferrovial Agroman UK	2011	Transport
Worldwide Retail Store (Nat Geo)	2009	Retail
Marco Aldany The Chic Corporation	2012	Retail
H10 HQ Spain	2010	Leisure & Entertainment
N Catering & Restaurant	2013	Food and Drink
BBVA - Banco Bilbao Vizcaya Argentaria	2013	Financial Services
Cafe & Te	2010	Food and Drink
Codilink	2012	ICT

\*The total number of jobs created is confidential.



Spain in focus

London remains the top destination city for Spanish companies looking to expand across a range of sectors, explains Maria Corts, London and Partners’ Head of Southern Europe & Latin America – International Trade & Investment.

Spain is the fifth top investor in London, generating 1,992 jobs since 2005. Overall, there’s been an increase in Spanish investment over the last decade, but we have seen dips in 2011 and 2014, which are most likely related to the difficult economic situation in Spain.

A diverse range of sectors

After the USA and India, Spain is one of the top investors in London tech. Business services, energy, construction and retail are also key sectors for Spanish investment in London, and we expect to see the financial services sector continue to provide Spanish business services companies with market opportunities.

Spanish companies come here because they find London and the UK offer opportunities for trading and internationalisation across most sectors. Spanish startups in particular are attracted by easy access to capital markets and funding, which provide opportunities for the scaling up of their companies. There is also a well-established pool of Spanish brands and corporates, which in turn attracts more Spanish businesses. In particular, the retail sector continues to grow with Spanish fashion brands coming to London to open stores.

London’s HQ proposition offers Spanish startups a great opportunity for development. This is reflected in data trends, as 15 per cent of incoming Spanish companies open a headquarters in London and 70 per cent open a sales and marketing office. These sales and marketing offices often act as headquarters in the future.

Spanish companies tap into London’s regeneration opportunities

Continued regeneration and urban expansion across Greater London will see more investment in the food and drink, and hospitality sectors, offering investment opportunities to Spanish chains.

Construction and large infrastructure opportunities will also open the door to Spanish companies entering the London market. We have seen growing activity from leading Spanish corporations in the construction and civil engineering sector, particularly in large infrastructure contracts such as the UK rail electrification network, London Underground upgrades and Crossrail, as well as motorways and road services.

A final interesting point is that there has been a phenomenal migration of highly skilled Spanish workers coming to London, triggered by the economic crisis and high unemployment in Spain. This is reinforced by the positive investment relationship between Spain and London, and Spanish professionals’ knowledge and familiarity with London, together with access to talent for companies looking for bilingual professionals.

These trends point to more Spanish investment in London in the future, and our experienced EMEA team will continue to promote London as a great city for Spanish companies to invest in.



## EMEA and Latin America: The wider view

**Investment from the EMEA region alone accounts for 30 per cent of all investment into London since 2005, explains Bob Doyle, London & Partners' Acting Head of EMEA & Latin America – International Trade & Investment.**

Combined, EMEA and Latin America as a region is London's second top investor. Since 2005, it has brought 667 projects into the city and created 10,587 jobs. The great majority of investing companies are within tech, followed by business services and retail, with these sectors offering attractive investment opportunities.

EMEA's strength lies in creating a great environment for tech development. According to a recent report by GP Bullhound- European Unicorns: Do They Have Legs? 2015, the top countries in Europe for 'unicorns' include the UK as a frontrunner, followed by Sweden, Germany, Russia, France, Finland and Israel. We are seeing that tech companies from these countries look to London to expand their business.

Spain is the top EMEA and Latin American investor into London since 2005 with a total of 134 projects landing in the city. Other top investors include France, with 105 projects since 2005, Italy (49), Germany (43), Ireland (38) and Brazil (43). Our clients in these countries see London as an easy gateway to the UK market. Plus, we see Middle Eastern, African and Latin American companies looking to London as a step to Europe.

We are confident that EMEA and Latin America will continue as a strong investor region and we have some great projects in the pipeline from clients looking to expand to London. There are some key events which will encourage investment, including Rio 2016 and Tales of Two Tech Cities: Berlin-London, an event in association with the British Chamber of Commerce in Germany. Confindustria, the lead organisation representing the manufacturing, construction, energy, transportation, tech, tourism and services industries in Italy holds several events, and the Lisbon 2016 Web Summit<sup>29</sup> is a huge event, which attracts tech companies from around the world.

London & Partners' multilingual team has vast knowledge of the different countries within EMEA and Latin America, and is ideally placed to help these companies expand to London.

<sup>29</sup> Lisbon 2016 Web Summit: <http://www.lis-summit.com>



## Spanish company profile

FCC started out as a construction company in Spain in 1893 and in recent years diversified into renewable energy and waste and water management. Its activity spans over 52 countries, employing more than 90,000 people. FCC started working in the UK environmental services market in 1989 via its subsidiary Focsa. Then in 2006 FCC acquired Waste Recycling Group, one of the top five companies in the UK waste management market. FCC acquired Alpine, the largest construction company in Central and Eastern Europe, in 2006. Alpine is involved in two Crossrail projects in Central London. We interview Rafael Foulquié Echevarría, UK & Ireland Director, FCC.

### Business aim

FCC sought to expand its global client base by generating new business in the UK and Europe. Although it had offices in regional cities around the UK, it wanted a base for senior management in central London in order to target the city's major infrastructure projects and to drive growth across Europe.

### Business success in London

On the back of a number of recent successful projects including the \$385 million Enniskillen Hospital PFI project, two road projects in Ireland and the International Broadcast Centre for the 2012 London Olympic Games, FCC Construction was keen to further develop its UK presence. The move is in line with the wider FCC Group strategy to expand into new geographical markets as part of its ambitious international growth plans.

### What advice would you give a company trying to expand to London?

"The UK and London are traditionally perceived as mature markets. Therefore, they haven't been heavily targeted, particularly by Spanish companies because of that perception. But the reality is that it's open to new companies and there is a good chance of success."

### Which sectors are you targeting in London and why?

"There are great opportunities in rail and tunnelling, particularly with the approval of the UK's new high-speed rail network HS2. We are already involved in London's new railway line, Crossrail. In the longer-term we are also targeting healthcare, renewables and nuclear power."

### How will opening in London help you achieve your strategic ambitions?

"Just a few years ago, our turnover was 80 per cent in Spain and 20 per cent overseas. This year, the balance is close to 45-55 per cent. Our aim is to make it 80 per cent from outside Spain. We're targeting Europe as our strategic growth region. We started in the Republic of Ireland ten years ago, we have worked in Northern Ireland and are now expanding across the rest of the UK."

### London has been rated Europe's top city for easy access to markets, transport links and city improvement. Did this influence your decision?

"The location could not be better. Firstly, for travelling around the UK and Europe and secondly, all partners and contacts are based in London."



# LONDON'S

## SECTOR HOTSPOTS

*London has seen a dramatic increase in investment in all sectors since 2005. Tech projects have increased by 178.1 per cent, life sciences by 125 per cent and creative industries by a staggering 733.3 per cent.*



While business services is a traditionally strong London sector, tech is the frontrunner, attracting 702 projects since 2005 and creating 11,308 jobs. Foreign investors view London as a global technology and startup hub – Facebook chose London for its first engineering centre outside the USA.

Further top sectors for investment include creative industries, financial services and retail. EY's *attractiveness survey Europe 2015*<sup>30</sup> shows that 79 per cent of investors from the financial sector consider London the most attractive European city and the capital is home to 250 foreign banks, employing more than 160,000 people.

5.1 TOP SECTORS FOR GREENFIELD FDI IN LONDON BY NUMBER OF PROJECTS AND JOBS CREATED, 2005-2015		
Sector	Projects	Jobs Created
Tech	702	11,308
Business services	289	2,525
Creative industries	228	3,195
Financial services	217	4,260
Retail	143	2,910
Life sciences and healthcare	107	2,581
Leisure and entertainment	87	3,916
Food and drink	85	2,713
Environmental	65	697
Industrials	62	569
Energy	50	656
Transport	45	1,114
Construction	45	874
Public administration	9	86
Primary	7	53
Not for profit	3	15

Sources: London & Partners data, 2005- 2015

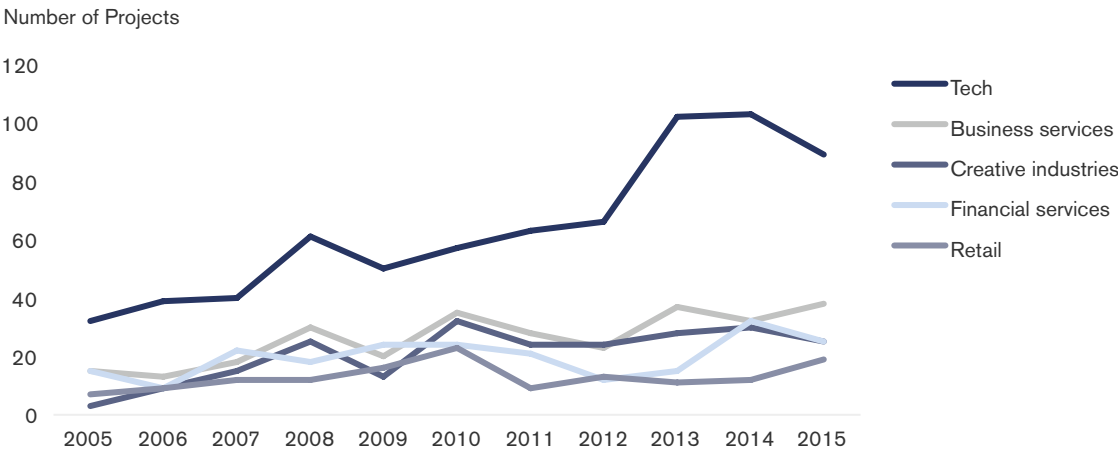
<sup>30</sup> EY's attractiveness survey Europe 2015: Comeback time: [www.ey.com/Publication/vwLUAssets/EY-european-attractiveness-survey-2015/\\$FILE/EY-european-attractiveness-survey-2015.pdf](http://www.ey.com/Publication/vwLUAssets/EY-european-attractiveness-survey-2015/$FILE/EY-european-attractiveness-survey-2015.pdf)

5.2 TOP 10 SECTORS BY GREENFIELD FDI, NUMBER OF PROJECTS, 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tech	32	39	40	61	50	57	63	66	102	103	89
Business services	15	13	18	30	20	35	28	23	37	32	38
Creative industries	3	9	15	25	13	32	24	24	28	30	25
Financial services	15	9	22	18	24	24	21	12	15	32	25
Retail	7	9	12	12	16	23	9	13	11	12	19
Life sciences and healthcare	4	10	7	10	13	14	9	11	6	14	9
Leisure and entertainment	2	7	8	7	9	16	6	5	8	7	12
Food and drink		2	2	7	10	18	7	5	11	12	11
Environmental		4	4	7	9	11	9	5	9	3	4
Industrials	2	4	4	3	7	12	11	6	3	5	5
Other	14	17	27	30	51	65	42	32	87	75	67
Total	92	116	145	199	196	271	208	186	264	278	283

Sources: London & Partners data, 2005- 2015

5.3 Top five sectors by greenfield FDI, number of projects, 2005-2015



Sources: London & Partners data, 2005- 2015



Spotlight: London’s tech scene

With over 40,000 digital businesses employing almost 200,000 people across the city, London can now boldly claim the title of digital capital of Europe, explains Louise Conolly-Smith, London & Partners’ Senior Key Account Manager – International Trade & Investment.

Ranking as Europe’s number one city for scale ups in the European Digital City Index 2015, and with an estimated tech ecosystem value of \$44 billion, London is the fourth largest tech ecosystem in the world, according to Compass’ *The Global Startup Ecosystem Ranking 2015*.<sup>31</sup>

What’s the attraction?

So what is it about London’s tech scene that makes it more attractive than cities like Berlin or Dublin? London is a cultural melting pot with a rich trading history and provides companies with easy access to international markets and customers, so it’s no surprise that it now has more European headquarters than any other major city.

Research from EY underlines the city’s attractiveness as a tech hub, with more than 1,000 international tech investment projects in London between 2005 and 2014. This is almost three times as many as the next most attractive city, Paris (381 projects). Furthermore, almost half of Europe’s billion-dollar ‘unicorn’ tech companies were founded in the UK, a total of 17 of the 40 European tech companies that have achieved IPO or been valued at \$1billion. London takes the lion’s share of these success stories, producing 13, including Farfetch, TransferWise and Shazam, according to GP Bullhound.<sup>32</sup>

Tech investment

At London & Partners we have worked with many tech companies and we pride ourselves on our sector knowledge. Since 2005, we have seen 702 tech projects land in London, with the sector accounting for 31.3 per cent of all projects landing in London over the last 11 years. The leading countries for all foreign direct investment in tech include the USA (34.5 per cent), India (16.2 per cent), Australia (4.9 per cent), France (4.8 per cent) and Spain (4.4 per cent).

Over the last 11 years, the number of tech projects has in general increased by 171.4 per cent. This upward trend has truly cemented London as a global tech hub and many companies look to London to expand their business due to this fast growing sector.



Investment funds are also flocking to London. Our most recent Tech investment Barometer reporting's revealed that investment into Britain's booming tech sector reached an all-time high in the last six months of 2015. However, we still have some way to go if we are to compete with the likes of Silicon Valley. The sector will only reach maturity when entrepreneurs go on to become investors who put capital and expertise back into the system.

**Top tech talent**

As well as access to capital, London's digital businesses can benefit from a highly skilled pool of tech talent. The city is home to five of the world's top 100 universities, attracting some of the best students from around the globe.

With such a diverse talent pool, we have seen a convergence of technology with traditional sectors such as financial services, medicine and advertising. This is perhaps best illustrated by London's booming fintech sector. Just a stone's throw away from each other, the financial powerhouse of The City of London and the creative tech hub of Shoreditch have collided to give rise to a wave of exciting fintech companies. According to a recent study from Bloomberg, London: Digital City on The Rise, 2014, London can now boast more fintech workers (almost 44,000) than Silicon Valley and New York.

**What can we expect in the future?**

London continues to attract the world's most innovative and creative companies in convergence sectors such as fintech, adtech and retailtech and others like fashiontech, cybertech, edtech and medtech. The UK government has in recent years encouraged innovation in both fintech and cybertech. This environment of innovation is creating great investment opportunities. A further growing sector we will see more of in the coming years is artificial intelligence, as well as 3D printing. We also expect to see countries such as China and Japan investing more in the London tech sector.

All in all, London is a great place to do tech business. According to PwC's *Cities of Opportunity*<sup>33</sup> report , London claims the top spot as a centre for technology readiness, business, finance and culture. It has also been named by Forbes as the world's most influential city. At London & Partners we look forward to working with many more tech companies from around the world in the coming years.

<sup>31</sup> Compass' Global Startup Ecosystem Ranking 2015: <http://blog.compass.co/the-2015-global-startup-ecosystem-ranking-is-live>  
<sup>32</sup> GP Bullhound's European Unicorns: Do They Have Legs? report June 2015: [www.gpbullhound.com/wp-content/uploads/2015/06/GP-Bullhound-Research-Billion-Dollar-Companies-2015.pdf](http://www.gpbullhound.com/wp-content/uploads/2015/06/GP-Bullhound-Research-Billion-Dollar-Companies-2015.pdf)  
<sup>33</sup> PwC's Cities of Opportunity 6 report: [www.pwc.com/us/en/cities-of-opportunity.html](http://www.pwc.com/us/en/cities-of-opportunity.html)

**London & Partners' tech clients**

Some of the larger projects we've worked on have been for Salesforce, Intuit, Tableau Software, Zendesk, Appirio, Kayako, Cigniti Technologies, Draft Kings, Realex Payments and Infotech Enterprises. All opened and/or expanded in London with over 40 employees and up to 500 employees, often also setting up their HQ here.

**London & Partners' role in London tech**

Over the past few years, we have played a pivotal role in attracting and helping companies such as OpenTable, Box and Amazon to establish a significant presence in London. Amazon recently announced that it has completed the move of its corporate HQ operations to London including moving more than 2,000 jobs to the capital. These organisations are attracted not only by London's large pool of talented engineers and developers, but by the city's expertise in the creative, design and artistic fields.





# LONDON'S

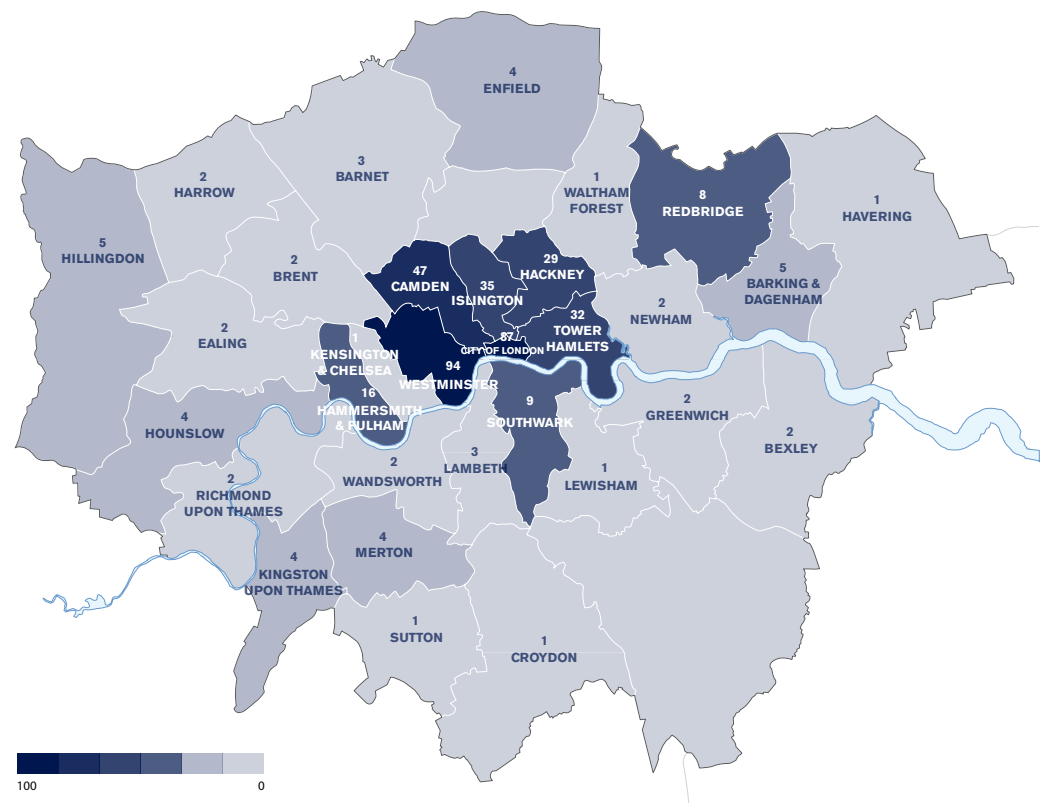
## SECTOR CLUSTERS

### Tech

There are several tech hotspots in the capital, spanning fintech, adtech, medtech, gaming, and more.

East London's Tech City is well established, but areas such as Croydon or the new business park, HereEast in Hackney, in the Queen Elizabeth Olympic Park, also offer future tech investors great locations to set up. Businesses also choose to settle close to Google's planned \$1 billion HQ in King's Cross, right on the doorstep of St Pancras International station with its fast train links to continental Europe.

5.4 ICT greenfield FDI projects by borough, 2005-2015



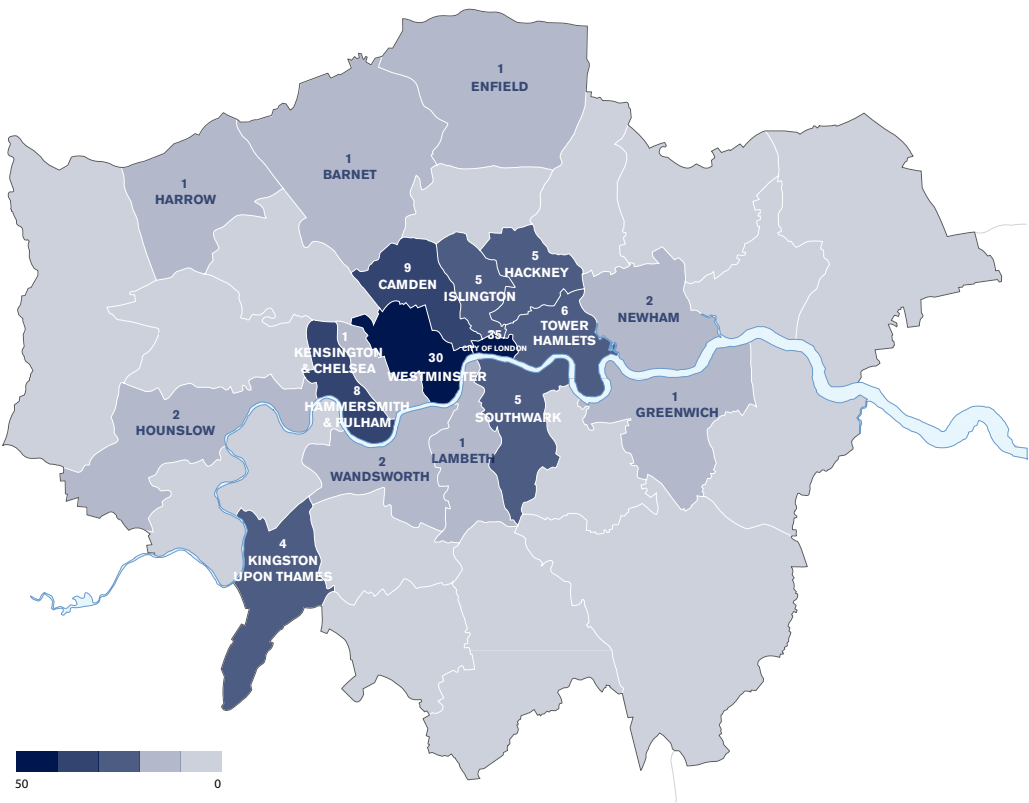
Sources: London & Partners data, 2005- 2015

### Business services

London is rated as the world's top city for professional services and is Europe's top legal and dispute resolution market and a top-three global insurance hub. It's the global leader for internationally traded insurance and reinsurance and the City of London is the only area where every top-20 international insurance and reinsurance firm is active.

Central London is the traditional location for accountancy firms, lawyers, legal advisers and consultants. However, companies also look at emerging inner London boroughs, including Camden, Hammersmith & Fulham, Southwark and Hackney. For those looking further afield, Kingston, Newham and Harrow offer good locations for setting up a business thanks to lower rents and fast transport links to central London and airports.

5.5 Business services greenfield FDI projects by borough, 2005-2015



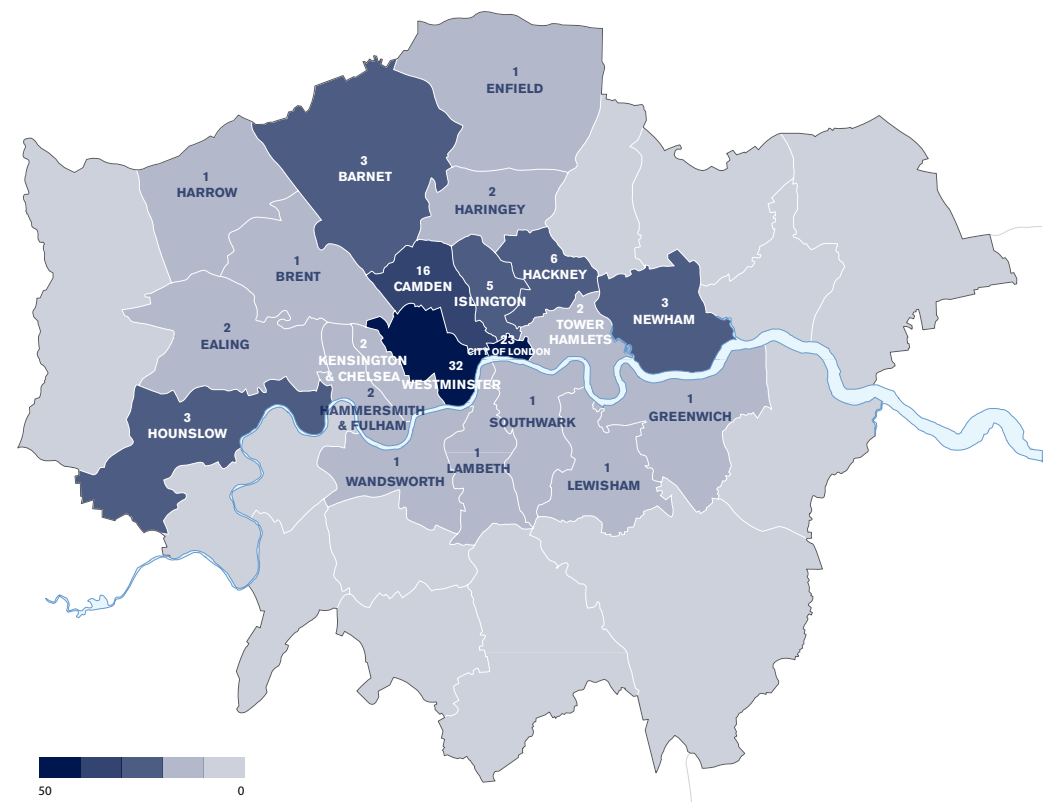
Sources: London & Partners data, 2005- 2015

## Creative industries

At the heart of London's creative scene, Soho (in the borough of Westminster) has established itself as a thriving international powerhouse. And with Shoreditch (Hackney), Hammersmith (Hammersmith & Fulham) and King's Cross (Camden) all firmly on the map, it's no surprise London is the world's creative capital.

London's creative sector encompasses a spectrum of disciplines, including VFX, film and TV production, arts and theatre, mobile technology and gaming. London is also the European headquarters of choice for the world's leading advertising and digital agencies. Foreign investors gravitate toward inner London sector hubs, however, the outer London boroughs of Newham, Hounslow, Harrow and Greenwich offer great value to those establishing new businesses.

### 5.6 Creative industries greenfield FDI projects by borough, 2005-2015



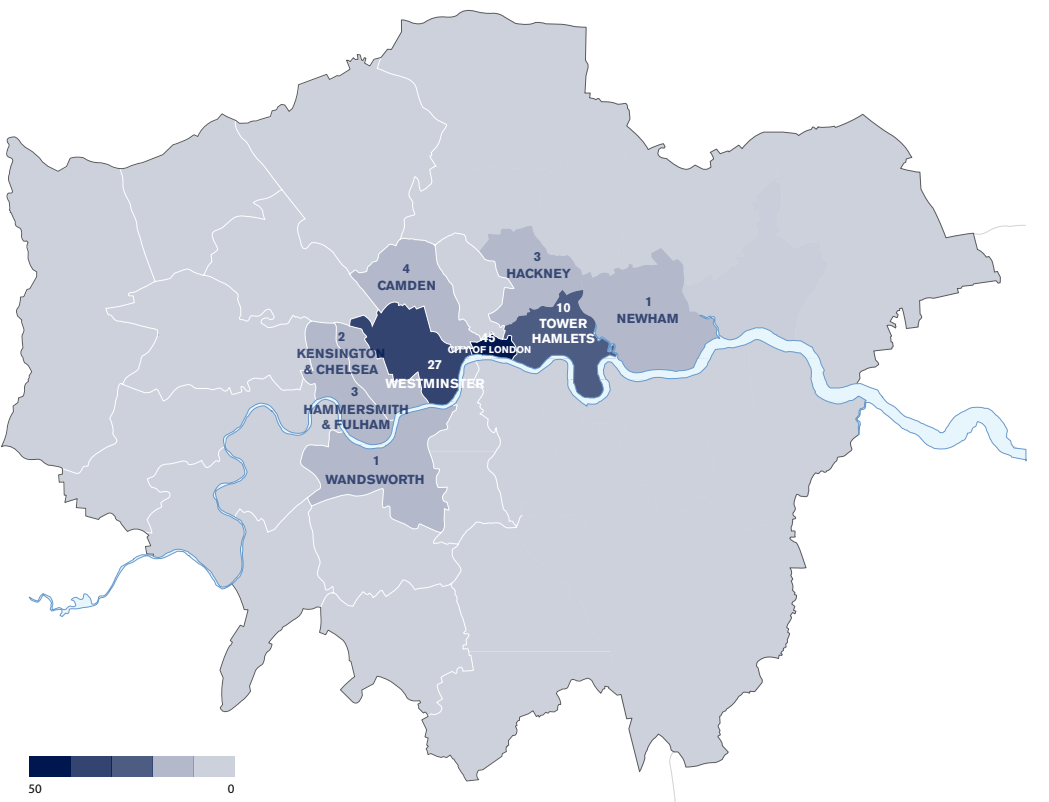
Sources: London & Partners data, 2005- 2015

## Financial Services

London's banking sector employs 143,000 people, and as the world's financial hub, the City of London is extremely receptive to new globalising industries such as carbon trading, Islamic finance and renminbi trading.

East London's Canary Wharf is home to Europe's largest banking cluster and the continent's biggest accelerator space for fintech companies, Level39. London & Partners' financial sector clients predominately set up in the City of London, Westminster and in Canary Wharf (Tower Hamlets Borough).

### 5.7 Financial industries greenfield FDI projects by borough, 2005-2015



Sources: London & Partners data, 2005- 2015

Retail

London's thriving retail market is the most popular destination for global retailers, according to CBRE's, *How Global is the Business of Retail 2015 report*<sup>34</sup>, and beats other cities with 57.9 per cent of international retailers present in the UK capital.

London's large and diverse customer base is a big attraction for overseas retailers. Between domestic customers living in and close to London, and overseas visitors, billions from consumers are spent on retail.

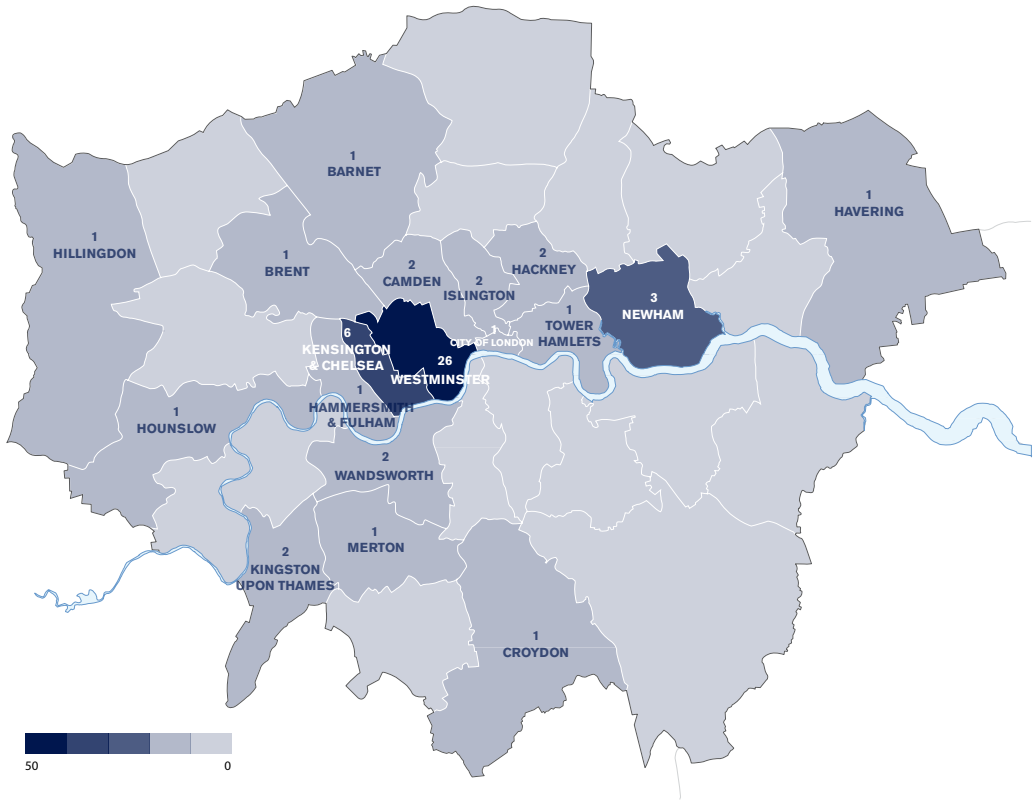
London's West End has ranked number one for retail spend among 15,000 towns and cities in Europe, according to retail specialist Harper Dennis Hobbs and the International Council of Shopping Centers<sup>35</sup>. Oxford Street and Regent Street are world-renowned for shopping, along with the exclusive Bond Street and the borough of Kensington & Chelsea where Harrods is located.

The London Luxury Quarter, which encompasses the historic area of Mayfair, St James's and Piccadilly, is in serious expansion and investment mode, preparing for a new wave of luxury devotees. Crossrail will bring 1.5 million more people within 45 minutes' commuting distance of the capital's key business districts, providing an estimated \$60 billion boost to the economy. While 155,000 people currently exit Bond Street station daily, when Crossrail arrives in 2017 that figure will increase to 220,000.<sup>36</sup>

Further retail development is also under way in Croydon with the construction of a new Westfield, as well as in the Wandsworth borough with the renovation of Battersea Power Station offering new residential and commercial properties.

Due to London's strong retail proposition, many global retailers set up shop in inner London in the boroughs of Westminster and Kensington & Chelsea, along with Newham, home to Westfield Stratford and the Olympic park.

5.8 Retail greenfield FDI projects by borough, 2005-2015



Sources: London & Partners data, 2005- 2015

<sup>34</sup> CBRE's How Global is the Business of Retail 2015 report: [www.cbre.com/research-and-reports/how-global-is-the-business-of-retail](http://www.cbre.com/research-and-reports/how-global-is-the-business-of-retail)  
<sup>35</sup> Harper Dennis Hobbs and ICSC, 2014: [http://www.hdh.co.uk/uploads/properties/HDH\\_and\\_ICSC\\_European\\_Retail\\_Centre\\_Ranking\\_10\\_Nov\\_2014.pdf](http://www.hdh.co.uk/uploads/properties/HDH_and_ICSC_European_Retail_Centre_Ranking_10_Nov_2014.pdf)  
<sup>36</sup> TfL, Annual Report and Statement of Account, 2013/14



SECTION

03

# LONDON & PARTNERS





# Who we are

London & Partners is the official promotional company for London. We promote London and attract businesses, events, congresses, students and visitors to the capital. Our aims are to build London's international reputation and to attract investment and visitor spend, which create jobs and growth. We are a not-for-profit public-private partnership, funded by the Mayor of London and our network of commercial partners.

**London & Partners:**

- Influences the investment decisions of global companies, persuading them to set-up and grow their business in London.
- Supports event organisers, helping them host business events and major sporting and cultural events in London.
- Promotes London to international leisure visitors and provides information to help them discover the city.
- Positions London as the best place for higher education and encourages overseas students to study in the capital.
- We do all this by working with the Mayor of London, UK Trade & Investment (UKTI), VisitBritain, London's boroughs and other key stakeholders, as well as our 1,000-plus private sector partners.

**Our offices:**

London | Beijing | Shanghai | Mumbai | New York | USA | San Francisco |  
representatives in several other countries.

Our team can advise you on every aspect of locating and doing business in London, free of charge.

Visit [invest.london](http://invest.london) to find out more

# Our team

**David Slater**

**Director of International Trade & Investment**

Since David joined in 2011, he has successfully secured over 1,000 FDI projects, creating over 15,000 new jobs. David is on loan from the Diplomatic Service; previously he was Deputy Head of the EU Engagement Department in the Foreign and Commonwealth Office. He has also worked as the UK Trade and Investment's Regional Director for the West Coast of the USA in Los Angeles; and as a Commercial Officer at the British High Commission in New Delhi, India.

**Craig Harrison**

**Head of FDI operations**

Craig has over 25 years of experience in economic development and international marketing gained from the regional and national government bodies, as well from the private sector. Craig is a member of the Institute of Economic Development.

**Nick Royle**

**Acting Head – North America**

Nick has worked with US companies for many years with experience in Export management in the Printing and Publishing sector. Nick has also worked as a Director of membership at British American Business.

**Sunil Dwivedi**

**Head of India – International Trade & Investment**

Sunil is a management professional with experience in top consulting firms. He has extensive knowledge of FDI, as well as the tech, TMT and medical sectors.

**Jeff Cao**

**Head of Asia Pacific – International Trade & Investment**

Jeff is responsible for running operations in Asia Pacific. He is has more than 20 years' experience in consultancy, covering FDI, particularly retail, pharmaceutical, FMCG, telecoms and financial services.

**Geyang Huang**

**Head of China – International Trade & Investment**

Geyang has more than 20 years' experience in FDI. Before joining London & Partners she worked for UK Trade & Investment in Shanghai, and East of England International.

**Bob Doyle**

**Acting Head of EMEA & Latin America – International Trade & Investment**

Bob has over 15 years' experience in FDI, previously working as an Inward Investment Manager at Gateway to London as well as at UKTI.

**Maria Corts**

**Head of Southern Europe & Latin America – International Trade & Investment**

Maria has over 10 years of experience advising companies from all over the world on their strategies and projects for inward investment. Previously, she was a Trade Specialist at California Technology, Trade and Commerce Agency.

**Louise Conolly-Smith**

**Senior Key Account Manager – International Trade & Investment**

Louise works with North American technology companies. She is the tech sector champion at London & Partners and sits on the London Technology Week steering group.

**Catherine Thomas**

**Market Analyst**

Catherine is dedicated to the research and analysis of FDI in London. She previously worked in legal research for Latin American law firms.

**Steven Spires**

**Manager – Market Analysis**

Steven is an experienced research professional, with eight years' experience in FDI. Prior to this, he spent more than a decade working in various research-based roles, across various sectors including the automotive industry.

## Methodology

Our evaluation of foreign direct investment (FDI) globally, in Europe, the UK and London is based on three databases:

- UNCTAD: United Nations Conference on Trade and Development, World Investment Report, 2015
- fDi Markets, February 2016
- London & Partners company database, 2005-2015

These databases track greenfield investment, which comprises a form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from scratch. We have focused much of the analysis on the number of projects, as well as the capital investment used to open new facilities and jobs created.

**We've excluded these investment categories from our analysis:**

- Mergers and acquisitions or joint ventures
- Licence agreements
- Portfolio investments

**Further supporting sources:**

- Regional breakdown is based upon International Passenger Survey (IPS) definition of world regions, 2015. Europe refers to Western Europe and Eastern Europe
- fDi Intelligence, *The fDi Report 2015*
- fDi Magazine, *fDi European cities and regions of the future 2016/17 rankings*
- EY's *attractiveness survey Europe 2015: Comeback time*
- KPMG: *Global Cities Investment Monitor 2015: New Rankings, Trends and Criteria*
- Deloitte: *Global cities, global talent, London's rising soft power, 2016*
- Deloitte: *London Futures: London crowned business capital of Europe, 2014*
- UK Trade & Investment (UKTI), *Inward Investment Report 2014/15*
- 2010 to 2015 government policy: *2012 Olympic and Paralympic legacy, 2015*
- List of inner/outer London boroughs, By London Councils, 2015:

**Exchange rates are correct as of February 2016.**

**London & Partners data**

Using London & Partners data, we've highlighted investment trends for London such as the top investing countries and the top sectors for investment. We affirm that this analysis demonstrates London & Partners' view of the market, and that all databases offer slightly different methodologies and coverage. But we hope with this report we are able to provide an in-depth overview of investment trends by assessing various databases.

Comparing London & Partners data to fDi Markets, London & Partners data covers nearly 60 per cent of the projects tracked by fDi Markets. In 2015 we worked with 64.5 per cent of investment tracked by fDi Markets. Although this percentage is high, the reason it is not higher is that large multinationals already established in London do not always seek our aid, thus these projects are tracked by fDi Markets, and are not in the London & Partners database.

**Note**

Part 1 of this report cites data drawn from the various sources above, whereas Part 2 refers to London & Partners' data only.

**Glossary**

- Global greenfield investment: a form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up. Within our analysis this excludes mergers and acquisitions or joint venture, licence agreements and portfolio investments.
- Projects/foreign direct investment projects: each individual new venture made by a company. One company may make various investment projects.
- Capex/capital: all monetary values are measured in \$USD billions or millions.
- Source investment: the region, country and city where the company is originally based.
- Destination investment: the region, country, city or London borough where the new venture is based.
- Proposed function: the type of new investment venture, for example a headquarters or a sales and marketing office.
- Jobs (London section of report – London & Partners data): the number of jobs expected to the created in the first year of operation of the project.
- Jobs (global & Europe sections): the number of announced or estimated jobs expected to be created by the investment project.
- Global competitiveness: definition based on City Lab's study *The World's Most Economically Powerful Cities*,<sup>37</sup> which takes into consideration overall economic clout, financial power, equity and quality of life.

<sup>37</sup> Martin Prosperity Institute, City Lab's study *The World's Most Economically Powerful Cities, 2015*



## Contacts

This research was undertaken by London & Partners' Strategy and Insights team. London & Partners is London's official promotional organisation. Our job is to promote London and attract visitors, businesses, students, events and congresses to this remarkable world city.

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