

LONDON & PARTNERS

FDI BAROMETER

JUNE 2010

As the official promotion agency for London and the voice of foreign direct investment (FDI) in London, London & Partners (formerly Think London) have commissioned a long-term study that tracks the satisfaction, confidence and loyalty of overseas-owned companies towards London as a business location.

The survey is conducted on behalf of London & Partners by Ipsos MORI three times a year, tracking movements in business confidence and changes of opinion amongst the capital's more than 20,000 overseas-owned companies.

The survey respondents are C-level decision makers responsible for selecting and maintaining a company's location. Interviews were conducted over the phone. The results of the interviews are treated on an anonymous basis and the data are weighed by sector and country of origin to match the profile of foreign-owned businesses in London.

Every effort has been made to ensure that the survey fully represents the diversity of London's FDI in terms of sector, size and country of origin. More than 280 companies have participated in the second survey, representing an employment base in excess of 130,000 staff across the capital.

SUMMARY OF KEY FINDINGS:

- **95%** of overseas-owned companies are **satisfied with London** as a location for their business, an increase of 5 percentage points from the first survey undertaken in January 2010. Almost half of overseas companies (**47%**) are **very satisfied** with London.
- **62%** of firms said they were more **confident of the prospects for their business** in London over the next 12 months, when compared to the previous 12 months. Only **13%** said that they were **less confident**, compared to 17% in January '10.



- Business confidence for the next 12 months is higher, indicating confidence about London's resilience as a business centre in a challenging world economy and its position as a 'safe hub'. However, respondents appear to have slightly lower expectations of revenue, staff and profit growth versus January '10.
- "All big companies have a headquarters in London. Large corporations and their subsidiaries are based in London which presents good business opportunities."
Hyundai Logistics Ltd, UK HQ
- The principal reason for a London presence is London's **proximity to markets** and customers, cited by nearly three quarters (73%) of respondents.
 - **Operating efficiencies** have increased in importance as the principal reason for a London presence, especially with companies who set up in London recently (in the past two years). For Asia based companies, these areas are twice as important. This result is in line with predictions about the changing parameters for foreign direct investment in the post-recession era. In the future, the quest for a business location creating efficiencies will stand side by side with more traditional parameters such as market access (access the report '[London 2020 – Competing in a New FDI Era](#)', March 2010).
 - 'London's availability of talent moves sharply up the ranking for top of mind attractions, from 21% overall to 30% for companies who have been in London for a while (6+ years), reaching 47% with larger companies (101-1000 members of staff). Almost a third of those rank it as the most unique factor of differentiation compared with other major international cities.
- "The first is that for a USA company it is a very easy cultural and legal voyage to Europe which is our next market. It has the potential to provide very capable employees. It has good logistical infrastructure."
Row 44, US ICT firm, European Headquarters
- **81%** of respondents agreed that the benefits of a London presence outweigh the costs attached to a London office. This percentage rises to 90% with respondents from EMEA.
 - When asked what single factor they would most like to see changed in London, around a fifth of companies identify **transportation/road infrastructure**, while **19% cite corporate taxation¹**, and **19% personal taxation**. Changes to taxation were particularly important for firms in the Financial Services sector, with 29% of companies highlighting this as an area of concern.

Survey conducted between 24th May and 23rd June 2010

1) The vast majority of respondents were surveyed before the announcement of the new Budget on 22nd June.

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