



**Glasgow City Council**

**Economy, Housing, Transport &  
Regeneration Policy Committee**

**Report by Director of Regional Economic Growth**

**Contact: Anne Murray Ext: 77218**

**Item 3**

**15th August 2023**

**INVEST GLASGOW ANNUAL REPORT 2023**

**Purpose of Report:**

To update the committee on the city's investment performance – inward investment and capital – together with an update on Invest Glasgow's programme of activities.

**Recommendations:**

It is recommended that Committee notes the content of this report and its appendices.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

## **1 Introduction**

- 1.1 This report provides a summary of the performance of Glasgow in terms of attracting foreign direct investment (FDI) and capital investment to the city and the number of jobs created (primarily in our key sectors) 21/22 and 22/23. It also outlines the work undertaken by Invest Glasgow to promote Glasgow as a top location for investment.
- 1.2 Being successful in attracting new inward investment relies on the availability of top quality real estate so this report also covers some of the property developments which have come to Glasgow and provides an outlook on the city's commercial real estate offer as well as supply and demand issues.

## **2 Inward investment**

- 2.1 The Scottish Government defines an inward investor as a company or institution headquartered outside of Scotland that establishes a base of operations within Scotland, creating jobs and associated capital investment.
- 2.2 Scottish Development International, SDI, is the national inward investment delivery agency. As outlined in the Scottish Government's inward investment plan, Shaping Scotland's Economy, SDI seeks to attract inward investors, as well as supporting the expansion of inward investing companies, where they meet their values of fair work, net zero and sustainable and inclusive economic growth.
- 2.3 Inward investment is an economic development priority for the city and the wider region because FDI brings multiple benefits:
  - The establishment of new operations for existing overseas businesses
  - The expansion of existing businesses (existing inward investors)
  - The creation of new and additional jobs
  - Direct benefits to the local supply chain
  - Infrastructure development
  - Introduction and adoption of innovative products and practices

In seeking to bring these benefits to Glasgow, Invest Glasgow does so in the context of the 3 grand challenges outlined in the Glasgow Economic Strategy,

- enhancing productivity
- tackling the climate emergency; and
- promoting inclusive growth.

It also seeks to address the 4 grand challenges of the Glasgow City Council Strategic Plan 2022 – 2027 in particular to increase opportunity and prosperity for all our citizens,

### 3 Invest Glasgow

- 3.1 Since its establishment in 2012, Invest Glasgow has worked in collaboration with SDI and other external partners to promote Glasgow as a location of choice for investment from around the world. According to the annual EY Attractiveness Survey 2023, Scotland remains the most attractive region outside London for FDI in the UK, already one of the top locations in the world for FDI, and within the UK, Glasgow currently ranks 4th in the UK's top 20 cities with a total of 20 projects.

EY's survey does not measure the number of jobs created so a city which landed fewer projects could potentially have created more jobs than higher ranked cities.

- 3.2 Invest Glasgow, based within the Economic Development Division of the Chief Executive's Department, comprises a small team of 5 officers, smaller than most of our key competitor city investment teams such as those in Manchester (senior management team of 8 heads of service), Birmingham (one CEO and 5 director level officers), Liverpool (7 senior officers) and Newcastle (6 senior officers). Although smaller in number, Invest Glasgow has had another successful year in attracting FDI relative to our key competitors thanks to effective collaboration, investment in smart digital tools and effective collateral. As the city and city region's one-stop-shop for investment, Invest Glasgow complements the national agencies (SDI and Skills Development Scotland (SDS)) by providing investors with free, up to date, local market intelligence and a bespoke service to investors which includes:

- Supporting enquiries using our CRM
- Provision of access to market intelligence using a variety of industry tools and products
- Property searches and advice on site/property availability
- Discretionary financial incentive (soft-landing space)
- Signposting to business support and incentives available elsewhere

Invest Glasgow also covers:

- Proposition development – Why Glasgow? tailored propositions
- Investment-related event coordination (eg United Kingdom Real Estate infrastructure and investment Forum, UKREiiF, domestic equivalent of MIPIM), sector-focused events
- Marketing collateral including our bespoke website with in-built site selection portal, investment guides/pitchbooks and webinars
- Lead generation – proactive approach to attracting investment
- Investment strategy and policy development

## 4 Foreign Direct Investment

- 4.1 Glasgow has a strong track record in attracting FDI with high profile, blue-chip examples which includes JP Morgan, Morgan Stanley, Barclays who originally settled in the International Financial Services District (IFSD). Barclays has since moved to their Campus HQ at Tradeston, creating jobs for 5,000. These three inward investors have grown in Glasgow, creating almost 10,000 jobs in the financial services sector (which employs circa 54,000 in Glasgow) since the establishment of the IFSD in the early 2000s.
- 4.2 Building on these and other successes, Glasgow is now one of the UK's most attractive cities for FDI. Glasgow offers a cost-competitive alternative to London and other competitor cities in the UK. The city's labour costs are 44% lower and property costs 62% lower than London. Grade A office rents are 66% lower than London, 8% lower than Manchester and 6% lower than Birmingham while offering excellent quality and choice. Furthermore, Glasgow compares favourably to competitor UK cities in terms of lower housing costs making the city among the most cost competitive and affordable locations in the UK.
- 4.3 According to the EY Annual Attractiveness survey which was published in June, showing 2022's results, Glasgow ranks 4<sup>th</sup> in the UK's top 20 cities outside London with 20 projects (company investments). Set against a 6% decline in total UK projects and growth of just 1% across Europe (EY), this is another strong performance for Glasgow. Key competitors, Manchester, historically strong, recorded 45, Edinburgh comes second with 38 and Birmingham is third with 28 projects. Glasgow's position in the ranking is unchanged from the previous year but with 3 fewer projects recorded. The reason for the drop is unclear but could be due to a number of factors including which sectors are targeted.
- 4.4 The EY annual survey acts as a good barometer of Glasgow's inward investment performance in a UK context but Invest Glasgow also tracks performance on an ongoing basis using data from the fDi Intelligence suite of products (The Times Group). As outlined in Appendix 1, in 2022/23, Invest Glasgow recorded 16 projects. The methodologies used by EY and fDi vary slightly which accounts for the difference in the number of projects:
- EY uses data gathered during the calendar year where fDi uses data gathered during the financial year
  - EY outcomes include Mergers & Acquisitions (M&As), fDi data does not.
- The fDi data also enables Invest Glasgow to drill down to provide jobs figures, which the EY survey does not. During the year 22/23, the 16 projects generated 655 jobs, averaging 41 jobs per project.
- 4.5 The dominant single source market for these projects and jobs is the USA, recording 2,531 new jobs since 2018. The second most important source market is Western Europe with projects from France, Germany, Ireland, the Netherlands, Spain and Switzerland giving a combined total of 1,706 new jobs. (See Appendix 2 for a full breakdown). Closer to home, London and the South

East offer us the opportunity to target UK-based companies as well as international investors and funds who are looking to establish regional bases or for capital projects in which to invest.

In terms of sectors, financial and business services remain the biggest sector for FDI into Glasgow with digital and tech and advanced manufacturing emerging as new and significant sectors for inward investment and the wider city economy.

4.6 Glasgow has now developed specialisms and centres of excellence in other sectors which have been successful in pulling in inward investment. More recently, Glasgow has seen the arrival of smaller inward investors especially into the rapidly-expanding digital tech sector including:

- Bird.i (USA), a satellite and aerial imaging specialist and a subsidiary of US-based Zonda, expanding its technology centre in Glasgow by creating 12 jobs, and
- Invisors Europe Ltd (USA) Atlanta-based Invisors LLC set up a new office on Queen Street to serve their European market providing, initial deployment, optimisation and ongoing support services in the UK, Ireland, and North America for Workday's full suite of products, including staffing and financial management creating 20 new jobs. Invest Glasgow worked directly with the company to identify support needs in partnership with SDI and SDS.

These investors may land with a smaller footprint but they usually come with plans to grow the headcount of high value jobs and become active in the local ecosystem. A full breakdown of the latest performance is provided in Appendix 1.

## **5 Capital Investment and property transactions**

5.1 In 2022/23, 3,070,843 sq ft of key property/site transactions were carried out in Glasgow to the value of £547.24m.

Some 8,208 sq ft of office space, 2141 sq ft of student accommodation, 3,552 sq ft of major mixed use development, 3,098 hotel rooms (with planning approval) and 8,208 BTR homes are currently in the development pipeline suggesting healthy investor and developer interest in Glasgow, a sentiment reinforced from conversations at UKREiiF.

5.2 Capital and development investment into the city's commercial real estate is critical, not just to ensure adequate and fit for purpose workspace for investors and indigenous businesses, but also to create the places where people want to live and work. Capital investment flows must support the requirements of our key sectors including financial and business services, life science, digital technologies, advanced manufacturing and higher and further education. This will necessitate the creation of more first-class office space with ESG credentials, fit-for-purpose industrial space including lab space from basic to state-of-the-art, co-working space to meet the needs of a more hybrid

orientated workforce, affordable homes (including student accommodation) to accommodate a growing population, and hotels to support our business tourism and leisure industry.

- 5.3 Mixed use developments include a blend of some or all of these and can create new neighbourhoods in the city centre or out of town. Current examples include Candleriggs Square in the heart of the Merchant City which when complete will bring 346 Build to Rent (BTR) apartments, a 500-room hotel and leisure complex to the area together with ground floor retail and commercial units. Similarly, Love Loan at George Square will bring a 245 hotel, 168 serviced apartments, restaurants/bars and a private members club together with new public realm, bringing much-needed vitality back to the city centre post pandemic. Future major mixed-use developments include St Enoch's by Sovereign Centros and The Galleries by Landsec. Together these developments should have a transformative impact on the city centre as a driver of the city economy, further enriching our pitch to investors.
- 5.4 While market forces will ultimately determine investor decisions, Invest Glasgow strives to influence decision-makers and promote the city as a competitively priced option through a strong city narrative, excellent marketing collateral and by proactively engaging with the investor and developer community at every opportunity. Invest Glasgow also endeavours to ensure alignment with Council policy and other key strategies including the Glasgow Housing Strategy and Glasgow Standard, City Centre Strategy and the City Centre Living Strategy through regular engagement with colleagues in Neighbourhoods and Regeneration Services (NRS).
- 5.5 Manufacturing is a key pillar of Scotland's economy, and as Scotland's largest city, Glasgow's reputation stems from its role as one of the world's first industrial and heavy engineering centres. Advanced manufacturing accounts for more than 169,000 jobs across the city region, £16.3bn GVA, 50% of Scotland's international exports and 47% of businesses expenditure on R&D.

## **6. Events**

- 6.1 It is against this backdrop that Invest Glasgow participates in large real estate events to showcase Glasgow and the wider city region, as well as promote specific investment opportunities in our pitchbook<sup>1</sup>.
- 6.2 UKREiiF launched in May 2022 in Leeds as a domestic alternative to MIPIM, Cannes. (Glasgow has not attended MIPIM since 2019 with no immediate plans to return.) Invest Glasgow participated at UKREiiF in 2022, the inaugural event, taking an exhibition stand and a small delegation to test the event and, impressed with the scale and quality of the event, returned in May 2023, with a stand and a bigger delegation including the senior colleagues from CED, NRS and City Property LLP. The event attracts some 8000 delegates and, in addition to the opportunity to exhibit, the event organisers run a packed programme of themed events and Glasgow took advantage of the opportunity to participate in

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<sup>1</sup> Available at: [www.investglasgow.com/resources/publications](http://www.investglasgow.com/resources/publications)

2 panel sessions including digital connectivity and BTR. Glasgow speakers were in demand across a number of programme and fringe events including one on Glasgow, the Feminist City and several on climate change and green finance.

- 6.3 The Invest Glasgow stand acts as a focal point for engagement with investors, developers and occupiers and traffic onto the stand was brisk across the 3 days, generating numerous enquiries to follow up with colleagues and partners. Plans are already being put in place for 2024 with a larger stand space and a bigger delegation for greater impact.
- 6.4 Invest Glasgow also has plans to deliver events using Scotland House in London (of which GCC is a member). Targeting London and the South East-based investors, these events will focus on promoting our investible propositions and assets including green investment opportunities, as well as supporting our start-ups and scale-ups seeking venture capital investment.

## **7. Lead generation**

- 7.1 Competition for mobile inward investment grows more intense year on year and investment promotion teams such as Invest Glasgow can never rest on our laurels but need to take proactive measures to remain competitive.
- 7.2 For that reason, Invest Glasgow has been implementing a lead generation drive. In addition to attendance at events such as UKREiiF where we can target potential investors in advance, as well as engage face-to face, we have been using a number of tools such as fDi Markets and Benchmark (parts of the fDi Intelligence suite), LinkedIn Sales Navigator and Zoom Prospector (site selection portal on our website) to track signals that indicate that a company is looking for a UK location. By combining the key features of all of the tools, we are able to home in not only on company prospects but also identify investment decision-makers, allowing us to take a more targeted and informed approach to engagement with potential investors.

This is a relatively recent addition to our work programme. Lead generation is time consuming and labour intensive and may not yield immediate results but it has become a key part of Invest Glasgow's strategy to increase levels of investment to the city.

## **8. Marketing and communication**

- 8.1 At the end of 2021, Invest Glasgow launched its new high-impact, highly visual website, using our new branding, developed to act as our shop window to investors. The rich content which includes marketing collateral, webinar recordings and case studies, is complemented by the inclusion of a number of tools which together tell a more compelling story, improve functionality and navigation:
  - drone footage, particularly useful to show investors new to Glasgow what the city looks like

- Zoom Prospector (site selector portal) using real time data; and
  - Glasgow City Region Tech Ecosystem Platform to highlight the strengths and potential areas of growth in the startup ecosystem.
- 8.2 Work is underway to create a digital marketing campaign which consists of a series of “talking heads” courtesy of senior executives from among our existing inward investor community to help promote the advantages of locating in Glasgow. The first phase of the campaign is due for launch in autumn 2023 and will be housed on Invest Glasgow’s website.
- 8.3 We are currently working with the website developer to provide translation to other languages which match our key markets.
- 8.3 Invest Glasgow has also invested in a new digital publishing tool (Foleon) which has been used to produce a number of documents including the Greenprint for Investment pre COP26, and pitchbooks to promote investment opportunities (all of which can be found on our website). The benefits include eliminating the cost of traditional design and print, the reduction of waste and storage space, and ease of updating. Foleon is now more widely used across Economic Development for key documents including the Glasgow Economic Strategy.

## **9. Glasgow Investment Strategy 2023-2030**

- 9.1 A new Glasgow Investment Strategy is the subject of another paper being presented to Committee. The new strategy which follows on from the current Strategy 2019-2023, will cover the period 2023 to 2030, and is built on ethical principles, aligned to the values identified in the Scottish Government Inward Investment Plan, “Shaping Scotland’s Economy”, a net zero economy with the principles of fair work and sustainable, inclusive growth at its heart, as well as the 3 Grand Challenges identified in the Glasgow Economic Strategy, referred to in 2.3.

## **10. Rankings and awards**

- 10.1 Each year, fDi Intelligence publishes rankings and awards for European Cities and Regions of the Future. The study benchmarks the most promising investment destinations across Europe and those which are most attractive to FDI. Some 356 cities were assessed and London ranked best-in-class. The study shows, however, that some cities such as Amsterdam, Dublin, Paris and Frankfurt were successful in intercepting some of the companies that relocated from the UK post Brexit.
- 10.2 Cities are grouped by population size – major, large, mid-sized small and micro - and then ranked based on data collected across five subcategories: economic potential, business friendliness, connectivity, human capital and lifestyle, and cost effectiveness. The final decisions are made by a panel of FDI experts. Glasgow falls under the large cities category which includes cities such as Manchester, Hamburg, Antwerp, Seville, Krakow and more. This year Glasgow was placed as follows:  
3<sup>rd</sup> for FDI Strategy 6<sup>th</sup> for Connectivity

## 11. Looking ahead

- 11.1 Members may be aware that Glasgow City Region was recently awarded Investment Zone status, one of only 2 in Scotland, following an agreement by the Scottish and UK Governments. This will bring tax reliefs and funding (£80m) to the region to incentivise greater levels of investment, improve skills, provide specialist business support and improve local infrastructure with fair work as a guiding principle. Invest Glasgow will support the Director of Regional Economic Growth as policies and plans are developed for the delivery of this most welcome package of support and incentives.

## 12. Conclusions

- 12.1 Evidence shows that Glasgow remains an attractive destination for FDI and capital investment, holding its 4<sup>th</sup> place in the top 20 cities in the UK. While external factors will always influence where inward investment lands, Invest Glasgow will continue to promote Glasgow's many assets and advantages over other competitor cities through high quality, evidence-based collateral, strong messaging, collaboration with key partners and industry, and through lead generation efforts, proactively engaging with investment decision-makers around the world.
- 12.2 Invest Glasgow will continue to provide annual progress reports to Committee.

## 13 Policy and Resource Implications

### Resource Implications:

*Financial:* financial resources required are covered by agreed budgets      None

*Legal:*      None

*Personnel:*      None

*Procurement:*      None

**Council Strategic Plan:** Specify which Grand Challenge (s) and Mission (s) the proposal supports. Where appropriate the relevant Commitment can also be listed.

**Grand Challenge 2 – increase opportunity and prosperity for all our citizens**  
Mission – support the growth of an innovative, resilient and net zero carbon city.

**Grand Challenge 3 – Fight the climate emergency in a just transition to a net zero Glasgow**

Mission – become a net zero city by 2030

**Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.* Yes generally supportive

*What are the potential equality impacts as a result of this report?* Invest Glasgow supports the 3 grand challenges of the Glasgow Economic Strategy including promoting inclusive growth as well as the Council's Fair Work policy, specifically a requirement to pay the Glasgow Living Wage

*Please highlight if the policy/proposal will help address socio-economic disadvantage.* Invest Glasgow supports investment into all sectors including the foundational economy sectors which support entry level jobs.

**Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:* Yes generally supportive

*What are the potential climate impacts as a result of this proposal?* Generally positive. All projects we promoted by Invest Glasgow are required to specify which UN Sustainable Development Goals they target

*Will the proposal contribute to Glasgow's net zero carbon target?* Invest Glasgow supports the city's efforts to attract green investment and encourage sustainable development in order to achieve net zero by 2030

**Privacy and Data Protection Impacts:**

Are there any potential data protection impacts as a result of this report? No

If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out

#### **14 Recommendations**

It is recommended that Committee notes the content of this report and its appendices.