

Appendix 1

Glasgow Investment Strategy 2023-2030

Executive Summary

Glasgow is one of the largest city region economies in the United Kingdom, at the heart of Scotland's only metropolitan region. It is now firmly established as a global business destination. Currently ranked 4th in the UK's top 20 cities for Foreign Direct Investment (FDI), Glasgow can compete with the best for new investment and well-paid, sustainable jobs across a diverse range of sectors. And now with investment zone status granted, new tax and regulatory rules will help to incentivise even greater levels of investment. Third among Europe's large cities of the future for FDI strategy 2023 (fDi Intelligence, part of the Times Group), this new investment strategy to 2030 aims to build on previous achievements and access to world-class assets to ensure future success.

The new investment strategy for Glasgow and the wider city region is one based on ethical investment principles. It has been developed to align with the Scottish Inward Investment Strategy: *Shaping Scotland's Economy*¹, which is values-led, those being fair work, net zero and sustainable and inclusive economic growth.

It also aligns with the new economic strategies for the Glasgow City Region, GRES,² and Glasgow city³ with their 3 shared grand challenges of:

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

Each of these key strategies is evidence-driven and based on a rigorous analysis of economic data and intelligence. *Investment strengths* underpin one of the 4 pillars (economic capital) in the GRES while *Inward investment and internationalisation* is one of 9 key themes identified in the Glasgow Economic Strategy 2022-30.

This new strategy builds on the achievements during the lifetime of the previous investment strategy and action plan (2019-23). It draws on this new evidence and augments it with the most up to date global research including key sources such as fDi Intelligence (The Times Group), EY (Annual Attractiveness Survey) and the United Nations Conference on Trade and Development (UNCTAD). It also draws on local performance data to support our approach to promoting Glasgow and the city region as one of the UK's most successful investment locations and Scotland's premier location for FDI and capital investment.

¹ <https://www.gov.scot/publications/shaping-scotlands-economy-scotlands-inward-investment-plan/pages/5/>

² (<https://glasgowcityregion.co.uk/wp-content/uploads/2021/12/GCR-EconomicStrategy-Final.pdf>)

³ <https://www.glasgow.gov.uk/economicstrategy>

In this strategy, we apply the Scottish Government's definition of 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."

1. Introduction

Inward investment has been an important building block in the city and region's approach to economic development, supporting the drive to create new and well-paid jobs (typically offering higher average wages in almost every sector compared to local businesses and spending more on R&D and Innovation), attract talent, broaden our business base as well as encouraging greater productivity through the introduction of innovative products and practices.

While inward investment supports many of our growth sectors, creating high value job opportunities for highly qualified individuals, we should not ignore the fact that other important sectors within the foundational economy, including retail, hospitality and leisure, bring significant investment in new hotels, retail and attractions which support good quality employment and career opportunities from entry level to management.

As a Fair Work city, Glasgow is committed to creating a working life where Fair Work drives success, wellbeing and prosperity for individuals, businesses, organisations and society. Therefore, regardless of the sector, Invest Glasgow seeks to attract investors with clear ESG credentials and a commitment to supporting fair work, paying the Glasgow Living Wage and showing zero tolerance for zero hours contracts.

Invest Glasgow will apply due diligence to ensure that like-minded companies are supported to locate in Glasgow.

2. Invest Glasgow

Invest Glasgow is the Glasgow City Council based team whose remit is to attract and secure new investment to Glasgow and the wider region, as well as support existing investors. Our core activities include:

- **Marketing and communication:**⁴ website (content curation) development and maintenance, on-line digital collateral including the Greenprint⁵, investment pitchbooks, Glasgow Narrative⁶, as well as social media promotion, (digital) campaigns
- **Market intelligence:** data gathering, analysis and interpretation to inform collateral, website content and to support our investment pitch (Why Glasgow?)
- **Lead generation:** using a variety of tools including fDi Markets and Benchmarks (both The Times Group products), the CRM, Zoom Prospector (site selection portal) "Lead Feeder" and LinkedIn Sales Navigator, proactively targeting company contacts to introduce Glasgow as a location for mobile investment

⁴ www.investglasgow.com

⁵ <https://invest-glasgow.foleon.com/igpubs/glasgow-greenprint-for-investment>

⁶ <https://invest-glasgow.foleon.com/igpubs/glasgow-greenprint-for-investment>

- **Events:** organising, curating programmes and coordination of delegations to participate in global events and trade fairs, webinars, sector focused events
- **Inward investor support:** Invest Glasgow supports inward investment by offering our discretionary soft landing space incentive to those investors who have committed to taking office space in the city. (Glasgow is the only city in Scotland to offer this and one of a few in the UK.)
- **Enquiry handling:** via our CRM, taking a systematic approach to managing all enquiries with a view to conversion to landed investments

In pursuing this remit, we face stiff competition from other cities both in the UK and further afield. Invest Glasgow will continue to seek out new ways to deliver, and extend, our range of services to tap into new markets through well-developed lead generation methodologies, aiming to reach the widest audience with world class marketing practices and collateral.

We will continue our close collaboration with the Scottish Government, Scottish Development International (SDI) and Skills Development Scotland (SDS) and the Department of Business and Trade (DBT) to pool our resources and deploy all available incentives to present investors with the most compelling reasons for choosing Glasgow.

3 Why Glasgow?

According to the EY, “When considering investing in regional locations outside of London in the UK, the criteria that investors rank as most important include:

- availability and skills of the local workforce
- strength of business network locally
- local labour costs
- support from regional economic advisory bodies.”

Glasgow and the wider city region can offer this and much more.

Glasgow can boast one of the best educated and most flexible workforces in the UK with 52% of the working age population educated to degree level, placing Glasgow in the top 15% in Europe. We have world class universities and colleges producing nearly 34,500 graduates from a pool of more than 185,000 students spanning 140 countries. The wider metropolitan region has the second largest student population in the UK and has more international students studying in competitive universities than almost any medium-sized city (1-3m) in the world.

The value of international students to the universities and the wider economy cannot be underestimated. In a recent report from the London School of Economics, it was estimated that international students based in the single constituency of Glasgow Central are worth £292 million to the UK economy alone, which is £2,720 per local resident, and many of these students chose to stay in the city for work after completion of their studies.

As well as engaging with higher and further education, Glasgow has a dedicated skills support that will embed businesses with talent emerging from our 30 city secondary

schools as well as engaging with a breadth of programmes aimed at promoting the diverse talent pool Glasgow has to offer.

The city has a young population, with the lowest median age in Scotland. It has an unrivalled place offer, enticing 46% of graduates to stay in the city, attracted by its vibrant city centre, high internet speeds, affordable housing, excellent career opportunities and a quality of life that differentiates Glasgow from elsewhere in the UK. Millennial appeal is at an all-time high thanks to its ability to meet the needs and preferences of early-career mobile workers.

The city benefits from independent strategic leadership through the Glasgow Economic Leadership (GEL), a high-level forum of leaders from the private, public and academic sectors to support economic development activity in Glasgow. GEL's aim is to support the growth of investment and jobs in Glasgow. Furthermore, the economy is supported by a strong and high-functioning business network anchored by key partner organisations such as the Glasgow Chamber of Commerce, and the Federation of Small Business and business ecosystems in particular those emerging from our digital and tech communities in and around our innovation districts.

If affordability and cost are also key determinants for investors, on a cost comparison basis, Glasgow has the edge. 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 has one of the most affordable housing markets in the UK, making the city among the most cost competitive and affordable locations in the UK.

Glasgow is moving up the ranks as a UK digital infrastructure leader, with work underway on one of Europe's largest city-wide full fibre rollouts. Today Glasgow is well on its way to being the best connected city in the UK with over 5,000km of planned and deployed full fibre digital infrastructure. providing the essential fibre foundation for the expanding 5G rollout. This guarantees that the city has a modern fit-for-purpose and future-proofed digital infrastructure.

The Glasgow City Region is home to three innovation districts – Advanced Manufacturing Innovation District Scotland (AMIDS), Glasgow Riverside Innovation District (GRID) and Glasgow City Innovation District (GCID). It is an area of high potential opportunity in life sciences and precision medicine. It is also the location of five innovation centres, 4 catapults and three public sector research institutions and one of the UK's fastest growing tech ecosystems.

In 2022, Glasgow City Region was selected by the UK Government as one of three UK Innovation Accelerators, underscoring the city region's credentials as a cradle for R&D, knowledge and innovation. More recently, Glasgow City Region was granted investment zone status with innovation and fair work at its heart. The aim of the investment zone will be to boost the economy, stimulate business growth and create high-quality, well-paid jobs. The financial support to investment zone will include targeted investment, tax reliefs and other incentives over the next 5 years.

The critical mass of innovation assets and financial incentives differentiates Glasgow City Region from elsewhere in the UK and will make a significant contribution to the realisation of Glasgow having one of the most innovative, inclusive and resilient economies in the UK by 2030.

Invest Glasgow will continue to monitor investor trends and requirements to help shape our offer. We will create targeted investor propositions which encapsulate our unique set of assets, offering compelling reasons to select Glasgow as their UK location of choice.

Invest Glasgow will work closely with internal and external stakeholders, including the Universities and innovation districts, to help deliver the new investment zone and promote investible propositions to take to market. We will also facilitate introductions between inward investors and senior city politicians and officials where experience has shown us the value investors place on being welcomed to the city.

4. Covid 19 & Brexit

The Covid 19 pandemic impacted severely on global inward investment flows: 40% down in 2020 globally (UNCTAD) and 62% at Glasgow city level (IG). Signs of the forecast bounce-back appeared in 2022 and Glasgow and the city region is beginning to see a slow but steady increase in levels of FDI and FDI enquiries. Digital tech, business and finance and advanced manufacturing are the dominant sectors underlining Glasgow's growing strengths in a knowledge-led economy.

During the pandemic, working practices changed. With no business travel into or out of Glasgow, Invest Glasgow pivoted to working digitally with the acquisition of new digital tools and creation of digital marketing collateral including a newly-updated website (www.investglasgow.com), creating a vibrant and interactive shop window for investors to browse and explore the city and the wider regional assets from their desk.

More widely, digitalisation and remote working took centre stage and it is likely these will remain key drivers for investors. Remote working, for example, has impacted talent's decision on where they want to work and live. It is also impacting a company's decision on where to go and what to invest in and so the availability of world class digital connectivity, the best property options and an excellent quality of life become paramount. Glasgow and the wider city region are strong in these areas and they will continue to be promoted by Invest Glasgow across all of our collateral (including Zoom Prospector) and at events such as UKREiiF and COP.

The impacts of Brexit have, to a large degree, been masked by Covid and the impacts of Brexit on trade and investment are still being assessed at Scottish and UK levels. However, the latest EY Attractiveness Survey shows that the UK has fallen to third place behind Germany and France in terms of investment attractiveness. It is suggested that political and economic headwinds are now beginning to impact as are trade restrictions and labour shortages resulting from

Brexit. Nonetheless, the proportion of investment is similar today to what it was pre-Brexit Referendum with the USA still our largest overseas market followed by countries in Western Europe, notably France and Germany.

Covid and Brexit serve to remind us that we need a balanced approach to our economy based on a diverse and productive indigenous business base while remaining an attractive and competitive location for inward investors with the wider economic benefits this brings.

In addition to FDI, Invest Glasgow will support city efforts (eg events) to attract venture capital (VC) and other forms of investment to support local start-ups and SMEs especially in our priority sectors.

5. Glasgow's performance track record

5.1 FDI

Glasgow has a strong track record for attracting FDI dating back to the creation of the International Financial Services District in the early 2000s which, through a strong public/private partnership, brought early successes in the financial and business services sector.

By creating the best-in-class infrastructure, Glasgow was able to attract overseas investment from the likes of JP Morgan, Morgan Stanley, BNP Paribas and Barclays. As well as bringing new jobs, these large corporates have also created opportunities for, and benefits to, the local supply chains both at city and city region level and each of these global businesses, having started small, have expanded significantly over the ensuing years, with combined employment of almost 10,000. These early wins created a blueprint for the city's approach to inward investment.

FDI into Glasgow January 2013 to June 2023

Source: fDi Intelligence from the Financial Times Ltd.

Headline figures	
No of FDI projects	225
Total no of jobs created	13,342
CapEx (£m)	3,060

In 2023, financial and business services is only one of the areas of inward investment strength and success. Glasgow and the city region are now recognised centres of excellence in life sciences and precision medicine (focused on activities within the Glasgow Riverside Innovation District and the QEUH), advanced manufacturing (AMIDS), digital technology and space and satellite technology (Glasgow City Innovation District), affording us the potential to attract even greater levels of investment and create many more high value jobs.

This year's EY Annual Attractiveness Survey Scotland which reports on the UK's overall performance in FDI with separate regional reports, places Glasgow 4th in the top 20 cities, maintaining our position for the second year in a row with 20 FDI

projects, although dropping from last year's 23 projects. Key rivals Manchester tops the ranking with 45, Edinburgh second with 38 and Birmingham is third with 28 projects. Encouragingly, another key finding of the report indicates that 19.2% of companies planning to invest in the UK this year specify Scotland with Glasgow and Edinburgh the key target cities giving Glasgow every encouragement to maintain and improve on our efforts to bring investment to the city.

As competition for mobile investment grows ever more intense, and, endeavouring to stay ahead of the curve, Invest Glasgow has identified a number of industry products which enable us to track investment signals and benchmark key aspects of our offer against other cities and regions. We combine the information gleaned from these tools with leads generated via, eg. Linked In Sales Navigator and Zoom Prospector "Lead Feeder" to home in on the hottest company leads and target the most appropriate individual.

Our investment successes are not only testament to the quality and strength of Glasgow and the city region's offer but to the dedication and joint efforts of Team Glasgow, alongside our strategic partners in inward investment, to proactively pursue new opportunities which align with our city, region and national objectives.

Invest Glasgow will continue to proactively seek out new FDI opportunities that align with our objectives and enable us to better meet our three grand challenges of enhancing productivity, tackling climate emergency and promoting social inclusion.

5.2 Capital investment

There has been over £17bn capital investment into the city since 2011 across all real estate sectors. City Deal enabling works are developing sites and upgrading key infrastructure to support further investment into Glasgow and the wider city region.

From a property perspective, professional and business services firms have a major presence, as do the back office and tech staff of major financial institutions such as JP Morgan and Barclays according to Jones Lang LaSalle (JLL). The Glasgow investment market is dominated by foreign buyers attracted by relatively high yields with prime rents sitting at £36 per square foot, and year on year rental growth of 1.4% (JLL). The *flight to quality* is a key driver in the commercial office market with demand for well-placed, high-quality assets such as 177 Bothwell Street, sold to Spanish investment firm Pontegadea for £215 million, as a prime example. This is the largest office investment transaction ever seen in Glasgow. As a result, total volumes for the year (2022) exceeded 2021 activity (JLL). ESG features high on the list of credentials and there is also shift to more communal and gathering spaces post-pandemic with offices requiring a greater level of flexibility.

A notable investment in this category was the purchase of Met Tower by Bruntwood Sci-Tech who have invested a total of £60m as part of a joint venture with Legal & General. Bruntwood Sci-Tech manages a number of innovation districts across the UK making this a very exciting development for Glasgow, not only creating much-needed workspace but also offering networking and wrap-around services to

support the growing tech ecosystem. Indeed, within the next 2 years, Glasgow should see a surge in the provision of new flexible workspace with the redeveloped Tontine building led by City Property and Stelmain, and potentially new flexible workspace in a redeveloped Debenhams store, all of which fall within the boundary of Glasgow City Innovation District.

Investor and developer interest in the city's residential market runs high with Build to Rent (BTR), purpose-built student accommodation (PBSA) and co-living leading the charge. However, industrial space to support our manufacturing sector still lags behind other areas. Vacancy levels are historically low, according to Ryden, with the construction pipeline constrained due to the rising cost of materials, yet demand remains high. This is leading to an overall lack of supply in, e.g., lab space for rent, (basic to high-spec) where, according to local industry contacts, a shortage threatens to stall growth in our life-sciences and bio-tech ecosystems, as well as manufacturing space. This is a challenge facing the UK as a whole, including the Golden Triangle of Cambridge, Oxford and London, but could be turned into an opportunity for Glasgow and the city and region if we increase supply to be more competitive.

Invest Glasgow will continue to promote Glasgow for future development and investment in those areas with known demand and which meet Glasgow's strategic requirements such as:

- Residential investment to help us achieve our strategic housing objectives (40,000 new city centre homes by 2035), matching the Glasgow Standard for Affordable Housing and supporting our goal of increasing our population while sustaining a vibrant and affordable housing market
- Purpose Built Student Accommodation (PBSA) to enable our universities to continue to attract students from overseas and accommodate local students in fit-for-purpose living quarters
- Office – Grade A office and co-working and flexible work space to accommodate new, modern working patterns and preferences
- The establishment of an evidence base to support the development of fit-for-purpose industrial space to support our advanced manufacturing including lab space for rent for our life science and biotech ecosystems; and
- Mixed use – where developments may incorporate a mix of all of the above as well as retail and hospitality to create better places and neighbourhoods in the city centre for citizens, businesses and investors.

6. Green investment

As host city of COP 26 in 2021, Glasgow and the city region are in the UK and world vanguard for collaboratively working towards solutions to our carbon reduction challenges. Glasgow has rightfully secured a place on the world stage and will continue to use COP events as our key international platform for promoting Glasgow's green investment opportunities. In the Greenprint for Investment, we have set out our ambition for sustainable development and investment with a

diverse city region-wide range of projects of scale for which we seek both finance and technical expertise to help us deliver.

Glasgow has helped to lead on work with other UK cities in the 3Ci collaboration to engage with national government and the capital markets on financing green projects. We have also benefited from the secondment of a senior leader in the insurance sector to enhance our understanding of the role of insurance in de-risking capital projects for investors and we will build on such insights in bringing forward projects with full business case approval to the market.

We will continue to explore and develop models of investment from the private capital markets and also ensure that Glasgow's businesses can benefit from green infrastructure projects and more sustainable forms of city living. This will help to underpin the broader attractiveness of Glasgow for talent and investment and maintain our leading position as a great city in which to live, invest and make sustainable profits.

Indeed, Glasgow has maintained a strong position in the Global Sustainable Destinations Index, which is a key indicator of how the world views our city and why it is the right place for investment in a net zero and climate resilient future. Additionally, both the Universities of Glasgow and Strathclyde rank highly (13th and 36th respectively) in the Times Higher Education Impact Ranking, with Glasgow the second highest scoring University in the UN Sustainable Development Goal 11 which focuses on Sustainable Cities and Communities.

A climate finance framework is currently being developed for the city, which will further enhance our ability to reach out to the capital markets and present attractive and investable green projects to them. Alongside that is a commitment to ensuring a 'just transition' for our workers, businesses and communities so that the shift towards a post-carbon city has social justice and inclusivity at its heart.

Invest Glasgow will support the further development of both the Greenprint and promotion of the key projects to help match opportunity with investment.

Invest Glasgow encourage and support projects that can show how they meet the UN Sustainable Development Goals and help Glasgow and the city region achieve our net zero target by 2030.

We will support the city's participation at future COP events and promote Glasgow and the city region as a sustainable and innovative place in which to do business.

7. Sector strengths

Glasgow's economic strategy has identified strengths and best-in-class assets in a range of sectors:

- Digital and Tech (including Fintech and Data)
- Finance and Business Services
- Space and Satellite
- Advanced Engineering and Manufacturing

- Creative Economy and Screen
- Life Sciences and Precision Medicine
- Tourism
- Higher and Further Education

From these sectors, clusters of specialisms are emerging which are already attracting inward investment and which will to continue to be the focus of our inward investment efforts:

- Health-tech
- Fintech
- Green Economy
- Digital and creative economy
- Advanced manufacturing
- Space industry

These sector clusters align with 6 of the priority areas of the national inward investment strategy. As such, they offer Glasgow the best chance of FDI success in the future by ensuring combined resources and support services at local and national level can be brought to bear to create a winning offer.

8. Promoting Glasgow's Strengths to Target Markets

Year on year, Scotland has proved to be the most successful region in the UK for FDI outside London and Glasgow currently ranks 4th in the UK's top 20 cities, (EY 2023). The USA remains our biggest market but Western Europe is our second largest market with digital tech and business services being Glasgow's best performing sectors.

The table below shows the number of FDI projects into Glasgow between 2013 and 2022:

Country of origin	Number of FDI projects
USA	80
France	17
Australia	13
Switzerland	12
Ireland	12
Japan	11
Canada	10
Germany	10
Spain	8
Netherlands	8

Invest Glasgow will continue to focus efforts on these tried and tested markets with targeted digital campaigns, based on our sector strengths and specialisms. In addition, Invest Glasgow will look to London as an important market closer to home which offers potentially easier access to London-based international investors and funds. As a member organisation in Scotland House, Glasgow can take advantage of

this facility in central London to stage events either on our own or in partnership with SDI, the Scottish Cities Alliance (SCA) and other partners. Working with internal and external stakeholders, we will support opportunities arising from international partnerships where they match known investment flows, e.g. renewable energy.

Invest Glasgow will continue to develop new methodologies to promote and pitch our city to new and existing inward investors. We will also help projects achieve investment readiness to be able to meet the strict pitching criteria of the DBT and SDI.

9. Measuring success

Invest Glasgow will continue to measure our success by recording and tracking performance over time against our main KPIs:

- Number of enquiries
- Total Number of projects
- Number of new projects
- Number of expansions
- Total Number of new jobs
- Number of new green jobs

We will also benchmark our FDI performance against peer cities primarily via the EY Annual Attractiveness Survey but also via FDI tools such as fDi Benchmark, learning from best practice elsewhere. We will also track success in the commercial real estate market via CoStar (commercial real estate information company) and national rankings published by, e.g., commercial property agents.

We will provide performance and progress updates on an annual basis to Committee.