

Inward investment in the UK and Ireland: Sector focus in 2025

Conclusion

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380+ C-suite leaders from £100m+ businesses across the [manufacturing](#), [real estate and construction](#), [retail and supply chain](#), [technology](#), and [energy and infrastructure](#) sectors share their optimistic outlook for M&A inward investment deals in the coming year.

As we navigate through 2025, our sector analysis reveals a complex but ultimately resilient landscape for inward investment and inbound M&A activity across the UK and Ireland.

Despite significant geopolitical tensions, the recent [US tariffs and subsequent UK-US trade agreement](#), we see cautious optimism emerging as a common thread across most sectors.

Technology

The technology sector stands out with remarkable confidence, with 59% of respondents expecting increased deal volume and 39% anticipating significant growth. This confidence stems from the sector's central role in driving digital transformation, particularly through AI, cloud infrastructure, and cybersecurity solutions. The [UK Government's AI Opportunities Action Plan](#) has clearly bolstered investor confidence, with 61% of technology respondents expressing increased optimism under the new administration.

Energy and infrastructure

In contrast, the energy and infrastructure sector displays more muted expectations, with only 36% anticipating an increase in deals. This caution likely reflects the complex regulatory environment, high capital requirements, and heightened focus on energy security amidst global uncertainties. Nevertheless, there remains significant interest in renewable energy projects, data centre construction, and smart infrastructure systems that enhance both sustainability and resilience.

Construction

The construction sector occupies a middle ground, with 65% of respondents foreseeing more inbound activity despite facing substantial challenges from rising costs and supply chain disruptions. The focus on logistics, warehousing, and data centre construction highlights how digital infrastructure demands are reshaping traditional sectors. Regional development features prominently here, with 47% of construction respondents pointing to growth outside London.

Retail and fashion

Retail and fashion presents a more nuanced picture, with 44% expecting increased deal activity—lower than other sectors but still indicating moderate optimism. This sector's fortune is closely tied to technological capability and intellectual property, with 88% acknowledging that access to technology or IP drives inward investment. E-commerce capabilities and customer analytics emerge as key acquisition priorities, signalling the continued digital transformation of retail.

Across all sectors, several common themes have emerged:

- **Digital transformation and AI:** The imperative to embrace technological innovation is universal, though its manifestation varies by sector. From construction logistics to retail analytics, technology acquisition is a primary driver for inward investment.

- **Regional diversification:** With the exception of technology's London focus, most sectors anticipate significant investment beyond the capital, with Ireland featuring prominently as a target market—particularly for retail, with 35% of respondents considering investment there.
- **ESG considerations:** Environmental, Social and Governance factors are increasingly central to investment decisions, with adoption rates ranging from 97% in construction to 81% in retail and 55% in technology identifying it as significant.
- **Private equity's growing influence:** All sectors report expectations of increased PE involvement, ranging from 86% in technology to 50% in energy and infrastructure.
- **Political and regulatory landscape:** The new UK Government has generally had a net positive impact on investor confidence, though government incentives are viewed differently across sectors—highly significant in technology (89%) but less influential in retail (36%).

The introduction of US tariffs and subsequent trade resolution has added a layer of complexity to this outlook. While our respondents were surveyed before these developments, their focus on supply chain resilience, domestic capabilities, and strategic consolidation appears prescient. Companies that can navigate regulatory divergence, deploy flexible investment structures, and align with governmental priorities for economic resilience seem best positioned to attract inward investment in this evolving landscape.

As we move further into 2025, investors appear to be taking a longer-term view—looking beyond immediate economic volatility to the fundamental transformations reshaping each sector. Those offering innovative solutions to persistent challenges in sustainability, digital infrastructure, and supply chain resilience will likely continue to attract strategic interest, regardless of shorter-term market fluctuations.

In summary, while each sector presents its unique profile of opportunities and challenges, the common thread throughout our findings is that strategic, forward-looking investment continues despite—and in some cases because of—the complex global environment. The UK and Ireland remain attractive destinations for investors seeking established markets with strong fundamentals, innovative capabilities, and clear pathways to long-term value creation.

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