HSBC UK

Beauhurst

# HSBC UK Corporate Tracker: Insights Paper

**July 2025**

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# Foreword

This inaugural release of the bi-annual HSBC UK Corporate Tracker Insights Paper and accompanying Tracker sheds light on an often-overlooked part of the UK economy: its 13,544 corporates.[1]

In this paper, we aim to fill the knowledge gap around how these corporates, which form the backbone of regional economies, anchor supply chains, and attract global investment, are adapting to a fast-changing economic environment.

Collectively, this group is small, yet mighty. Corporates represent just 0.25% of all active UK businesses, yet account for 52% of total reported turnover based on financial statements filed at Companies House. Within this, UK-headquartered firms generate 70.8% (£3.43t) of the total £4.84t turnover. Despite being the smallest of these three groups, UK-headquartered corporates with foreign subsidiaries far outpace their counterparts by delivering over 40% of the total turnover of all corporates.

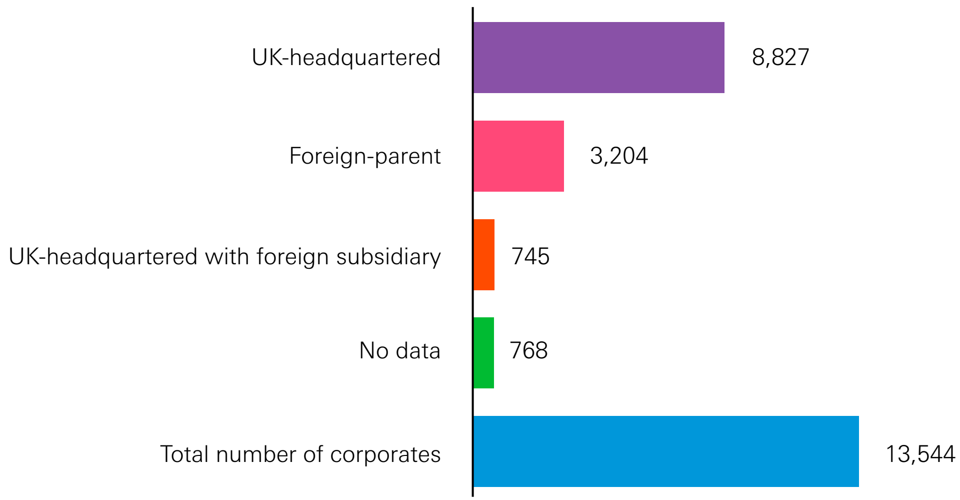
So what does this tell us? British businesses must consider international expansion to secure growth. International businesses and foreign investors bolster employment, benefit local communities and strengthen the UK's economy. Drawing on the most recent financial disclosures, the Tracker displays these firms' geographic distribution, sectoral focus, and acquisition activity, revealing the international nature of the UK business landscape.

Following a two-year recovery period from the initial COVID-19 shock, international trade tensions are creating fresh pressures for goods-based sectors like manufacturing and wholesale/retail, many of which rely on trade stability. However, within the UK, it's positive to see a broader return of business confidence, supported by stabilising macroeconomic conditions and renewed investment activity.

Drawing on data from 2019-2024, the paper explores how international investment in the UK's corporate base has evolved and what can be done to strengthen the UK's standing as a destination for corporations.

[1] Refer to the **methodology** for the definition of a corporate.

**Number of UK corporates by headquarter criteria**




**Stuart Tait**
Head of Commercial Banking
HSBC UK

# Sector and regional distribution

The HSBC UK Corporate Tracker shows that corporates in the UK are highly concentrated in a small number of sectors, with finance and insurance, professional services, and manufacturing consistently ranking as the top three across most regions.[2]

This section examines the intersection of sectoral composition, ownership type, and regional distribution, revealing where foreign-parent corporates are most prevalent and how this aligns with broader patterns in Foreign Direct Investment (FDI). Together, the sectoral and regional perspectives help identify where foreign capital is already benefiting local economies.

[2] Refer to Chart 1 on the **HSBC UK Corporate Tracker.**

# Sectors

## Key Insight

Manufacturing is the leading sector for foreign-parent firms, while financial and professional services continue to drive growth among UK-headquartered corporates.

The top three sectors in which corporates operate are financial and insurance activities (2,662 corporates), professional, scientific and technical activities (1,951 corporates), and manufacturing (1,667 corporates). This differs when the UK-headquartered and foreign-parent corporates are compared.

**Comparison of top sectors between foreign-parent and UK-headquartered corporates[3]**

| UK-Headquartered | | Foreign-parent | |
|---|---|---|---|
| **Sector** | **Total corporates** | **Sector** | **Total corporates** |
| Financial and insurance activities | **1,901** | Manufacturing | **792** |
| Professional, scientific and technical activities | **1,446** | Wholesale and retail trade/ repair of motor vehicles and motorcycles | **582** |
| Education | **1,149** | Financial and insurance activities | **533** |

Corporates with foreign parents are most likely to operate in the manufacturing sector. Manufacturing is the only one of the top sectors displayed where foreign-parent corporates hold a majority presence. This structure is reflected across ONS data on FDI flows, positions, and earnings.[4]

Manufacturing ranks second only to finance and insurance in terms of inward FDI position — the total stock of foreign investment,[5] which includes the market value of firms operating in the sector. This is underpinned by the high number of foreign-parent manufacturing corporates based in the UK. From 2021 to 2023, manufacturers also recorded some of the strongest FDI earnings growth across all sectors, signalling both profitability and continued strategic value to foreign investors.[6]

This highlights how manufacturing is key to the UK's trade and investment ecosystem, not just as a productive base, but also as a globally embedded, foreign capital-intensive sector.

[3] Sectors are defined using Standard Industrial Classification (SIC) code groups.
[4] ONS, 2025. Foreign direct investment involving UK companies (directional): inward. Available online.
[5] ONS, 2025. Foreign direct investment involving UK companies (directional): inward: Table 4.3 Inward FDI earnings by area, main country and industrial activity of UK affiliates (directional): Available online.
[6] Ibid

### Comparison of domestic and international sectors of UK corporates[7]

| Standard Industrial Classification code groups | Total Corporates | UK-headquartered | Foreign-parent |
|---|---|---|---|
| Financial and insurance activities | 2,662 | 71.4% | 20.0% |
| Professional, scientific and technical activities | 1,951 | 74.1% | 20.3% |
| Manufacturing | 1,677 | 46.0% | 47.2% |
| Wholesale and retail trade/repair of motor vehicles and motorcycles | 1,618 | 58.4% | 36.0% |
| Administrative and support service activities | 1,552 | 70.2% | 24.1% |
| Education | 1,162 | 98.9% | 0.86% |

UK-headquartered    Foreign-parent

[7] Percentages do not equal 100% due to the chart excluding corporates with unknown parent locations.

# Regional

## Key Insight

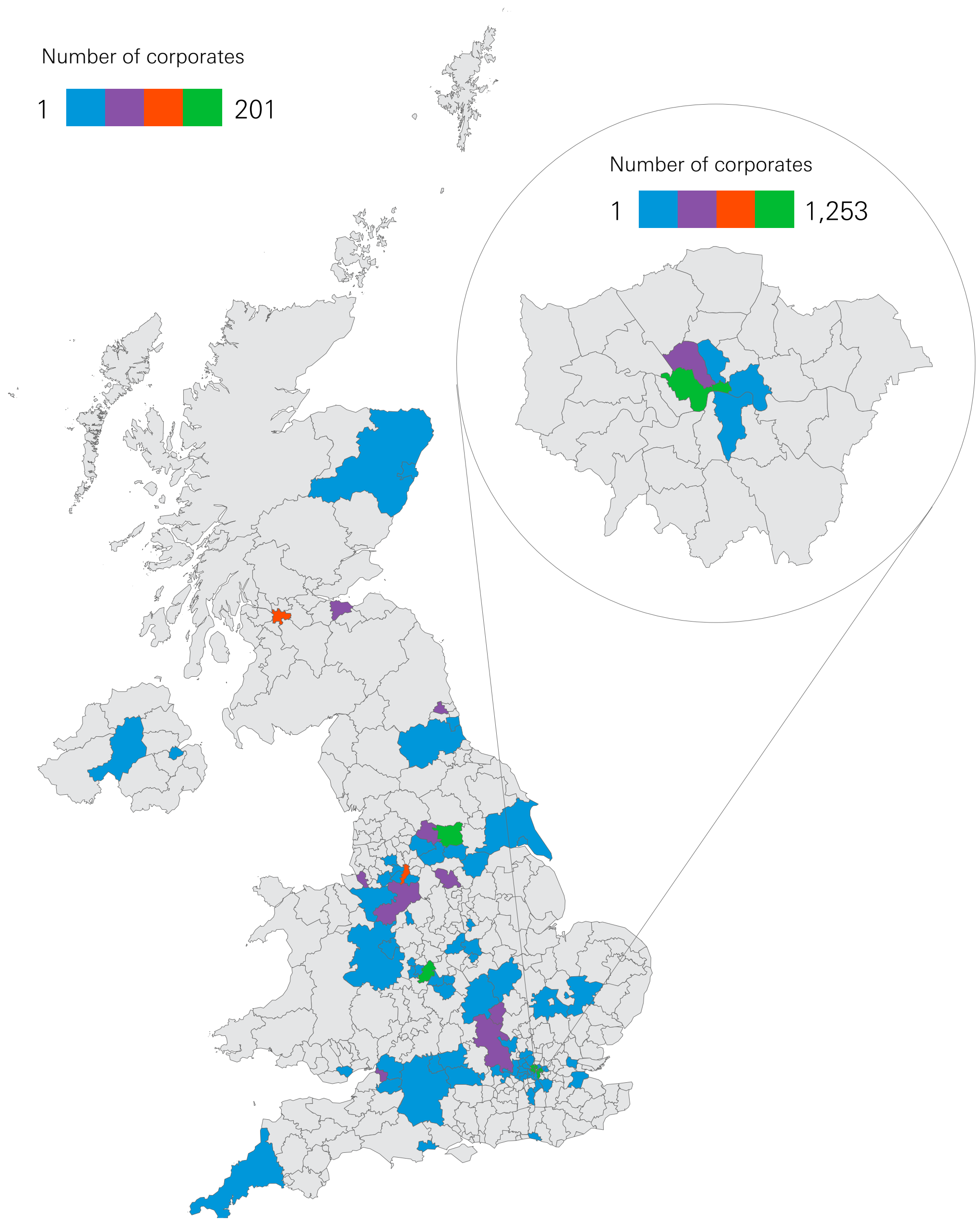
Foreign-parent corporates remain more concentrated in the South, even in sectors such as manufacturing, where northern regions are competitive.

London hosts the highest concentration of corporates, accounting for 33.7% of the national total. The corporates based here leverage business advantages, including access to world-class infrastructure, major financial and regulatory institutions, and a deep, diverse talent pool. This is reflected in the financial and insurance activities sector, with a third of all UK corporates that operate in this sector based in the City of London and Westminster.

Outside of London, Leeds hosts the highest number of UK-headquartered corporates, followed closely by Birmingham and Manchester. These three cities represent some of the core economies of the Midlands and the North, yet the gap between them and London remains stark. The ownership structures of corporates across these cities differ. Birmingham has the highest proportion of foreign-parent firms, with nearly a quarter (24%) of its firms being overseas-owned. Leeds and Manchester hold 18% and 16%, respectively.

Leeds is home to one of the UK's most substantial financial services clusters. The city hosts more than 30 national and international banks, over 150 accountancy firms—including all of the Big Four—and a growing cohort of insurance providers. Leeds ranks as the top UK local authority outside of London with the highest number of financial services corporates. However, the overwhelming majority are domestically headquartered. Only 7.5% of Leeds-based financial services firms have foreign parents.

**Local authority distribution of UK corporates**

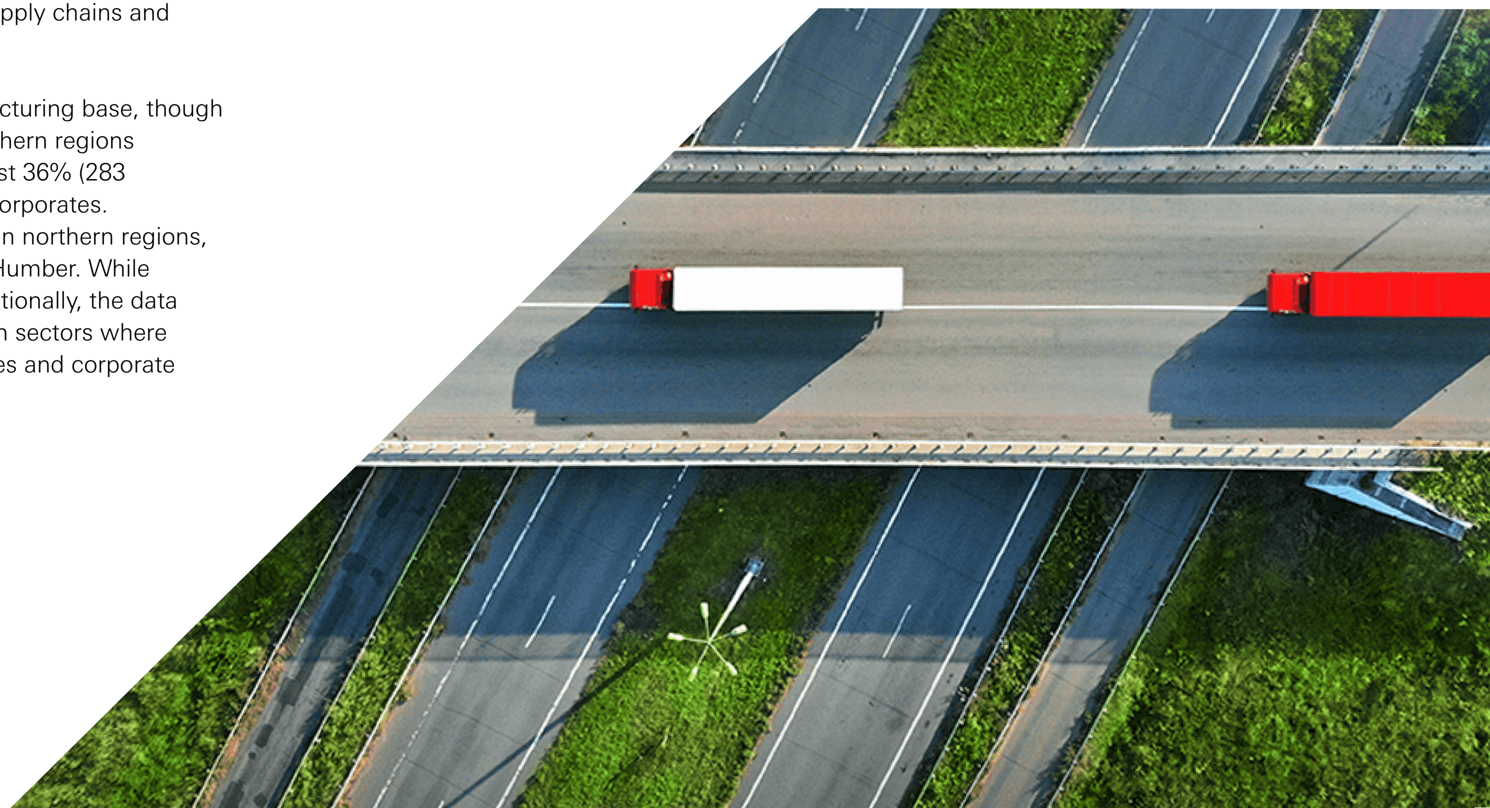


This is a stark contrast to the City of London and Westminster, where the proportion of foreign parents in this sector is 38.6% and 24.1%, respectively. This imbalance suggests that while Leeds is highly effective at fostering homegrown financial institutions, it has not yet established itself as a destination of choice for overseas financial investors.

Financial services remain the UK's most profitable sector for FDI, earning nearly double the returns of the next most lucrative sector. The sector is a critical driver of jobs, investment, and economic growth in the UK. Closing the regional gap in foreign investment would yield economic benefits, particularly in the context of the broader national agenda that aims to bridge the gap between the North and South of the UK.

The South East (15.1%), North West (12.2%), and West Midlands (11.6%) are the UK's leading regions for manufacturing firms. Cities in these regions are renowned as longstanding industrial centres with deep supply chains and sectoral expertise.

Foreign ownership remains prevalent across the UK's manufacturing base, though with a slight tilt towards the South. When combining the southern regions of the South East, London, and South West, these regions host 36% (283 corporates) of all UK-based foreign-parented manufacturing corporates. This is modestly higher than the 25% (198 corporates) based in northern regions, including the North West, North East, and Yorkshire and the Humber. While manufacturing is a sector dominated by foreign ownership nationally, the data signals an FDI tilt toward the South. This suggests that even in sectors where northern regions are competitive, foreign investment incentives and corporate bases still favour the South.



# Acquisitions

The HSBC UK Corporate Tracker highlights the scale of acquisition activity involving the UK's corporates. Between 2019 and 2024, there were more than 2,800 acquisitions of UK firms.[8] This refers to an entity buying any of the 13,544 UK corporates.

The Tracker shows the changes in acquisition volumes over time. This section takes a deeper look at those trends, exploring the differences between UK and international buyers and how the composition of acquiring businesses by country of origin has shifted over the past five years.

[8] Data on acquisitions includes all deals, including those made by private equity.

## Key Insight

Buyers based in the UK are driving the recent recovery in corporate acquisitions, while deals from international buyers have continued at a slower pace amid evolving global economic conditions.

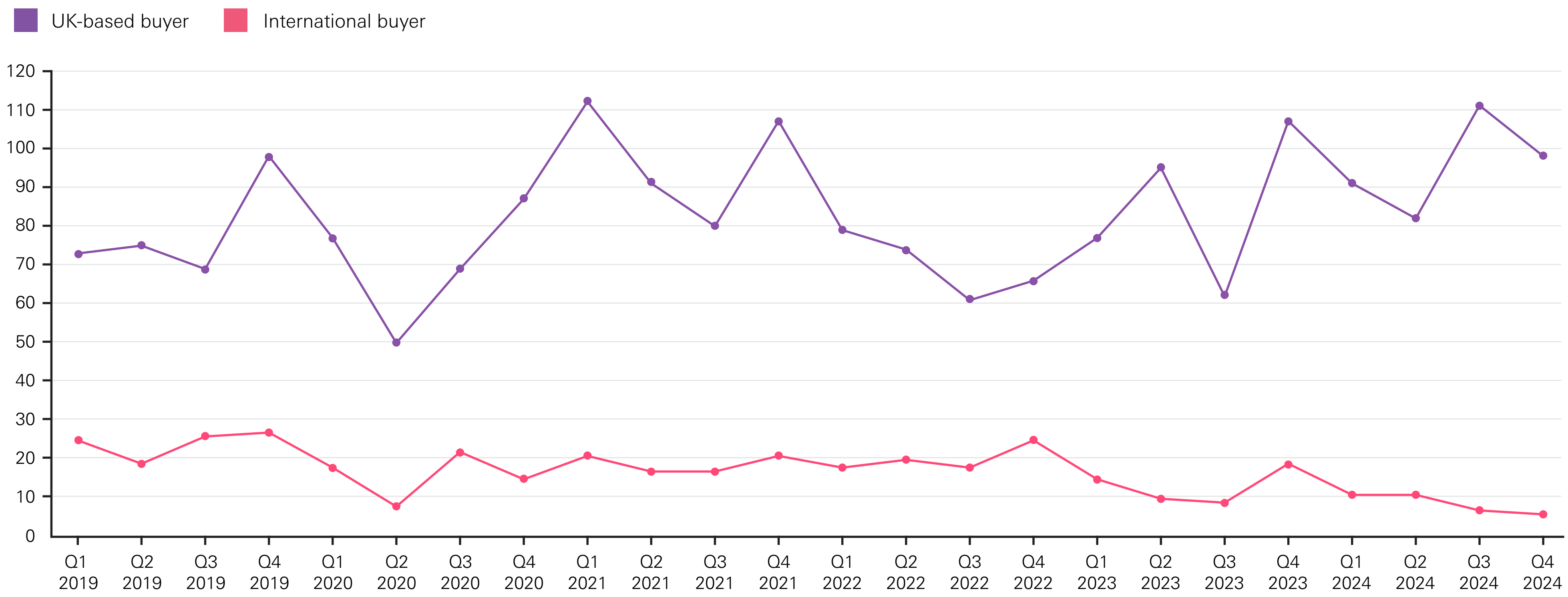
Between 2019 and 2024, there were 2,869 acquisitions of UK corporates. The number of acquisitions by UK-based buyers peaked in 2021 with 390 transactions. This surge followed a sharp but temporary slowdown in 2020, driven by pandemic-related uncertainty and delayed decision-making.

As the UK economy reopened after lockdowns, UK-based firms quickly became attractive targets for acquisition. Many had survived the initial shock of the pandemic but were left with weakened balance sheets, disrupted operations, or stalled growth trajectories. For UK-based buyers with a stronger financial footing, this presented a window of opportunity to acquire corporates at discounted valuations. The economic reset created by COVID-19, combined with suppressed market pricing and the urgent need for scale or diversification, drove a flurry of activity.

The government's "super-deduction" policy, announced in the March 2021 Budget, reinforced this momentum, boosting business confidence and encouraging capital deployment across a range of investment strategies, including M&A. Yet, post-pandemic optimism proved short-lived. In 2022, acquisitions from UK-based buyers fell sharply to 280, nearly 30% down year-on-year. Rising inflation and interest rates made borrowing more expensive and deal financing harder to justify. The drop reflects increased selectivity in a more uncertain and cost-sensitive environment, especially when targeting large, complex acquisitions.

Following the decline in 2022, acquisitions by UK-based buyers of corporates have increased year on year to 382 in 2024. This upward trend reflects a broader return of business confidence, supported by stabilising macroeconomic conditions and renewed investment activity.

**Corporate acquisitions: UK-based vs international buyers (Q1 2019 – Q4 2024)**



**Location of international buyers of UK corporates (2019 - 2024)**

| | |
|---|---|
| United States | **185** |
| France | **43** |
| Germany | **35** |
| Japan | **22** |
| Canada | **17** |
| Sweden | **15** |
| Belgium | **13** |
| Italy | **11** |
| Spain | **8** |
| Austria | **6** |

Between 2019 and 2024, international buyers completed 405 acquisitions of UK corporates, accounting for just over 14% of total corporate deals during the period. However, cross-border dealmaking has steadily declined, falling by nearly two-thirds since 2019.

The US has been the dominant base of international buyers, responsible for 185 of the 405 acquisitions of UK corporates since 2019. France (43) and Germany (35) follow at a distance, while other G7 nations such as Japan and Canada have contributed modestly. Despite their involvement, the volume of activity has shrunk significantly. US buyers, for instance, have gone from completing 48 deals in 2019 to just 16 in 2024.

This cooling of acquisitions from international buyers can be attributed to a combination of macroeconomic factors. Global inflation and mounting recession concerns have contributed to a more risk-averse global investment climate. More broadly, the decline reflects a global shift in investment behaviour, with governments more cautious about international ownership and investors reassessing cross-border risk. For the UK, this is less about diminished opportunity and more about changing global dynamics.

Banks and institutional investors have played a pivotal role in shaping corporate M&A, providing the capital and strategic support behind many domestic and cross-border deals. In the UK market, UK-based banks, private equity firms, pension funds, and infrastructure investors have helped sustain M&A momentum, particularly during periods of economic uncertainty. Post-pandemic acquisitions were often backed by institutional capital seeking to deploy funds into stable, asset-rich sectors.[9] Their involvement has helped domestic firms scale, diversify, and consolidate.[10]

[9] Skadden, Arps, Slate, Meagher & Flom LLP. "UK Private Equity After COVID-19: Same Old, Same Old?" *Skadden Insights*
[10] Deloitte. "Post-COVID Private Equity: Thriving in a Bifurcated World of Opportunity." Deloitte Global.

# Conclusion

The HSBC UK Corporate Tracker and accompanying Insights Paper highlight the disparities in the UK's corporate landscape between regions, sectors, and financial data across different ownership structures. Yet, one thing that is constant is the importance of their international connections.

Manufacturing is the most attractive sector for UK corporates with foreign-parents. Yet regional disparities in foreign ownership remain. In financial services, London dominates, with a significant share of foreign-parent corporates. Outside the capital, Leeds has established itself as a leading regional financial hub, with a notably domestic ownership profile. Within both sectors, northern regions show a sign of strong capability, but also of the opportunity to attract more international capital.

Corporate acquisitions show a recent steady recovery in deal-making from UK buyers, with more supportive conditions such as reduced inflation and interest rates. International buyers have reduced their activity since 2019, shaped by uncertainty and regulatory frameworks that have created investor caution. International trade tensions will continue to create uncertainty.

Navigating this landscape will continue to be a priority for UK corporates. The next edition of the Tracker and Insights Paper will further examine the differences between the types of UK-headquartered corporates — those that are solely UK-based and those with foreign subsidiaries — assessing the links between national outward foreign direct investment (ODI) and the UK's corporate base. Full financial data for 2024 will also reveal how corporates performed amid a challenging operating environment.

# Methodology

This report has been prepared using Beauhurst data. The following definition has been used to define corporates. A corporate must meet at least two of the three below criteria:

- The annual turnover is more than £36 million
- The balance sheet total is more than £18 million
- The number of employees is more than 250

Additional criteria: The data only includes corporates with the latest financial accounts in 2023 or 2024. All active corporates this size should have provided full accounts within these years, those that have not are excluded.

Each corporate presented is based on the top level operating in the UK. The ownership criteria is based on where the top-level corporate is headquartered.

- UK-headquartered: A corporate is classified as UK if it is one of the following:
  - The ultimate parent corporate (the top corporate in the corporate structure).
  - If it is not the ultimate parent corporate, but the ultimate parent corporate is based in the UK.
  - If it is not the ultimate parent corporate, but the ultimate parent corporate is headquartered in a tax haven country.
- Foreign-parent: If the corporate itself is UK-based but the ultimate parent corporate is not based in the UK or a country recognised as a tax haven, then the corporate is classified as foreign parent.

# About

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