Invest 2035

2025

The UK's industrial strategy and what it means for commercial real estate

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Focus on sectors

Invest 2035 marks a return to industrial strategy in the UK, focusing on eight high-growth sectors (advanced manufacturing, defence, digital and tech, life sciences, business and professional services, financial services, creative and clean energy).

Focus on place

There is targeted support for high-potential city regions, clusters, and industrial sites paired with devolved powers and funding to local leaders, to drive regionally tailored 10-year growth plans.

Cross-cutting pillars

The strategy blends targeted sectoral initiatives with cross-cutting reforms in people and skills, infrastructure, innovation, investment, trade and regulation. These will not only shape demand for real estate but also help deliver product.

Regional hotspots

Places like Birmingham, Manchester and Leeds are aligned with Invest 2035's sector prioritisation as measured by number of active companies in each of the critical sectors.

London's advantage endures

London remains central to Invest 2035, with boroughs like Camden gaining prominence as science and tech hubs.

Beyond major cities

Critical clusters extend into second-tier locations outside the usual suspects, particularly in sectors like defence, clean energy and advanced manufacturing.

Demand for offices

Sectors such as professional services, financial services, and parts of the tech industry will continue to drive demand for high-quality, sustainable office space.

Demand for specialised space

Growth sectors such as life sciences, clean energy, advanced manufacturing, defence, certain derivatives of tech and creative industries need specialised real estate, from lab space to clean rooms and film and TV studios.

Supporting infrastructure

Invest 2035's broader goals such as addressing skills gaps, building infrastructure, and achieving net-zero will drive additional real estate demand beyond sector uses. They will also further drive clustering activity and occupational demand.

Impact on Investors

The strategy's emphasis on regional growth aligns with rising investor interest in UK markets outside London.

Developers and Landlords

Success will depend on aligning property strategies with the needs of priority sectors and locations. Planning reforms and infrastructure investment will unlock new development opportunities and remove long-standing delivery barriers.

Occupiers

The industrial strategy's emphasis on place means companies must evaluate whether they are positioned in a priority growth region for their sector. Incentives and planning reforms should give owner-occupiers greater confidence regarding investments.

What is Invest 2035?

The Labour government is dusting off an old idea: industrial policy. In June, the UK launched the final version of Invest 2035, a ten-year industrial strategy to revitalise growth and create over 1 million new skilled jobs by focusing on eight key sectors. The plan's overarching goal is to provide "certainty and stability for businesses" to invest in high-growth industries that will drive the country's "growth mission". This means tackling the barriers holding back the UK's most promising sectors and regions and creating conditions for more investment and high-quality jobs nationwide. The strategy explicitly supports broader aims, including regional growth, economic security and resilience.

Invest 2035 will be overseen by a new statutory Industrial Strategy Council to keep the plan on track and intact to avoid another short-lived strategy.

EIGHT CRITICAL SECTORS

At the heart of the strategy is a prioritisation of eight "growth-driving" sectors identified as the UK's best bet for economic uplift. They include a mix of established strengths and nascent fields:

Advanced manufacturing

The plan sets a clear ambition to nearly double annual private sector investment in advanced manufacturing from £21 billion to £39 billion.

It targets high-growth sub-sectors where the UK has competitive strengths, including automotive, aerospace, space, batteries, advanced materials, and agri-tech.

The document details a multifaceted approach to enhance global competitiveness that covers building supply chain resilience, scaling up innovation and automation, tackling skills shortages, fostering regional equity and closer coordination between industry through taskforces.

Key measures include a reduction in industrial electricity costs, the launch of new Robotics Adoption Hubs, and pilot initiatives in the North East and West Midlands aimed at delivering fully integrated electric vehicle supply chain clusters.

Additionally, the government aims to reinvigorate regions historically associated with manufacturing to attract new investments and encourage the re-shoring of operations.

Digital and technology

The strategy prioritises sub-sectors where the UK has a competitive edge—advanced computing technologies (ACT), artificial intelligence, quantum technologies, engineering biology, cyber security, and semiconductors. Central to this approach is a goal to mobilise £3 of private investment for every £1 of public funding.

Levers to achieve this include R&D funding, regulatory reform, international collaboration and making it easier to access capital and scale-up in the UK.

To build the skills needed, the strategy includes targeted scholarships and fellowships aimed at attracting top global talent. A new programme will deliver digital and AI education across schools, universities and workplaces,

Meanwhile, infrastructure investment is being prioritised, with significant support for expanding high-performance computing and developing next-generation data centres in designated strategic growth zones.

Financial services

The strategy positions finance as the engine of the UK's wider growth agenda. It aims to mobilise the tens of billions required for the net zero transition, support startups to scale, commercialise and list in the UK, and drive innovation and digital transformation.

There is a prioritisation on growth in asset management, wholesale financial services, capital markets, fintech, insurance and reinsurance, and sustainable finance.

One of the main actions is an overhaul of the UK listing regime and reforms to make it easier for pension funds to invest in UK infrastructure and startups. Regulatory reform is also on the agenda.

Number of active companies in each sector

Sector	Number of active companies
CREATIVE	256,649
FINANCIAL SERVICES	136,796
BUSINESS AND PROFESSIONAL SERVICES	287,270
CLEAN ENERGY	10,361
LIFE SCIENCES	12,600
DIGITAL AND TECHNOLOGY	394,063
ADVANCED MANUFACTURING	75,664
DEFENCE	1,441

Source: Beauhurst and Knight Frank Insight

Focus on pillars and place

Clean energy

The green transition is both an environmental necessity and a commercial opportunity. With over 90% of global GDP now under net zero targets, demand for low-carbon goods is surging . McKinsey has calculated a £1 trillion market opportunity in clean tech for UK businesses through 2030. This will require tens of billions in investment annually. Still, the payoff could be huge, not least an estimated 725,000 UK jobs in low-carbon sectors by 2030.

The strategy aims to cement the UK as a "clean energy superpower" by crowding private investment, increasing public investment, building supply chains and infrastructure, and tackling skills shortages. The government's clean energy plan seeks to at least double current investment levels across frontier industries to over £40 billion per year by 2035. Infrastructure development will be made easier by planning reforms. The plan aligns with the UK's climate commitments.

Creative sectors

The goal is to increase annual investment in the sector from £17 billion to £31 billion by 2035. By that time, the UK aims to enhance its position as a global creative superpower, becoming the world's leading destination for investment in creativity and innovation.

The strategy sets out a comprehensive plan to grow the UK's creative industries by investing in research and development, increasing capital flows, enhancing skills, boosting trade and exports, and addressing intellectual property barriers. The approach targets key sub-sectors including film and television, gaming, music, performing and visual arts, as well as advertising and marketing.

Specific investments include £100 million over the Spending Review period to support the next wave of creative clusters, aimed at fostering regional hubs of innovation and talent. In addition, a new £25 million Creative Futures programme will be launched to support emerging talent and business models. There will also be a new National Centre for Arts and Music Education as well as an expanded National Film and TV school.

The strategy also includes funding to create five new CoSTAR (Convergent Screen Technologies and Performance in Real Time) research and production facilities, which will drive innovation in screen and performance technologies.

Defence

In a perilous world, defence is now an urgent priority, not just for security but as an economic driver. The government intends to increase defence spending to 2.6 percent of GDP, with a longer-term goal of reaching 5 percent. This reflects the strategic importance of defence, security and resilience, and reinforces the central role of the sector in the UK's broader industrial and national priorities. A renewed strategy will align military procurement with economic objectives, emphasising the use of defence spending to support UK businesses and boost domestic production. It will also focus more on the use of technology. Evidence of this in action includes a new £400 million ringfenced budget for UK defence innovation and a £1.5 billion investment in at least six new munitions factories.

Professional and business services

This broad category, that includes legal services, management consulting, accounting, audit and tax, is a linchpin of the UK economy.

Priorities include embracing data and AI to improve services, capturing new opportunities like advising on the climate transition and cyber security and growing derivatives of tech like proptech and lawtech.

Specific investments include the launch of five new hubs and a new research programme to tackle barriers to innovation in the real estate sector.

Life sciences

The strategy aims to "renew the UK's leadership" in this sector by supporting bold innovation, fast-tracking paths for attracting highly-skilling scientists, unlocking capital through pension fund reforms and the British Business Bank, streamlining regulation, reducing clinical trial times, investing in manufacturing and facilitating closer collaboration between researchers, industry, and health services.

A key element is support for between 10 and 20 scale-ups, with a view to them listing and remaining headquartered in the UK. The government also wants to gain a leading-edge in data and AI through the development of the world's largest database on drug–protein interactions and the world's most advanced, secure and AI ready health data platform.

There will also be an emphasis on strategic clusters. For example, the government has already revived a plan to double economic output across the Oxford-Cambridge Arc, launched innovation accelerators and put money into joining up existing clusters such as Manchester and Cambridge.

CROSS-CUTTING PILLARS

The strategy identifies enabling pillars, including skills, innovation, infrastructure, regulation, investment, and trade, where horizontal reforms can help all businesses thrive. Innovation, for example, is a foundational driver across all sectors. In recognition of this, the government has committed to a four-year R&D spend totalling £86 billion. Some of the strategy's core pillars are expected to generate direct demand for real estate. For instance, efforts to address skills gaps will require the development of new academic and training facilities, while the drive for innovation will lead to the creation of dedicated centres of excellence.

National infrastructure investment is a central pillar of the strategy, with direct implications for the real estate sector. The accompanying Infrastructure Plan is underpinned by at least £725 billion over the next decade. It prioritises a faster planning process to accelerate delivery and unlock development. Other key areas include upgrades to transport, expansion of clean energy infrastructure, accelerated grid connection timelines, nationwide fibre and 5G rollout, support for data centres and edge computing, and investment in R&D infrastructure. Infrastructure investment and development is guided by sustainability principles, including the application of circular economy practices to waste supply chains and the decarbonisation of the transport system.

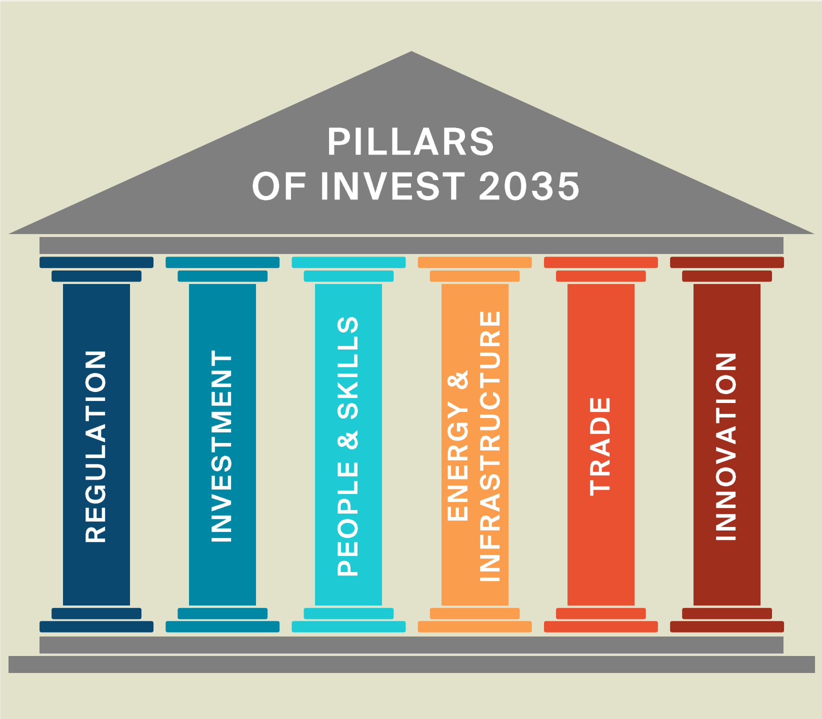
Potential gains

FOCUS ON PLACE

The plan aims to "unleash the potential of our cities and regions". Invest 2035 will "concentrate efforts on city regions, high-potential clusters, and strategic industrial sites aligned to the eight sectors”. Places like the West Midlands (with its advanced manufacturing and automotive cluster), Greater London, specifically the "West London cluster" for film and TV, or the Cambridge-Oxford arc (technology and biotech). To that end, the government is devolving powers and funding to metro mayors and local leaders, giving them tools to craft 10-year local growth plans aligned with the national strategy. A partnership with devolved administrations in Scotland, Wales and Northern Ireland is also promised. Clusters could also receive special powers, such as incentives for development and investment or more streamlined planning processes.

WILL IT WORK?

While these plans appear promising, their impact on the UK's economic trajectory over the next decade is the real test. The country faces significant challenges as it embarks on this strategy. Primary amongst these is productivity growth, which has remained sluggish since the 2008 financial crisis.



The upside

A successful industrial strategy could start to turn this tide. The economy's growth potential should be lifted by funnelling investment into high-productivity sectors and regions. High-impact industries like tech, life sciences and clean energy tend to generate well-paid jobs and innovation spillovers that raise productivity overall. If the UK captures more of the booming global demand in these areas, that will mean more export earnings and inward investment. A successful industrial strategy could lead to a future country bristling with new advanced manufacturing facilities, buzzing with tech and science startups and on a clear path to net zero, higher productivity, and more skilled jobs.

The downside

Past UK industrial strategies have often failed to fully deliver, whether due to political U-turns, insufficient funding, or poor execution. One risk is that the whole effort does not survive the next change of government. Another concern is whether the UK will commit the resources needed. A strategy heavy on coordination and light on cash may struggle. Then there is international competition. In a global world, the UK must ensure its offer remains competitive and agile enough or face losing businesses to other locations.

Moreover, success requires navigating other bottlenecks: issues with the planning system, weaknesses in energy infrastructure, skills shortages, a shortfall of capital connected to the conservative nature of pension fund investment and a lack of understanding of emerging fields in the investor community, financial difficulties in academia, investments disproportionality allocated geographically, to name a few.

The strategy sets the right goals (more skills, better infrastructure, etc.), but implementing those across multiple governments and departments will test Whitehall's mettle.

The strategy places R&D at the heart of the UK's growth ambitions. Historically, the UK has lagged behind its international peers in R&D investment, and stakeholders see Invest 2035 as an opportunity to reverse that trend. The critical question is whether there is enough funding. Without significant new investment and incentives, the strategy may fall short of fostering the "investment-intensive economy" it acknowledges is essential for boosting productivity.

There are also open questions about the extent of state intervention and the government's ability to identify and back the right technologies. Collaboration with industry will be essential to success.

Still, setting out a clear 10-year industrial strategy marks meaningful progress. It offers a framework for tracking outcomes and holding the government accountable. At the very least, it sends a stronger signal to investors and businesses about where the UK intends to lead. It is a step toward offering a stable, long-term economic framework to give businesses the confidence to invest for the future. It's also promising to see engagement with stakeholders beyond Whitehall. A decade from now, we'll see whether the UK's bet on picking and backing winners has delivered results or becomes just another chapter in a long history of industrial strategies that fell short of their promise.

Impact on place

The strategy's emphasis on place means that specific locations will emerge as key beneficiaries. From a real estate perspective, these areas should be priority targets for investment and development. For occupiers that value proximity to industry peers and talent, these high-growth hubs represent prime locations for clustering. Co-location may also unlock financial incentives or operational advantages in some sectors, further strengthening the case for a strategic presence.

Analysing active company counts by location and sector offers valuable early insight into existing industry clusters and highlights the locations best positioned to benefit from the Invest 2035 strategy.

London

Unsurprisingly, except for advanced manufacturing, at least one London borough ranks among the top five UK locations (borough or local authority level) for active company counts in each sector.

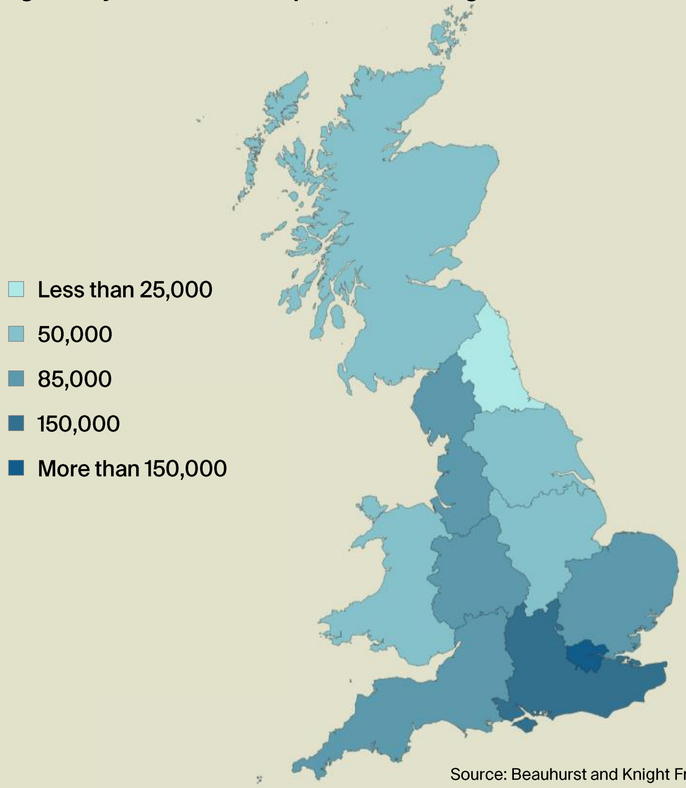
Camden and Westminster emerge as the two most prominent locations in London, each appearing in the top five across the eight sectors, with both hosting over 50,000 companies and Westminster close behind at 43,000. Notably, Camden, Westminster and Hackney have experienced the largest absolute growth in the number of active companies across the eight sectors over the past five years. These boroughs are home to some of London's most established industries and have also emerged as key hubs for sectors such as life sciences and next wave technology.

Birmingham stands out

Outside of London, Birmingham features more frequently than any other location in the top five rankings across the eight growth-driving sectors. The city has significant strengths in creative, financial services, business and professional services, advanced manufacturing, and digital and tech. This indicates Birmingham is exceptionally well-aligned with the strategy's priorities and likely to attract further investment and job creation across a broad front.

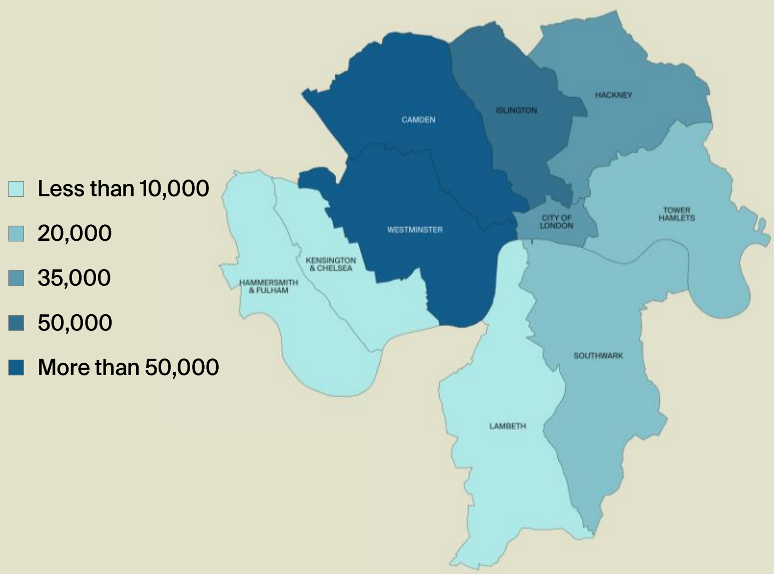
Manchester and Leeds also stand out, with each city appearing frequently across core sectors. Manchester is strong

Regions by number of companies in the eight sectors



Source: Beauhurst and Knight Frank Insight

London boroughs by number of companies in the eight sectors



Source: Beauhurst and Knight Frank Insight

Impact on place

in creative industries, financial services, business and professional services, digital and tech, and life sciences. At the same time, Leeds posts high counts in financial services, business and professional services, digital and tech, and advanced manufacturing.

Other locations with a ranking in the top five more than once are:

- **Cardiff** ranks highly in creative, digital and tech and business and professional services.
- **Buckinghamshire**, which shows depth in financial services and digital and tech.
- **Glasgow** stands out in creative and clean energy.
- **Sheffield** has strengths in digital and tech and advanced manufacturing.
- **Bristol** stands out in clean energy and digital and tech, aligning with the government's green growth and digital agenda.
- **Edinburgh** is strong in financial services and clean energy.
- **Cambridge and Oxford** are key for life sciences and digital and tech,

It's not only the top-tier markets that stand to gain from the strategy. Locations like Wiltshire, Dorset, Herefordshire, Bournemouth, and Somerset, military and defence activity leaders, could see a boost from increased defence procurement aligned with broader economic goals.

Meanwhile, Cornwall and Aberdeenshire are emerging as clean energy hubs, and areas such as Sandwell and Dudley are centres for advanced manufacturing, positioning them to benefit from renewed industrial investment and strategic support.

"Specific locations will emerge as key beneficiaries. From a real estate perspective, these areas should be priority targets for investment and development. For occupiers that value proximity to industry peers and talent, these high-growth hubs represent prime locations for clustering."

Sector	Top five locations outside of London, measured by number of active companies
Advanced manufacturing	Birmingham, Sandwell, Sheffield, Dudley, Leeds
Business and professional services	Birmingham, Manchester, Leeds, Cardiff, Buckinghamshire
Clean energy	Bristol, Edinburgh, Glasgow, Aberdeenshire, Cornwall
Creative	Birmingham, Manchester, Cardiff, Glasgow, Leeds
Defence	Wiltshire, Dorset, Somerset, Herefordshire, Bournemouth
Digital and technology	Birmingham, Manchester, Leeds, Cardiff, Buckinghamshire
Financial services	Birmingham, Leeds, Buckinghamshire, Edinburgh, Manchester
Life sciences	South Cambridgeshire, Birmingham, Manchester, Cambridge, Oxford

Impact on place

At the time of publishing this paper, not all of the detailed sector plans had been released. However, the summary below captures the locations cited in the documents that are currently available. There is a clear alignment between the distribution of active companies and the geographic focus set out in government strategy.

The five most frequently referenced locations are Scotland, West Midlands, North West, Wales, and London.

"It's not only the top-tier markets that stand to gain from the strategy."

Sector	Key clusters (Each sector plan is accompanied by a map that highlights key geographic clusters.)
Advanced manufacturing	• Edinburgh and Glasgow Central Belt (advanced materials, aerospace, space, agri-tech) • North East (automotive, batteries, space) • North West (automotive, advanced materials, aerospace) • East Midlands (advanced materials, aerospace, agri-tech, automotive, space) • Oxford-Cambridge growth corridor (aerospace, agri-tech, advanced materials, space) • West Midlands (aerospace, automotive, batteries, agri-tech) • Wrexham and Flintshire (aerospace, automotive, advanced materials, agri-tech) • Yorkshire & the Humber (advanced materials, aerospace, agri-tech) • South West (advanced materials, aerospace, agri-tech, batteries)
Business and professional services	• Edinburgh and Glasgow Central Belt (legal, consulting, accounting and audit, Regtech) • West Yorkshire (legal, accountancy, Lawtech, Proptech) • Greater Manchester (legal, accountancy and audit, real estate, consulting, Lawtech) • Liverpool City Region (legal, accountancy and audit, consulting, Lawtech) • West Midlands (Proptech, Lawtech) • Greater London (legal, accountancy and audit, consulting, Lawtech, Accountancytech, HRtech, Proptech, Regtech)
Clean Energy	• South West (fusion, wind, heat pumps, fission) • South East (wind, fusion) • Greater London (finance, R&D) • East of England (wind, fission, fusion) • West Midlands (wind, heat pumps, smart energy) • East Midlands (heat pumps, fission, fusion) • Yorkshire & the Humber (wind, CCUS, heat pumps, hydrogen, fission, fusion) • North West (wind, CCUS, hydrogen, fission, fusion) • North East (wind, CCUS, hydrogen, heat pumps) • Scotland (wind, CCUS, hydrogen, heat pumps) • Wales (wind, CCUs, hydrogen, fission)

Impact on place

Sector	Key clusters (Each sector plan is accompanied by a map that highlights key geographic clusters.)
Creative	• Dundee (gaming, design) • Edinburgh City Region (film/TV, performing arts, publishing) • Glasgow City Region (marketing, design, Createch, film/TV) • North East (film/TV, publishing music, gaming) • Greater Manchester (film/TV, music, advertising, market research) • Liverpool City Region (music, gaming, film/TV) • Greater London (film/TV, gaming, music, marketing, fashion, architecture, performing arts, design) • Cardiff Capital Region (film/TV, gaming, music) • West Yorkshire (film/TV, gaming, Createch, fashion, textiles) • West Midlands (film/TV, gaming, Createch, music, performing arts, design) • West of England (film/TV, music, Createch)
Financial Services	• London, Greater Manchester, West Midlands, West Yorkshire, Glasgow, Cardiff, Edinburgh
Digital and Technological	• Dundee, Glasgow City Region and Edinburgh City Region (AI, engineering biology, semiconductors, quantum) • Greater Manchester (cyber, AI) • Liverpool City Region (AI, engineering biology, quantum) • West Midlands (AI, cyber, ACT) • Cambridgeshire and Peterborough (cyber, semiconductors, AI, quantum, engineering biology) • Oxfordshire (cyber, semiconductors, AI, quantum, engineering biology) • Cardiff City Region, Swansea City Region, Newport (engineering biology, ACT, semiconductors, AI) • West of England (AI, quantum, engineering biology, semiconductors) • Greater London (AI, cyber, engineering biology, semiconductors, quantum)
Defence	• Scotland (shipbuilding) • Newcastle (AI) • Derbyshire (engines) • Cumbria (submarines) • West Midlands (aircraft) • Wales (armoured vehicles) • London (innovation) • Oxfordshire (space) • Somerset (helicopters)
Life Sciences	• London, Oxford, Cambridge, Manchester, Liverpool, Yorkshire, South Wales, North East, West Midlands, and the Glasgow-Edinburgh-Dundee triangle.

Impact on product

While some of the eight Invest 2035 sectors have overlapping real estate requirements, others demand highly specialised spaces tailored to their operational needs. For those on the supply side of real estate, the opportunity lies in closely aligning sector-specific demand with the correct product type to unlock value and drive strategic growth.

Offices

Sectors such as professional services, financial services, and parts of the tech industry will continue to drive demand for high-quality, sustainable office space. These firms typically seek prime buildings in well-connected talent rich locations, with strong ESG credentials and amenities that support health and wellbeing and maximise productivity and employee satisfaction. Office spaces must also deliver high-speed connectivity and scalable and flexible options for startups and scaleups in fields like tech.

Specialised space

In contrast, sectors like clean energy, defence, emergent derivatives of tech and life sciences require more specialised infrastructure. For example, life sciences companies rely on lab space combined with office space and, in some cases, GMP manufacturing facilities, clean rooms, and prototyping workshops located within very specific innovation ecosystems. These companies also value proximity to academic and research institutions and a collaborative ecosystem that enables them to scale efficiently. The sector primarily comprises smaller companies, making flexibility essential to allow businesses to scale up or down as needed.

Meanwhile, realising the government's ambitions related to advanced manufacturing will require high-specification manufacturing plants, R&D facilities, and robust supply chain and distribution infrastructure.

Creative industries, including film, TV, music, and gaming, have different demands. Film and TV productions require adaptable studio space with technical specifications such as "shiny floors," 35–50 ft ceiling heights, and high-capacity power systems for live broadcasts and large-format sets. Studios also need adjoining post-production suites, dressing rooms, and facilities for audience-based filming.

Gaming companies, on the other hand, seek flexible, creative, tech-heavy workspaces with enhanced cooling and IT infrastructure. Studios may require enhanced power provisions to support their operations. They may also need specialist spaces such as motion-capture studios and spaces for live streaming and other events.

Infrastructure, education and ESG

Finally, Invest 2035's broader goals, such as addressing skills gaps, building infrastructure, and achieving net zero, will drive additional demand for physical assets. This includes academic and training facilities, water treatment facilities, hydro plants, port infrastructure and related manufacturing for offshore wind farms, and data centres. While this insight focuses on commercial real estate it is important to note the elevated demand for housing.

Infrastructure investment fuels economic growth and accelerates clustering, with direct implications for real estate. Well-connected locations draw talent and enterprise, ultra-fast broadband underpins digital industries, and modern energy and water infrastructure are critical to life sciences development. Real estate aligned to infrastructure improvement from a location perspective will rise in value.

The clean energy strategy and broader aims to achieve net zero will have far-reaching implications for land use and real estate, such as growing demand for on-site power generation. The strategy strongly emphasises the electrification of transportation and real estate noting that electricity demand will double by 2050.

For real estate, targets and policies, such as the Clean Energy Supply Chain Fund and heat pumps initiatives are accelerating the shift toward energy-efficiency and electrified buildings. In addition, support for energy-intensive industries and potential electricity market reforms could have implications on costs.

In addition, applying circular economy principle in areas like construction and waste, will become standard, making embodied carbon assessments critical.

> **"Invest 2035's broader goals will drive additional real estate demand. This includes academic and training facilities, housing, energy infrastructure, and data centres."**

The transition to electric vehicles, underpinned by the phase-out of internal combustion engine sales by 2030 and hybrids by 2035, is set on stone. This shift will drive increased demand for EV charging infrastructure in properties, positioning real estate as a critical enabler of the UK's low-carbon future.

Impact on property players

Impact for occupiers

The mantra "location, location, location" will become even more in focus for occupiers, given the emphasis on place in the industrial strategy. Companies will need to assess whether they are located in a region slated for growth in their sector and/or infrastructure investment and, if not, consider establishing a presence there. Clustering incentives (tax breaks, grants, simplified planning, access to talent and improve infrastructure etc) may materially tilt the cost-benefit analysis of location.

Given the emphasis on sectors that require highly-educated professionals alongside rapid innovation, proximity to research institutions, academia and other either research-led partners or skills-led partners will be increasingly important. Additionally, there will be an increasing onus on occupiers to cultivate future talent through levers that include partnerships with academia to launch skills academies, internal education facilities and apprenticeships. This will shape real estate requirements.

The implications will differ not only by sector but also based on whether companies primarily occupy their real estate through ownership or leasing arrangements. For owner-occupied portfolios, the clarity and longevity of Invest 2035 combined with incentives, planning reforms and infrastructure investment should encourage long-term capital investment in modernising or scaling facilities. Owner-occupiers will need to stay ahead of broader policy changes related to Invest 2035 such as this shift to clean energy and MEES regulations and make necessary upgrades.

If real estate supply fails to keep pace with growing demand, occupiers with leased portfolios will likely face mounting pressure to secure space early in designated growth clusters to avoid being constrained by limited availability.

Impact for investors

The drive to unlock and support regional growth is likely to be met with enthusiasm by investors. Since 2020, we've witnessed a clear shift in offshore capital moving towards the UK outside London. In fact, cross-border capital flows into these regions rose by 39.1% in Q1 2025 alone, continuing the upward trend in mid-2024. If we exclude London, the UK would now rank as the third most attractive global destination for Commercial Real Estate investment, outperforming major markets like France, Australia and Japan. With this level of capital interest already turning towards commercial opportunities beyond the capital, there's a real opportunity to further scale investment into these regional areas.

But it's not just international capital at play here. There's a growing domestic push as well. The Mansion House Accord, announced on 13 May 2025, has united 17 of the UK's largest workplace pension providers in a commitment to invest at least 10% of their defined-contribution default funds into domestic private markets by 2030. Notably, 5% of that investment is reserved explicitly for UK-based assets such as infrastructure, property and private equity. With this homegrown capital backing regional initiatives and aligning with Government efforts, there's a strong case for increased investor interest and meaningful support for growth plans across the UK.

Impact for landlords and developers

Invest 2035 is set to raise the bar for sustainability and building performance.

Landlords will need to upgrade existing assets to comply with increasingly stringent energy standards, while developers must integrate these requirements into future schemes from the outset.

The strategy's planning reforms and investment in infrastructure are expected to unlock new development opportunities and help remove some of the barriers that have historically slowed down delivery.

Landlords are likely to experience growing demand from high-growth sectors, but capturing this opportunity will require a clear alignment between portfolio offer and occupier needs. Reviewing existing assets and making targeted upgrades will be essential to remain competitive.

Developers should take a similar approach, aligning future development pipelines with priority locations and sectors identified in Invest 2035 to ensure their schemes meet the evolving needs of the market. Monitoring the location of major infrastructure projects will be crucial, as these areas are likely to see rising value and heightened appeal.

Find out more

Knight Frank Insight has released several publications offering in-depth analysis of the eight key sectors underpinning Invest 2035. These publications deliver valuable perspectives on sector trends and their implications for real estate strategy.

ADVANCED MANUFACTURING

BUSINESS AND PROFESSIONAL SERVICES

CLEAN ENERGY

CREATIVE

DEFENCE

DIGITAL AND TECHNOLOGY

FINANCIAL SERVICES

LIFE SCIENCES

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