

Global tech investment booms in London

London tech firms raise \$10.5B in venture capital investment in 2020, with fintech, enterprise tech and healthtech set to boost even further growth. How will 2021 compare?

London is at the centre of Europe's booming tech scene. According to [new research](#) from Dealroom.co and London & Partners, London tech companies helped Europe to reach record levels of tech venture capital funding in 2020.

International investors continue to look to London, with the findings revealing that the UK capital received more tech VC investment than any European city in 2020. Future growth also looks strong, with data showing that London-based VC firms have unprecedented levels of fresh capital to deploy in 2021.

Setting the standard

Despite the global pandemic and the UK's exit from the European Union, London tech firms raised \$10.5B in 2020; significantly more than the total amount raised in 2017 (\$7B) and 2018 (\$5.9B), and close to the record in 2019 (\$10.7B).

The UK capital cemented its status as Europe's leading tech hub, with London companies receiving over three times the amount of investment than any other European tech city. London's tech scene is also competitive on the global stage, featuring as the second fastest growing global tech hub since 2016 and ranking fifth on the worldwide list for VC tech investment over the past five years.

“London is the global tech capital of Europe. Despite the challenges brought about by Brexit and the coronavirus pandemic, London’s tech sector continued to thrive in 2020 and has an important role to play in the city’s economic recovery. London is already home to some of the world’s best technology companies and will remain open to international investment and tech talent from all over the world.” Sadiq Khan, Mayor of London

2020 was a record year for VC funding into Europe’s tech sector, with figures from Dealroom.co revealing European tech companies raised \$43.1B last year. London was at the heart of this growth, with its tech firms accounting for a quarter of all European tech funding. Global tech VC investment was also resilient in 2020, with the data showing \$272.3B was invested into tech firms worldwide in 2020, up from \$262.7B in 2019.

An investment boom

Mega funding rounds for London-based tech companies also increased VC investment levels for UK tech in 2020, with British tech firms raising a record \$15B in 2020. Some of the largest deals involving London companies included a \$500M Series D funding round for London fintech firm Revolut; a \$400M deal for electric vehicle maker Arrival; and two funding rounds totalling \$527M for renewable energy provider Octopus Energy.

Future investment prospects for London’s tech companies have been boosted by an increase in new VC funds based in the UK capital. London VC firms raised \$7.8B in new funds in 2020, on top of the \$4B raised in 2019 – accounting for a third of all new European VC funds over the past two years. This represents a huge increase on previous years, with just \$1.7B and \$2.7B raised in 2016 and 2017.

Additional findings show that London is now home to 1,252 VC firms – more than any other European city. 2020 saw a number of global investment firms increase their presence in London with Index Ventures (\$2B fund) and Atomico

(\$830M fund) announcing new funds for European start-ups based in London and the news that Silicon Valley based VC Sequoia Capital has expanded its footprint in the UK capital.

“It’s brilliant to see how resilient London’s tech sector has been, despite all the challenges of 2020. International investors have shown real confidence in London, with new venture capital funds setting up here to invest in high-growth companies in sectors like fintech, cybersecurity and health tech. This is because London continues to be the gateway to the European market and a fantastic place to set up and scale a tech company.” Laura Citron, CEO, London & Partners

Growing tech startups call London home

London is also producing some of the world’s fastest growing tech companies, with Dealroom identifying 81 potential future unicorns headquartered in the capital – double the amount of Paris (42) and Berlin (32). London is the current unicorn capital of Europe, home to 43 unicorn companies – more than Paris (11), Berlin (11) and Amsterdam (9) combined. London has emerged as a unicorn capital due to increased access to later-stage funding – with the data showing a sharp increase in the availability of capital for \$250M+ funding from \$1.8B in 2019 to \$5B in 2020.

Further analysis of global investment flows showed that London is well-placed to take advantage of some of the fastest growing technology sectors globally. Fintech remained one the hottest areas for VC investment in 2020, with London fintech companies raising \$4.3B – almost half of all European fintech investment.

Some of the biggest deals involving London fintechs in 2020 included Kl

Insurance (\$500M), Checkout.com (\$150M) and GoCardless (\$95M). Over the past five years, London fintech companies have raised \$15.4bn in funding.

Article by MADDYNESS UK