

London's continued appeal for high-growth business

Max Lunn talked to Laura Citron, CEO of London & Partners, about why London still rules the European roost when it comes to attracting high-growth businesses

By now we're used to *bad news* about the UK and London's economy, and its knock-on effect for startups, scaleups and high-growth companies. Brexit and the pandemic are tediously offered up as reasons why the IMF predicts the UK as being the only G7 nation not to grow in 2023. But what if there was another side to the story? One where London majestically prospered, its great tide lifting all boats within the cove of the M25.

This is the story I got from Laura Citron, CEO of *London & Partners*, when we discussed why London is anything but drying up – and why this is as much down to its pools of capital as its oceans of tolerant values. Laura describes London & Partners as a 'concierge service for the city'; a social enterprise part funded by public grants, who help foreign businesses flow into London, and home-grown ones ripple out. Although they promote London to a variety of businesses, it's their expertise with both in-bound (and out-bound) scaleups that we're looking into today.

Laura tells me she's a born and bred in the capital – but that being a Londoner 'isn't about being in a place so much as having a state of mind: openness, a lover of change, respect of difference, tolerance'. I hate mentioning it, but ask if recent events – and the Tory's extreme approach to immigration – has coloured this tolerant perception of London from the point of view of

international founders and CEOs? 'London didn't vote for Brexit' Laura starts, before saying that Mayor Sadiq Khan has been outspoken in his support for an open London in the years following the vote. She also points to the fact polls suggest London is now even more pro-EU than it was at the time of the vote, and that it has welcomed both Ukrainians and Hongkongers alike. I recently read that across London about 69% of babies have at least one parent who was born abroad.

Tourists are key to London's success. Laura tells me London has bounced back relatively well from Covid, with tourism numbers at about 85% pre-pandemic levels. Chinese tourists are the only missing puzzle piece, but they are predicted to return soon following China's reopening. Tourism accounts for as many as 1 in 7 jobs in London.

Laura is keen to stress this inextricable relationship between London's economic success and its culture. 'The reason London is prosperous and is growing and is resilient, is because best people in world want to come and work and study here - and they want to be here *because* it's an amazing place to work, and study - and live. And because they want to be here business invest here - because of all this talent - and then because people invest here, they build buildings and put their money here. It's this upward cycle that drives London's prosperity'.

London & Partners inbound work involves courting the next big thing from around the world and convincing them to open their first office abroad in London. They have worked with a huge range of high-growth scale ups; Malt - the French freelance platform - being a recent example. On France, I ask how Paris fares as a destination for outbound, high-growth businesses looking to open offices as they internationalise from the UK. Laura effuses that 'France is a fantastic market for UK businesses, who tend to go straight to the U.S. But there's a great corporate market in France with the CAC 40. It obviously depends what the business is, but for something like sustainable fashion, for example, France really makes sense for expansion. They have a huge market given the global fashion brands are there'.

Laura tells me London is still one of the top cities globally for inward investment - traditionally around fintech and business services, but also increasingly around sustainability, unsurprisingly. Laura name checks an array of industries and verticals she's seeing more inward investment directed towards: 'smart city tech, autonomous vehicles, proptech, everything around green and clean. E-commerce has also been strong, as have impact driven business'.

Why London for green and clean? 'It's a global centre for green finance: there are deep pools of capital to draw on, and we're also an early adopter of many green technologies - this also means we've got ambitious environmental

standards and regulations, and there's a strong market for clean tech businesses generally'.

I return to the Brexit question – and this general narrative of decline – and whether Laura has seen any knock-on effects over the years for the high-growth sector. She points out that for heavily regulated companies in industries such as financial services or life sciences there are undoubtedly huge challenges in trying to grow a business without single market access, but the vast majority of the high-growth companies she works with aren't privy to such regulations. 'What matters most is market access: by far the biggest European market is London; most of the EMEA HQs are here – and so if you're B2B then London still makes the most sense'.

I ask about recent characterisations that although London is a hot-bed of startup and early-stage VC funding activity, it is much harder to then to find scale-up capital that can keep a promising business growing. This supposedly forces startups to either sell or seek a listing at an early stage. Laura posits that may have been the case 10 years ago; and that raising a solid Series B would have been a challenge. 'Things have changed significantly though- now it's possible to raise a B,C,D and beyond – partly because some of the big international funds have set up: Andreessen Horowitz, Sequoia Capital. But also because VC funds in London are sitting on more dry powder: LPs have more cash than ever; there's a great sense of optimism about the qualities of business in London'.

This is very much a London story – not a levelling up one – and Laura finishes by telling me that London's global reputation is much stronger than you might imagine: 'most investments are able to distinguish between London and the rest of the country'.