



Employment Projections for London by Sector: Results from GLA Economics

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GLAECONOMICS



Introducing GLA Economics

- GLA Economics provides expert advice and analysis on London's economy and economic issues facing the capital
- Form basis for policy and investment decisions for
 - Mayor of London
 - London Development Agency
 - Transport for London
- GLA Economics research and publications can be found at
 - http://www.london.gov.uk/mayor/economic_unit/index.jsp



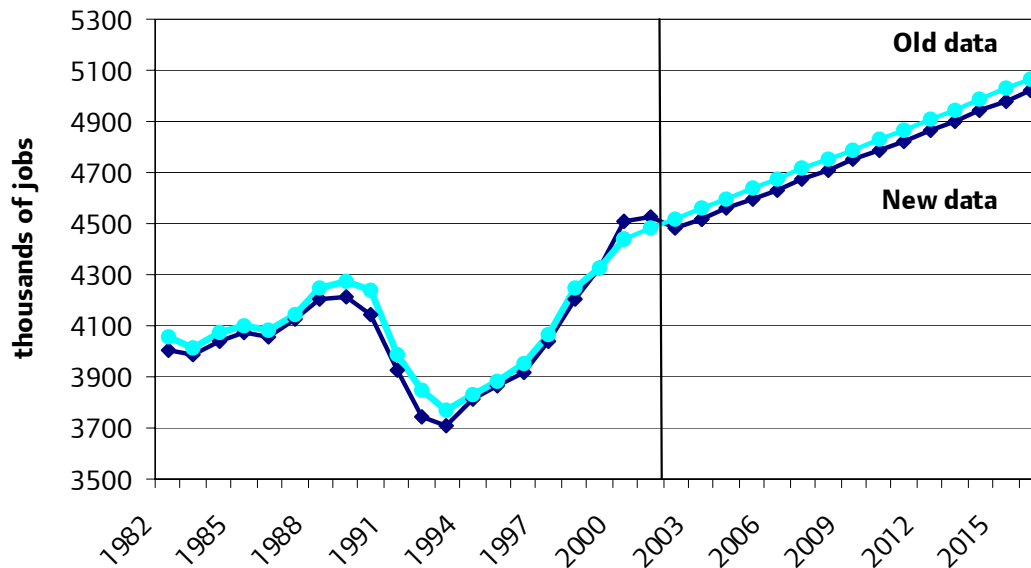
Context for employment projections

- Results presented here from
*Working Paper 11: Working London
Employment projections for London by sector
November 2004*
- Employment projections developed with Volterra Consulting
- Updated in 2004 using same techniques as used for London Plan in 2002
- Two years of new data (from 2000 to 2002)

A different past, a similar future

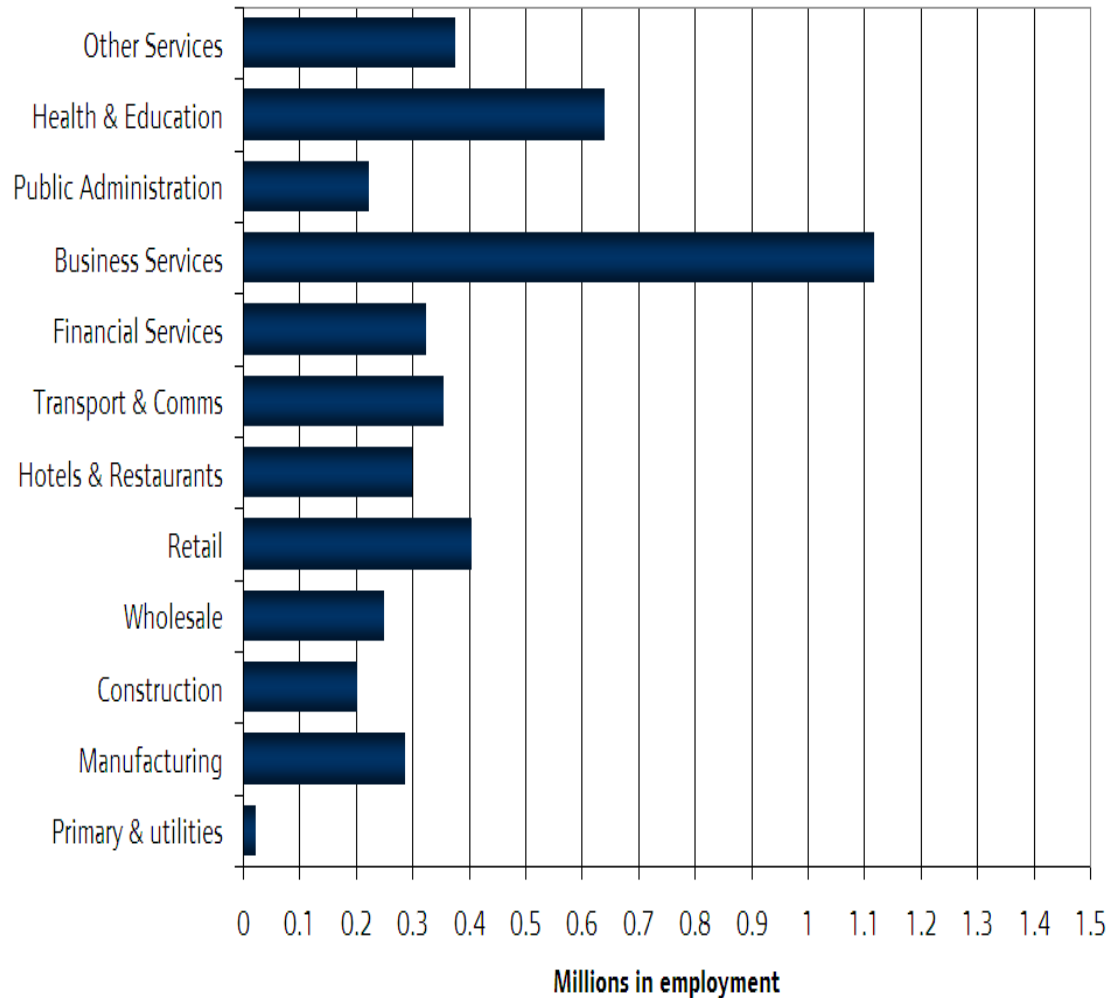
	New Data (millions of jobs)	Old Data (million of jobs)	Revisions (number of jobs)
1995	3.87	3.88	-10000
1996	3.92	3.95	-30000
1997	4.04	4.07	-30000
1998	4.17	4.25	-80000
1999	4.32	4.33	-10000
2000	4.49	4.44	50000
2001	4.52	4.48	40000
2002	4.48	4.52	-40000

- Fewer jobs than we thought over 1995-99
- More in 2000-01 but less in 2002
- Differences average around 0.3% of total
- So little change to projections for 2016





London's employment today

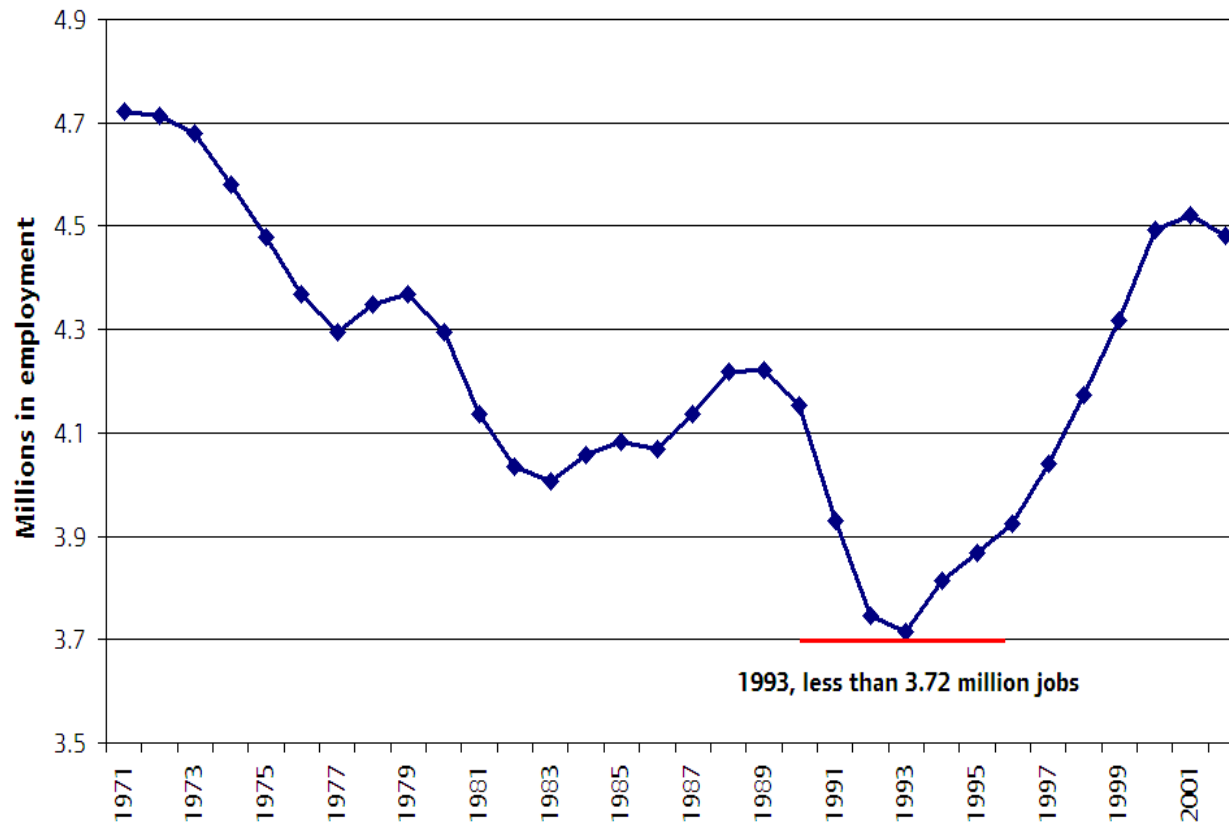


- Around 4.5 million jobs in London in 2002
- Includes employees and self-employed
- Over 1.1 million (25%) in business services
- More than 320,000 (7%) in finance
- 860,000 (19%) in public admin, health & education
- Less than 290,000 (6%) in manufacturing sectors





History of employment change in London



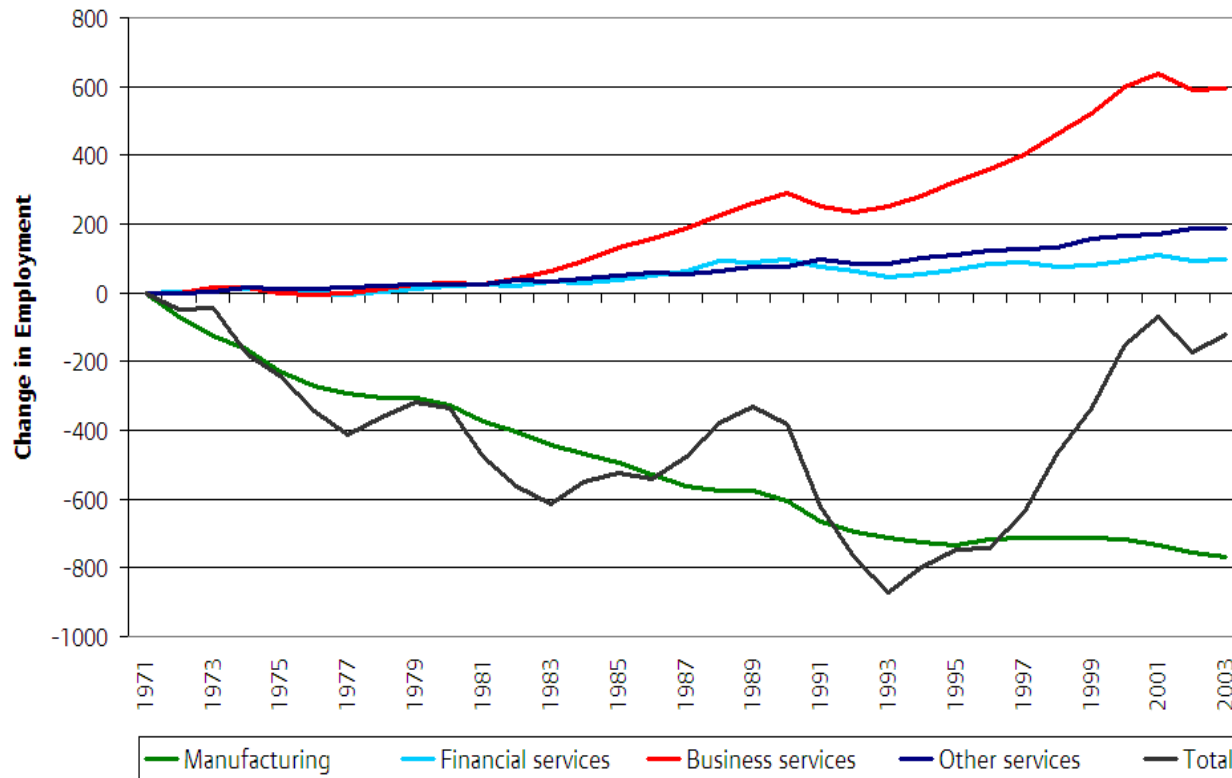
- Employment in London recovered since 1993
- Almost 700,000 new jobs over 1993 to 2002
- By 2002, at highest levels since early 1970s





History of employment change in London by sector

Change in London's Employment by Sector, 1971 - 2003



- Change in employee jobs
- Since 1993, London gained jobs rapidly
- Growth in business and other services
- Continued decline of manufacturing



Source: Cambridge Econometrics

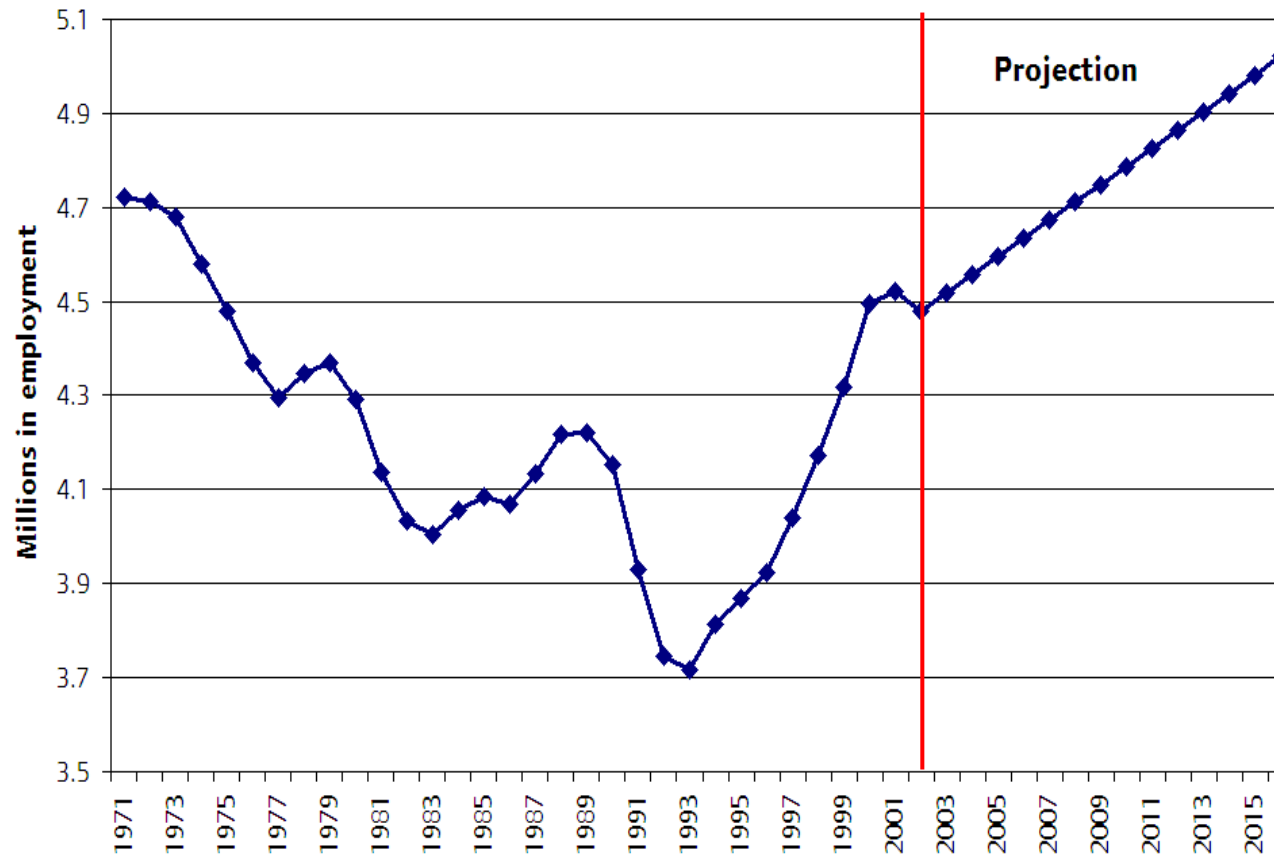


The projection technique

- Examines ratio of total London employment to total London real output (workplace Gross Value Added)
- Fit regression lines to historic trend
- Reports that in London
 - Short-term annual output growth of 1.65% results in stable level of total employment
 - Long-term annual growth of 1.7% for stable employment
 - Represents the productivity growth of workers
- London has long-term projected annual output growth of **2.5%**
- Annual employment growth of 0.85% applied for 2003 to 2007 and 0.8% beyond 2007



Total employment projections for London



- 2002: 4.48 million
- 2007: 4.67 million
- 2011: 4.83 million
- 2016: 5.02 million

London gains an additional 541,000 jobs between 2002 and 2016.





Applying the same technique to sectors

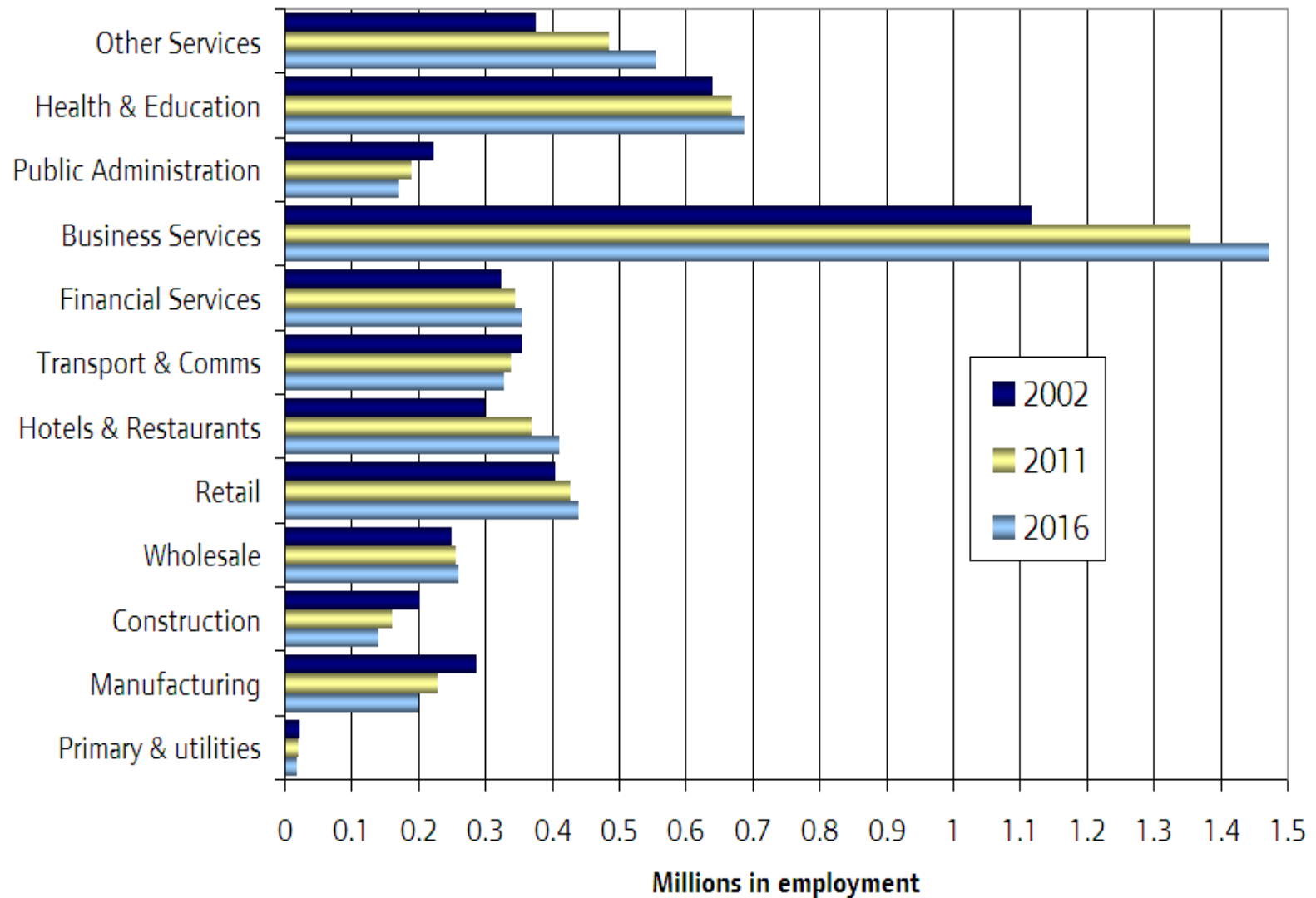
- Same technique applied to 12 sectors
- Historic ratios of each sector's employment to total London output
- Taking each sector in turn, identify breaks in historic ratios to identify likely future trend or average two trends
- Applies to all sectors except business services
 - Current trend of 4% jobs growth each year not sustainable
 - Business services growth equals total employment growth minus employment growth in all other sectors

Trends used for sector projections

Sector	Trend used for projection	Annual growth rate needed for stable employment	Long-term annual jobs growth rate with output of 2.5%
Primary & utilities	1995 to 2002	4%	p.a -1.5%
Manufacturing	1993 to 2002	5%	-2.5%
Construction	1988 to 2002	5.2%	-2.7%
Wholesale	½ from 1981 to 2002 ½ from 1993 to 2002	2.2%	0.3%
Retail	1992 to 2002	1.9%	0.6%
Hotels & Restaurants	1983 to 2002	0.2%	2.3%
Transport & Comms.	½ from 1982 to 2002 ½ from 1990 to 2002	3.1%	-0.6%
Financial Services	½ from 1985 to 2002 ½ from 1993 to 2002	1.8%	0.7%
Business Services	No Trend Used Residual to total jobs	0.0 to 0.8%	1.7 to 2.5%
Public Administration	½ from 1978 to 2002 ½ from 1991 to 2002	4.3%	-1.8%
Health & Education	1992 to 2002	2.0%	0.5%
Other Services	1991 to 2002	-0.4%	2.9%
Total Employment	1989 to 2002	1.65% (to 2007) 1.7% (from 2008)	0.85% (to 2007) 0.80% (from 2008)



Sector employment projections 2002-2016





Main findings of projections by sector

- Results over 2002 to 2016
- Business services
 - Continued growth despite being constrained
 - Up by over 350,000 jobs, 32%
- “Other” services
 - Strong growth over 180,000, almost 50%
- Hotels & restaurants
 - Growth of 110,000 jobs, 37%
- Manufacturing
 - Continues its steady decline
 - Loss of 86,000 jobs, minus 30%
- Construction
 - Contracts by 63,000, minus 31%



Ongoing work from GLA Economics

- GLA Employment and Population Projections Group
- GLA Economics publication – “More residents, more jobs?”
 - Looks at relationship between population, employment and accessibility in London
- Triangulated borough employment figures
 - method for combining site capacity, sector trends and accessibility figures
- GLA Economics studies of particular sectors improve our understanding of employment change in London
 - Retail, leisure, tourism, construction, manufacturing