GLAECONOMICS

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UK GDP falls unexpectedly in October

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The Office for National Statistics (ONS) published data for UK GDP growth in October. This data showed that UK output unexpectedly shrank in October with GDP dropping by 0.1% compared to a month earlier (Figure 1).

This follows on from a decline in output in September and came as a surprise, as most surveyed economists had expected the UK to have grown marginally in October. The ONS observed that this drop was "largely because of a decline in production output". Output in the production sector fell by 0.6% in October due to falls in manufacturing, and mining and quarrying output. This follows a fall of 0.5% in September. Output in the services sector was flat in October following 0.1% growth in September. Construction output fell by 0.4% following growth of 0.1% the previous month. Looking at a longer period, real GDP is estimated to have grown by 0.1% in the three months to October 2024, compared with the three months to July 2024. Growth was seen in both the service and construction sectors over that period.

Looking forward, the OECD published their latest Economic Outlook forecast this month. This forecasts that the UK will grow by 0.9% this year, 1.7% in 2025 and 1.3% in 2026. This compares to forecasted growth for all the OECD countries of 1.7% this year, 1.9% in 2025 and 1.9% in 2026. Commenting on the forecast for the UK the OECD observed that growth next year will be boosted by the large increase in public expenditure "set out in the autumn budget". However, they also noted that "wage-driven pressures on the price of services and

Also in this issue

Inflation picks up further in November 2
Bank of England finds global financial risks remain high 3
The global economy is facing subdued growth and geopolitical challenges as it heads into the New Year 3
Workforce Jobs Revised Down for London and the UK.................. 4
Economic indicators 5
London macroeconomic scenarios (December 2024 update) 11
Our latest publications 18

Datastore

The main economic indicators for London are available to download from the London Datastore.

the fiscal stimulus will keep underlying price pressures elevated, leaving headline inflation above target over 2025-26. Large government deficits, expected at 4.5% of GDP in 2025 and 3.9% in 2026, will hold public debt above 100% of GDP and rising".

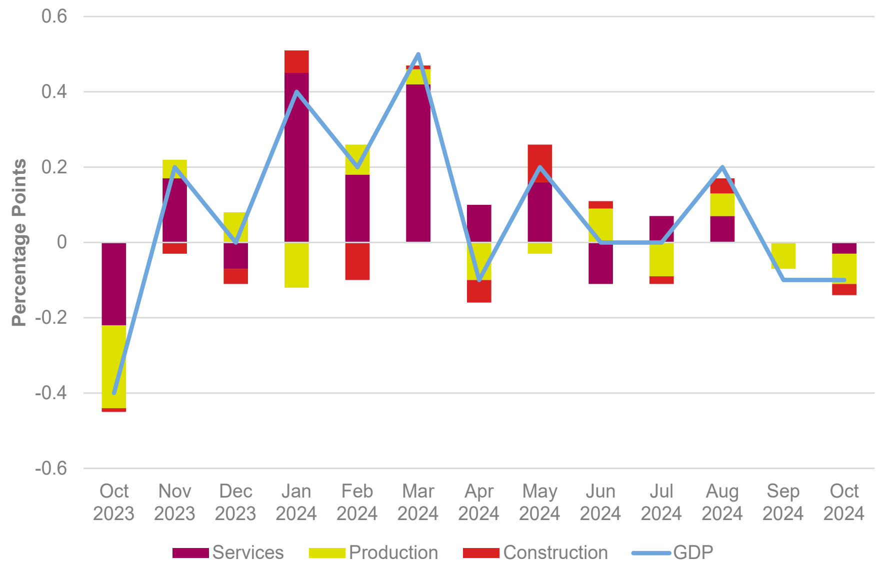


Figure 1: Contributions to monthly UK GD) growth, October 2023 to October 2024

Source: ONS

Inflation picks up further in November

The UK inflation rate rose to 2.6% in the 12 months to November 2024, its highest level since March, and up from 2.3% in October and 1.7% in September (Figure 2). While inflation has fallen significantly from the peak of 11.1% in October 2022, it is above the Bank of England's (BoE) target of 2%. However, it currently remains within the ±1% range in which it can fluctuate without the Governor of the Bank of England having to write an explanatory letter to the Chancellor of the Exchequer.

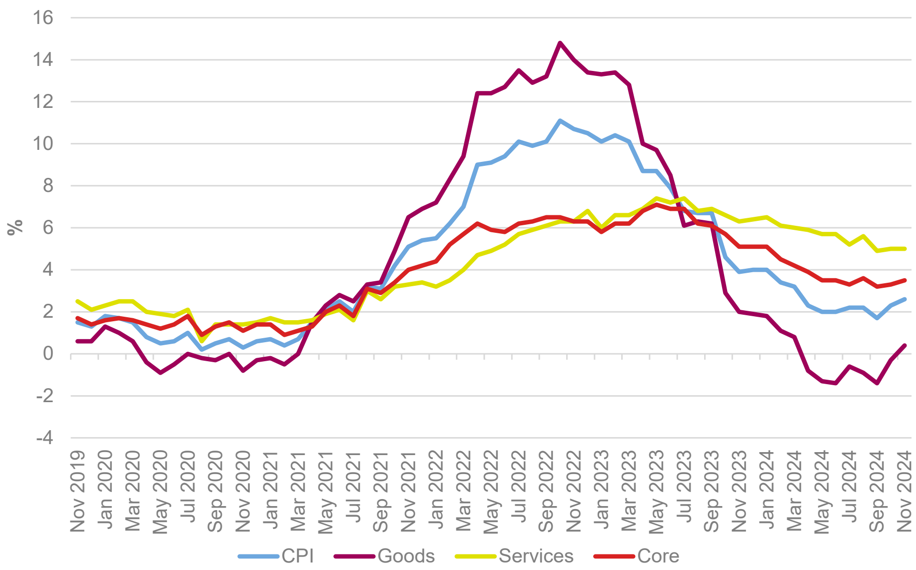


Figure 2: CPI, goods, services and core annual inflation rates, UK, November 2019 to November 2024

Source: ONS

Beyond the headline inflation figure, other measures also generally picked up. Core CPI (excluding volatile energy, food, alcohol and tobacco prices) inflation increased to 3.5% over the year to November 2024, up from 3.3% in October. The CPI goods annual rate rose from negative 0.3% to positive 0.4%. The CPI services annual rate remained unchanged at 5.0%. Thus, with inflationary pressures picking up a bit the BoE Governor, Andrew Bailey, has indicated that further interest rate cuts are likely to be gradual to ensure that inflation stays under control.

Despite inflation being lower than in recent years financial pressures on households remain high. One such pressure comes from the housing market, with mortgage holders facing potential cost increases, with around 4.4 million households likely to experience higher payments by 2027, including roughly 420,000 households facing monthly hikes of more than £500, according to the BoE in its latest Financial Stability Report published at the end of November. However, the BoE noted that households are better prepared for these increases due to mortgage rates beginning to lower and longer borrowing terms.

Still, in more positive news the BoE in the same report also highlighted improvements in the mortgage market, with net mortgage approvals for house purchases rising to 68,300 in October 2024, the highest since August 2022. Refinancing approvals also increased, as the burden of higher interest rates eased with recent rate cuts. Further, around 2.4 million households on variable rates are expected to benefit from falling mortgage costs.

Bank of England finds global financial risks remain high

The BoE's Financial Stability Report also looks beyond just mortgages to the stability of the UK's financial system as a whole. It outlines the key risks and developments affecting the UK financial system. The BoE notes that global risks such as geopolitical tensions and economic fragmentation remain significant, particularly for the UK, given its open economy and large financial sector. While global financial markets have absorbed recent shocks in an orderly manner, vulnerabilities in market-based finance continue to pose a risk, potentially amplifying market disruptions and affecting the availability and cost of credit in the UK. Despite these challenges, UK households and corporate borrowers are expected to remain resilient, supported by a well-capitalized banking system.

Still, domestically, they observe that while UK financial markets have seen a rise in long-term government bond yields, nevertheless risk premia remain close to historical lows. The results of the 2024 stress test show that UK banks would maintain strong capital buffers even in severe economic downturns, demonstrating their ability to continue supporting the economy. While risks to global growth and inflation persist, UK banks are well-positioned to absorb shocks and support credit demand.

The report also highlights the ongoing concerns about high public debt levels and geopolitical tensions, which could lead to higher borrowing costs and increased market volatility. Cyber-attacks, as part of heightened geopolitical risks, also present a potential threat to financial stability. In the corporate sector, small and medium-sized enterprises, particularly those backed by private equity, may face greater challenges as they refinance amid higher interest rates, though the overall outlook for UK borrowers remains stable.

In all the BoE found that the UK banking system remains resilient, with strong capital and liquidity positions. Stress test results confirm that banks would be able to withstand severe global shocks and continue lending to households and businesses. Despite some vulnerabilities in market-based finance, particularly related to hedge funds and the intersection of private equity and life insurance, the banking sector is expected to remain stable and capable of supporting the economy in the face of ongoing risks.

The global economy is facing subdued growth and geopolitical challenges as it heads into the New Year

Recent global economic developments reflect slow growth, although inflation has been moderating across many regions. In Syria, escalating tensions and the collapse of President Assad's regime have raised concerns about regional stability. Meanwhile, the U.S. presidential election has introduced uncertainty, with potential shifts in trade policies under President Trump, including the risk of new tariffs that could disrupt global supply chains.

In the energy sector, according to the International Energy Agency's (IEA) Oil Market Report for December 2024, global oil demand growth has slowed, with a forecasted increase of just 840 thousand barrels per day (kb/d) in demand in 2024, down from previous years. This slowdown is due to the end of post-pandemic demand surges and the increasing use of clean energy technologies. Global oil supply, however, continues to grow, with major increases expected from non-OPEC+ countries like the US and Canada. Despite production disruptions in regions like Libya, the oil market is expected to remain well-supplied, though demand remains weaker, particularly in China. The IEA's latest report forecasts a supply surplus in 2025, even if OPEC+ production cuts continue. The agency stresses the importance of continued investment in renewable energy to support long-term energy resilience.

In the EU, the IMF has raised concerns about the rising state aid provided by member countries, which could undermine overall competitiveness if not coordinated effectively. State aid, primarily for green technologies and energy efficiency, has tripled in the past decade, and while it can stimulate growth, the IMF warns it may have negative effects on other nations. The IMF calls for a more centralised approach to state aid within the EU to prevent competitive imbalances. As the EU faces increasing challenges from industrial policies in the US and China, this shift is seen as essential for bolstering Europe's economic resilience.

Workforce Jobs Revised Down for London and the UK

The ONS has recently updated the Workforce Jobs (WFJ) by Region and Industry dataset. The major annual revisions that benchmark WFJ to employer surveys over the previous two years show that job creation has been overstated.

These revisions have led to notable downward adjustments in WFJ estimates, particularly from March 2019 onward. Further, the impact of these revisions is significantly greater for London compared to the UK as a whole.

Starting in late 2022, London's numbers were revised down sharply (Figure 3). For June 2024, London's workforce job figures have been revised downward from 6,648,000 (published in September 2024) to 6,411,000 in the latest release—a reduction of 237,000 jobs. This represents a 3.6% decrease in job numbers, compared to a more modest 1.0% downward revision at the UK level for the same quarter.

The most recent data for Q3 2024 also indicate a negative quarterly growth rate, with London's workforce job numbers decreasing by 0.7% compared to Q2 2024. Despite this decline, the annual growth rate for Q3 remains positive at 1.0%. Details of changes across specific industries and sectors will be examined in our future publications.

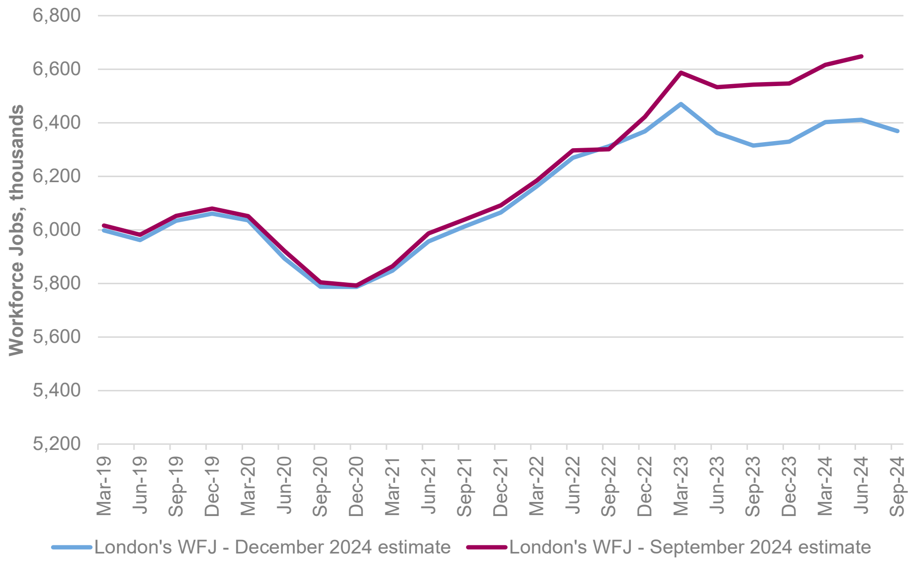


Figure 3: Comparing London's WFJ estimates between March 2019 to September 2024 - September 2024 estimate versus December 2024 estimate

Source: ONS

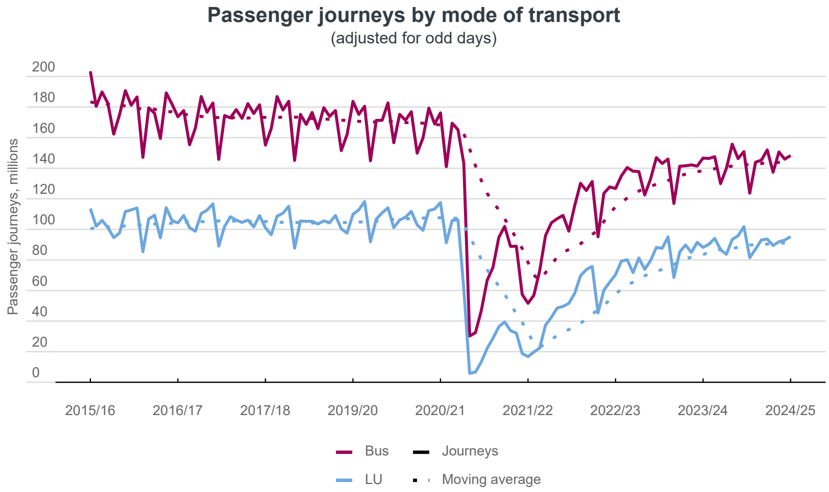
GLA Economics will continue to monitor all these and other aspects of London's economy over the coming months in our analysis and publications, which can be found on our [publications page] and on the [London Datastore].

Economic indicators

The underlying trend in passenger journeys on London public transport marginally increases in July

- 243.5 million passenger journeys were registered between 23 June and 20 July, 4.7 million more than in the previous period. 238.9 million passenger journeys were registered between 26 May and 22 June.
- In the latest period, 95.2 million of all journeys were underground journeys and 148.3 million were bus journeys.
- The 13-period-moving average in the total number of passenger journeys rose marginally from 234.9 million in the previous period to 235.1 million in the latest period.
- Due to the cyber incident at TfL, the release of passenger journey data has been postponed. The next release date is yet to be confirmed

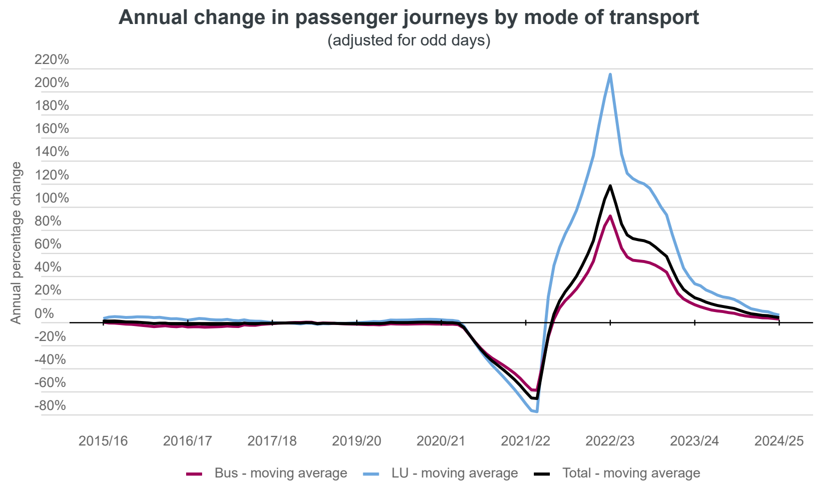
Source: Transport for London
Latest release: August 2024, Next release: TBC



Annual growth in passenger journeys remains positive, if slowing

- The 13-period moving average annual growth rate in the total number of passenger journeys was 4.4% between 23 June and 20 July, down from 5.1% between 26 May and 22 June.
- The moving average annual growth rate of bus journeys decreased from 3.6% to 3.1% between the above-mentioned periods.
- Likewise, the moving annual average of underground passenger journeys decreased from 7.7% to 6.6% between those periods.
- Due to the cyber incident at TfL, the release of passenger journey data has been postponed. The next release date is yet to be confirmed.

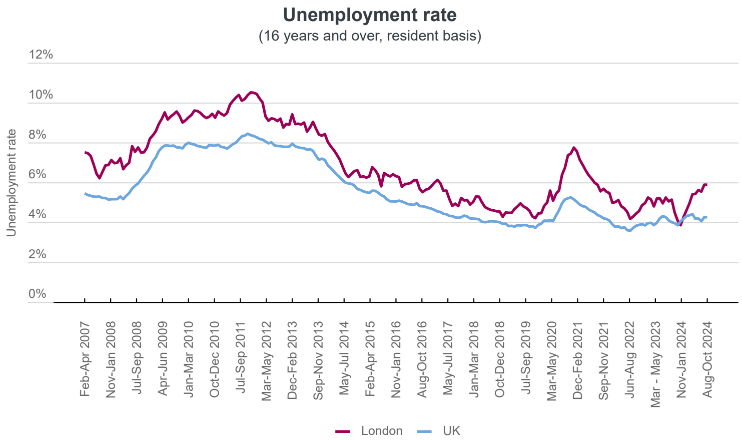
Source: Transport for London
Latest release: August 2024, Next release: TBC



London's unemployment rate increased over the last quarter

- Around 314,000 residents aged 16 and over were unemployed in London in the period from August to October.
- The unemployment rate in London for this period was 5.9%, an increase from the 5.6% seen in the previous quarter May - July.
- The UK's unemployment was 4.3% in August - October, marginally up from 4.2% in the previous quarter May - July.
- The Office for National Statistics cautions that significant volatility has been observed in recent periods, and short-term changes should be treated with vigilance and used in conjunction with other indicators.

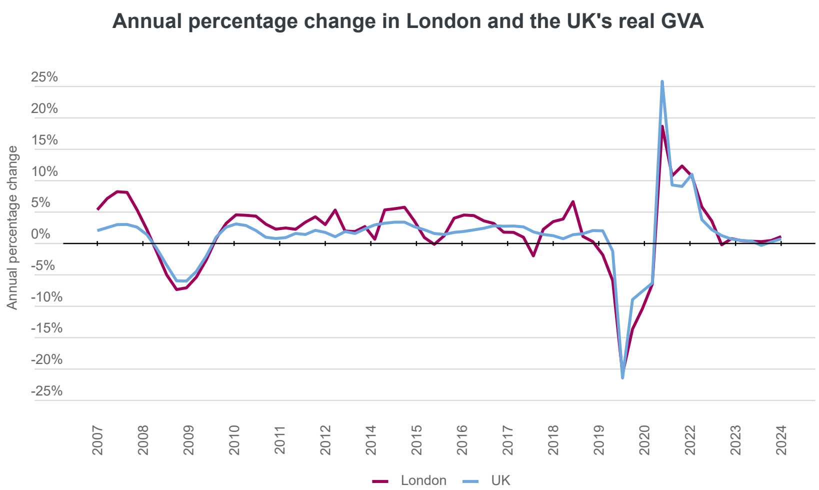
Source: ONS Labour Force Survey
Latest release: December 2024, Next release: January 2025



London saw growth in the first half of 2024

- London experienced two consecutive quarters of economic growth in the first half of 2024, with real Gross Value Added (GVA) increasing by 0.6% in both Q1 and Q2 2024.
- In 2023, London's real GVA grew by 0.5%, outperforming the UK's growth rate of 0.3%.
- London's economy returned to pre-pandemic levels in Q4 2022, aligning with the UK's overall recovery timeline. By Q2 2024, London's real GVA was 2.0% above its pre-pandemic level (Q4 2019), though this remains below the UK's overall increase of 2.9%.
- London's real GVA quarterly estimates for the period Q1 1998 to Q4 2012, and from Q4 2022 onwards have been produced by GLA Economics. Estimates for the intervening period are based on outturn data from the ONS, which has not published up-to-date quarterly estimates for London's real GVA for the other periods.

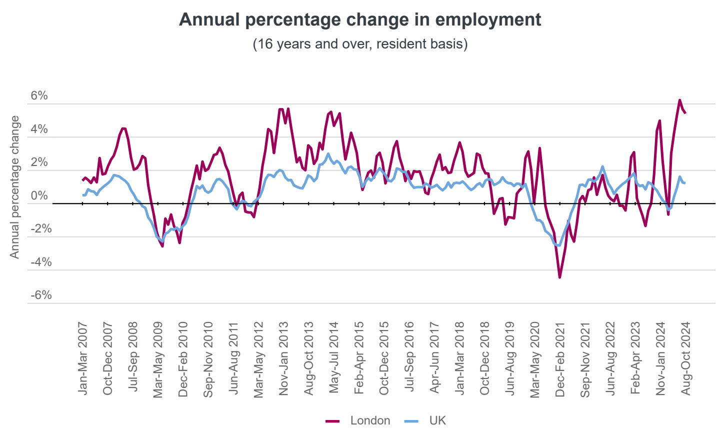
Source: ONS and GLA Economics calculations
Latest release: December 2024, Next release: June 2025



London's year-on-year employment growth rate rose in the quarter to October

- Around 4.9 million London residents aged 16 and over were in employment during the three-month period from August to October.
- London's annual change in employment increased by 5.4% in the year to this quarter, a marginal increase from 5.3% in the quarter leading up to July.
- The UK experienced a 1.2% increase in employment in the latest quarter, up from 0.9% in the previous quarter.
- The Office for National Statistics cautions that significant volatility has been observed in recent periods, and short-term changes should be treated with vigilance and used in conjunction with other indicators.

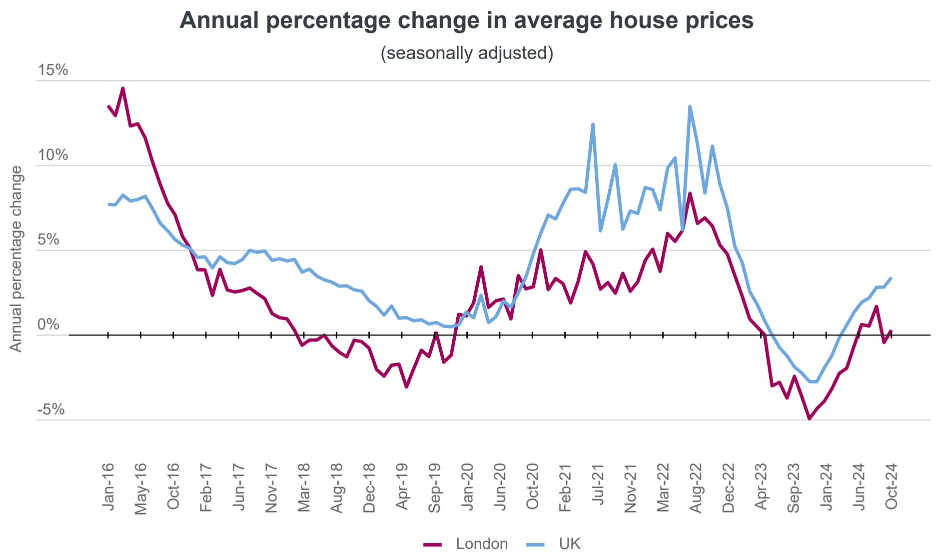
Source: ONS Labour Force Survey
Latest release: December 2024, Next release: January 2025



On an annual basis house prices increased in London in October

- In October, the average house price in London was £516,000, while in the UK, it was £287,000.
- Average house prices in London increased by 0.3% year-on-year in October, reversing the 0.4% decline seen in September.
- Average house prices in the UK rose by 3.4% on an annual basis in October, higher than the increase of 2.8% in the year to September.

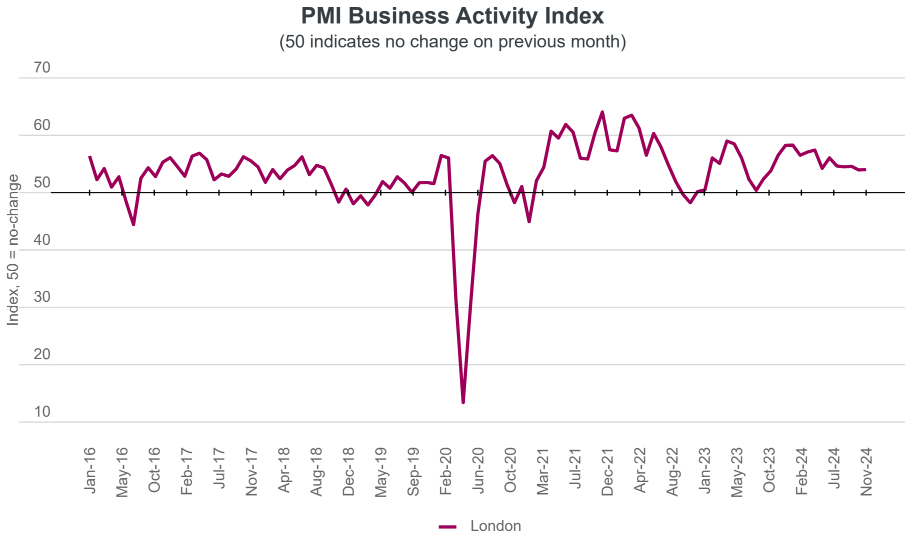
Source: Land Registry and ONS
Latest release: December 2024, Next release: January 2025



In November, the sentiment of London's PMI business activity index remained unchanged

- The business activity PMI index for London private firms remained unchanged at 54.0 in November, the same level as in October.
- The Purchasing Managers' Index (PMI) survey shows the monthly business trends at private sector firms. Index readings above 50 suggest a month-on-month increase in activity on average across firms, while readings below 50 indicate a decrease.

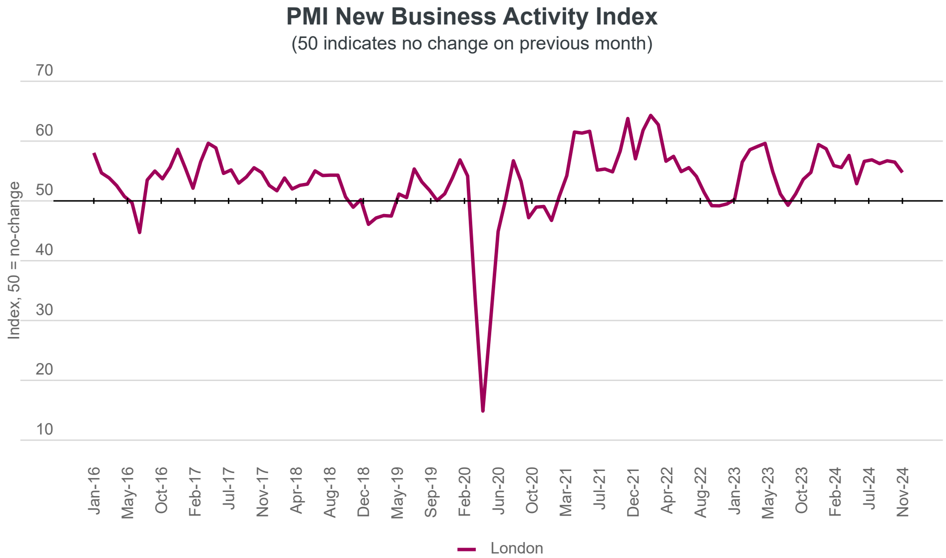
Source: IHS Markit for NatWest
Latest release: December 2024, Next release: January 2025



In November, the sentiment of London's PMI new business activity remained positive but decreased

- The PMI new business index in London decreased from 56.5 in October to 54.8 in November.
- An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.

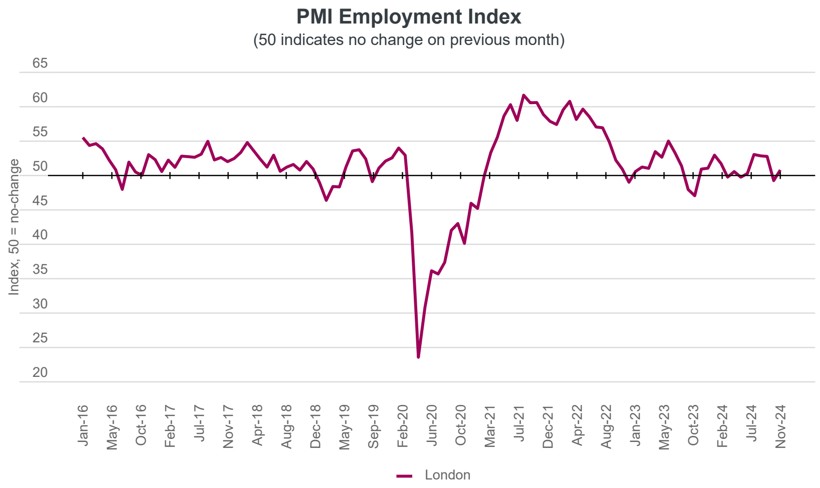
Source: IHS Markit for NatWest
Latest release: December 2024, Next release: January 2025



In November, the sentiment of the PMI employment index in London increased slightly and became positive

- The Employment Index for London increased from 49.3 in October to 50.8 in November.
- The PMI Employment Index shows the net balance of private sector firms of the monthly change in employment prospects. Readings above 50.0 suggests an increase, whereas a reading below 50.0 indicates a decrease in employment prospects from the previous month.

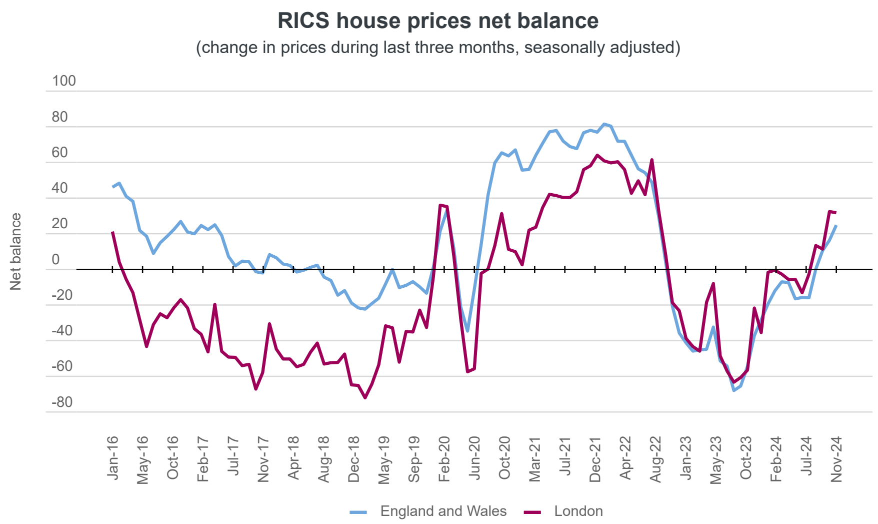
Source: IHS Markit for NatWest
Latest release: December 2024, Next release: January 2025



Over half of property surveyors in London reported house price increases in November

- In November, more property surveyors in London reported rising prices than falling prices. The net balance index was 32, the same level as in October.
- For England and Wales, the RICS house prices net balance index improved significantly from 16 in October to 25 in November.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

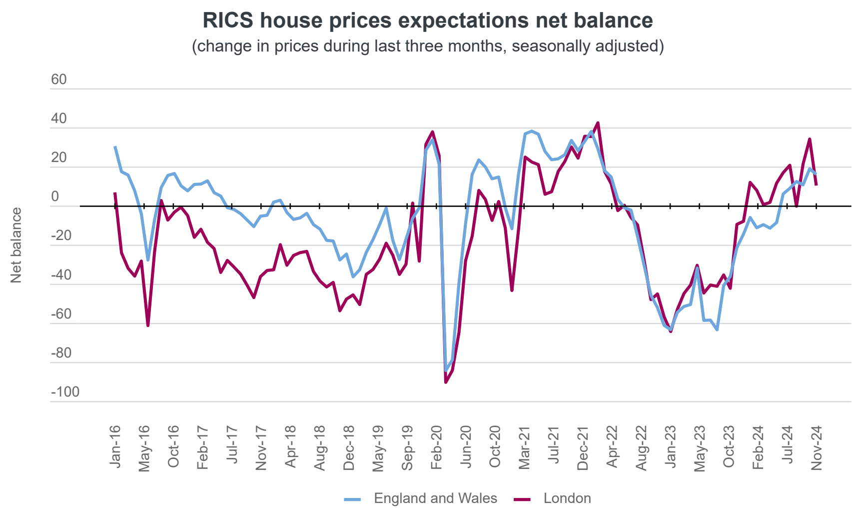
Source: Royal Institution of Chartered Surveyors
Latest release: December 2024, Next release: January 2025



In November, over half of property surveyors expressed positive expectations for house prices in London over the next three months

- The net balance of house prices expectations in London was 11 in November, dropping significantly from 34 in October.
- The index for England and Wales was 16 in November, down from 19 in October.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

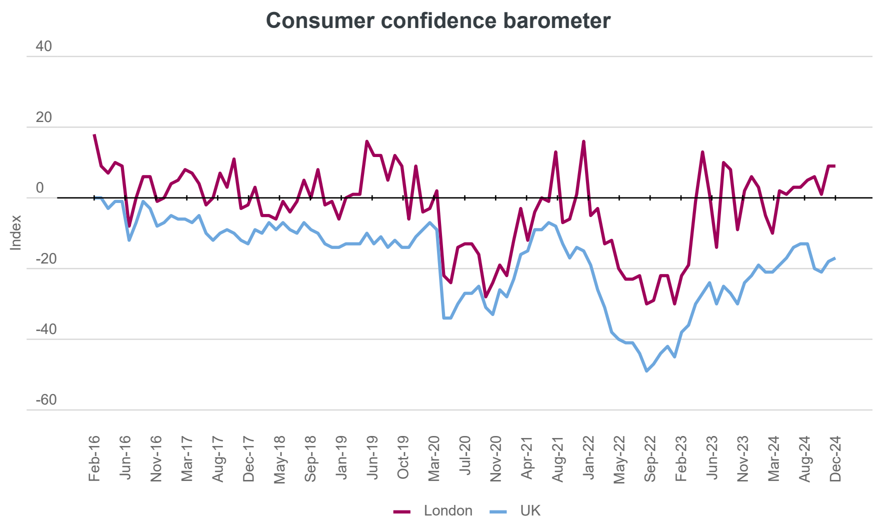
Source: Royal Institution of Chartered Surveyors
Latest release: December 2024, Next release: January 2025



Consumer confidence in London remained unchanged in December

- The consumer confidence index in London remained unchanged at 9 in December, the same level as in November.
- The sentiment for the UK increased marginally from -18 to -17 over the two months. The UK has not seen a positive index score since January 2016.
- The GfK index of consumer confidence reflects people's views on their financial position and the general economy over the past year and in the next 12 months. A score above zero suggests positive opinions; a score below zero indicates negative sentiment.

Source: GfK
Latest release: December 2024, Next release: January 2025



London macroeconomic scenarios (December 2024 update)

By **Sixia Zhang**, Economist

GLA Economics published its latest macroeconomic scenarios-based forecast for London on 17th December. The two main outcome variables are real Gross Value Added (GVA) – a measure of London's output – and workforce jobs (WFJ) – a measure of employment. We project both variables over the medium term (to the end of 2026).

Further, we have developed three main macroeconomic scenarios for London founded on three sets of plausible narratives for the economy.

- Fast recovery (an optimistic but plausible scenario)
- Gradual economic recovery (the GLA Economics baseline reference scenario)
- Slow recovery (a plausible downside scenario)

These scenarios are not definite predictions about the only possible paths for the economy, nor do they necessarily incorporate optimal policy responses. Instead, they use judgements around several key assumptions. The key dimensions of variation focus on resilience to external shocks, such as geopolitical tensions, energy price volatility, and disruptions to global trade, as well as the timing and scale of rate cuts as inflation stabilises and economic conditions improve. The scenarios do not capture the full range of uncertainty about the future, which is likely to be much wider.

The gradual economic recovery scenario is our baseline, involving a gradual return to sustained economic growth. Following moderate growth in 2023, this scenario anticipates a bumpy path for output throughout 2024, reflecting persistent economic challenges despite easing inflation. Inflation fell to the Bank of England's 2% target in May 2024, alleviating some cost-of-living pressures. However, global instability—including the war in Ukraine, ongoing geopolitical conflicts in the Middle East, and uncertainty following the 2024 USA elections—continues to weigh on sentiment and disrupt trade. Domestically, the UK has struggled with the persistent effects of the cost-of-living crisis, where higher prices and lagging wage growth have eroded household incomes despite recent improvements in inflation.

Nevertheless, the UK economy has shown resilience to these shocks, and London's economy is expected to outperform the national average, driven by its robust service sector, resilient labour market, and higher levels of business activity. While elevated interest rates continue to weigh on consumer spending and business investment, the capital's economic advantages—such as its strong knowledge economy and higher aggregate incomes—provide a buffer, supporting a more optimistic outlook compared to the wider UK. Despite ongoing pressures, London's strength offers a foundation for continued recovery.

While London's economy faces a slow recovery, the labour market has proven notably resilient. Workforce participation rates have surpassed pre-pandemic levels, and job growth continues across key sectors. This ongoing strength in employment underpins economic activity, mitigating some of the broader challenges and supporting London's gradual return to growth

The baseline scenario anticipates output recovering to modest but historically slow rates, reflecting a more cautious economic outlook amid lingering uncertainties. London's labour market remains strong, with workforce participation rates staying high and job numbers holding steady across core sectors, stabilising economic activity. Compared to the wider UK, stronger consumer and business confidence in London continues to lend support to growth. However, while average incomes in London are relatively high, offering a buffer against cost-of-living pressures, lower-income residents remain more exposed to economic vulnerabilities, highlighting persistent inequalities.

Our forecast indicates that London's output will remain below pre-pandemic projections for an extended period. Enduring economic scarring from the pandemic, including disrupted supply chains, reduced business investment, and workforce skill erosion, continues to hinder recovery. Structural challenges, such as high housing costs, subdued productivity growth, and infrastructure limitations, further weigh on London's economic performance and long-term growth potential.

In the medium term, output is expected to grow at a moderate pace. Stabilising labour market conditions and gradual improvements in business confidence will drive recovery in key sectors. However, cost-of-living pressures and elevated borrowing costs will continue to constrain consumer spending and investment, particularly in goods-producing industries.

In the long term, London's economy is projected to return to its historical average growth rate. The economic scarring caused by the pandemic and structural challenges is expected to diminish gradually, supported by improving productivity, renewed business investment, and a more skilled workforce.

The fast recovery scenarios, a plausible upside, envisions a faster economic recovery as inflation stabilises at lower levels, enabling the Bank of England to accelerate the pace of interest rate cuts. London's stronger aggregate incomes and higher consumer confidence compared to the rest of the UK provide a buffer against protracted cost-of-living challenges, while wealthier households sustain spending by drawing on their savings. The faster decrease in interest rates reduces borrowing costs for businesses and households, supporting consumer spending and boosting demand across key sectors. This creates a reinforcing cycle of sustained economic recovery, driving London's output upward and eliminating long-term output scarring.

The slow recovery scenario, a plausible downside, assumes that London experiences a subdued economic rebound. Prolonged geopolitical uncertainty, weaker global demand, and sluggish productivity gains weigh heavily on the economy, keeping growth well below historical averages. Under this scenario, consumer demand is restrained as real incomes remain squeezed and households, particularly lower-income ones, face persistent cost-of-living pressures. High borrowing costs, elevated inflation expectations, and tighter financial conditions limit spending and prompt businesses to scale back investment and hiring plans.

While the labour market remains relatively resilient in some sectors, others face challenges, leading to slower job creation. Disrupted supply chains and reduced business investment, enduring effects of the pandemic, continue to drag on productivity, though gains in technology and services offer modest support for recovery. Housing affordability challenges, exacerbated by elevated interest rates, place additional pressure on household spending, limiting London's capacity for stronger growth. Additionally, inflation risks rebounding above target due to renewed pressures from energy price volatility, wage growth exceeding productivity, or external supply disruptions. Under this prolonged period of subdued expansion, London's output grows slowly, delaying a return to its pre-pandemic trajectory.

Figures A1 and A2 show the estimated scenario paths for London's output and jobs over the medium term.

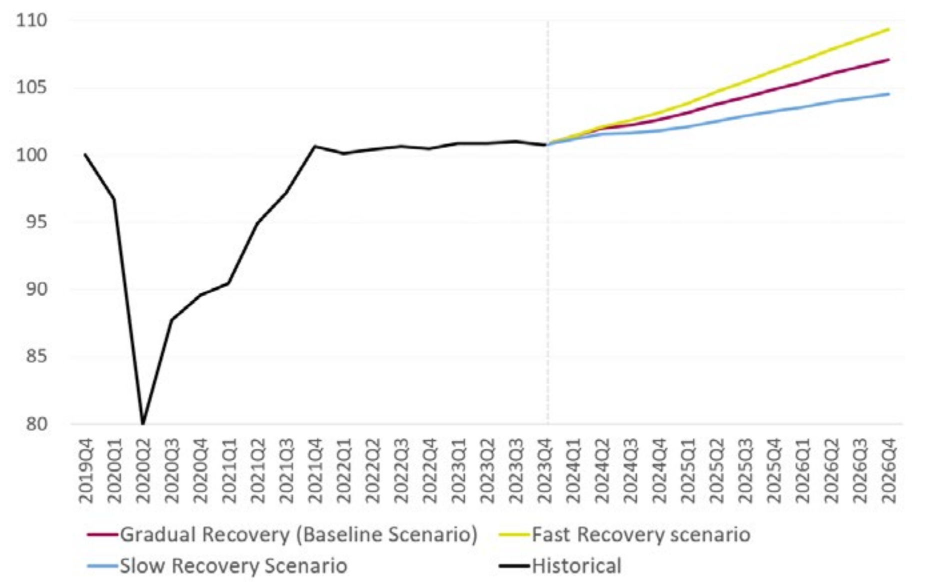


Figure A1: Scenario paths for London's output over the medium term

Source: GLA Economics projections, built on ONS historical data; Note: level of output indexed to Q4 2019 100

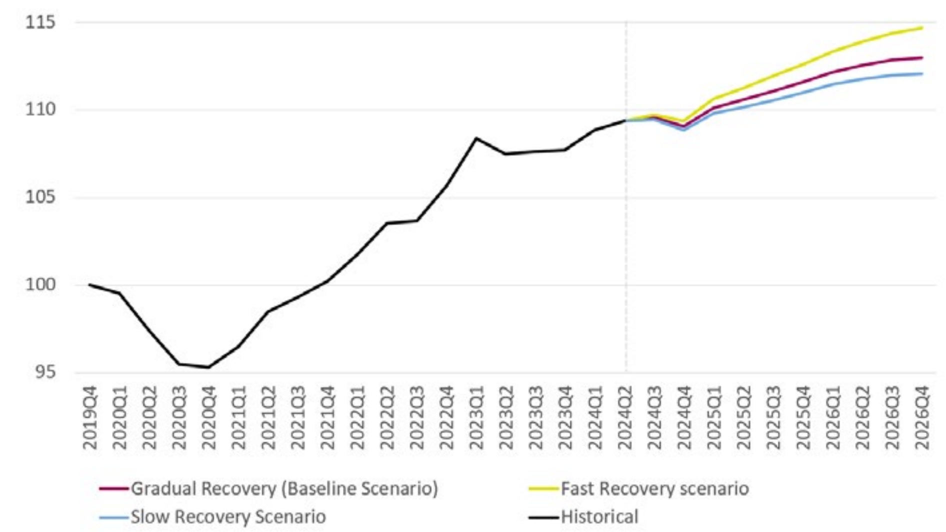


Figure A2: Scenario paths for London's workforce jobs over the medium term

Source: GLA Economics projections, built on ONS historical data; Note: level of jobs indexed to Q4 2019 100

The main results are presented below:

Headline recovery in the medium term (2024 to 2026)

- Under the gradual return to economic growth scenario, our baseline, London's real GVA is set to grow at a moderate 1.2% in 2024. Growth is expected to pick up in 2025 to 1.9%, with a further acceleration to 2.2% in 2026 (Figure A3).
- The number of workforce jobs in London is forecast to rise by 1.3% in 2024, with further moderate increases in 2025 and 2026, reaching 1.5% and 1.6%, respectively (Figure A4).
- GLA Economics forecast for output in 2024 is an improvement from the Summer 2024 LEO[1] projection, while the forecasts for 2025 and 2026 remain the same. The jobs outlook has been revised upward, reflecting the better-than-anticipated performance of the labour market and higher immigration levels during the first half of 2024.

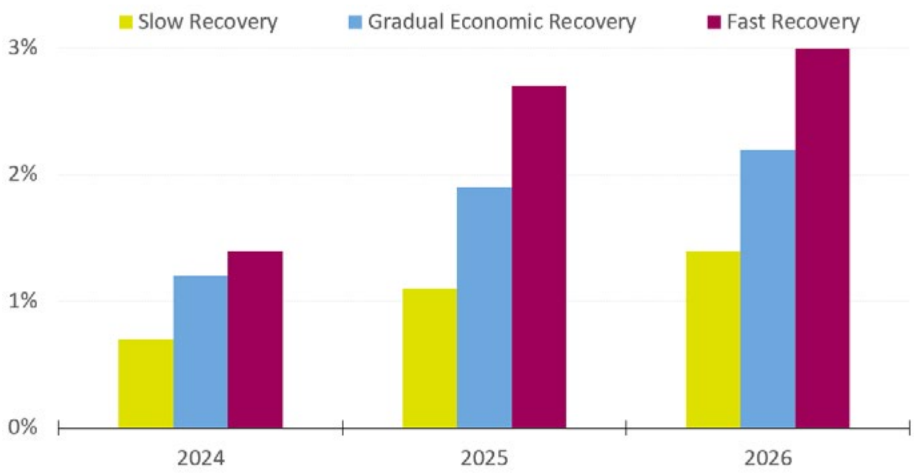


Figure A3: Medium-term real GVA projections, annual growth rates

Source: GLA Economics, ONS

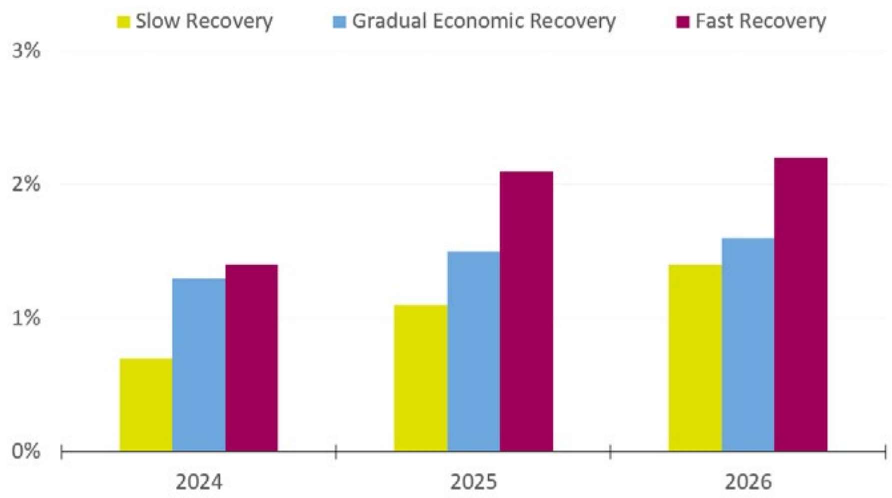


Figure A4: Medium-term real Workforce jobs projections, annual growth rates

Source: GLA Economics, ONS

1 GLA Economics (2024), 'London's Economic Outlook: Summer 2024', July 2024

Sectoral output recoveries in the medium term (2024 to 2025)

- London's real GVA growth is set to vary across sectors, reflecting ongoing structural shifts and macroeconomic conditions (Table A1).
- Service-based sectors continue to drive growth, with strong performances expected in Accommodation and food services, Administrative and support services, and Arts, entertainment, and recreation. These industries are supported by resilient demand and recovering discretionary spending.
- London's key knowledge-intensive industries, such as Professional, scientific, and technical services and Information and communication, are set to expand steadily, reinforcing their role as core drivers of the capital's economic output.
- Goods-producing industries are set on divergent trajectories. While Manufacturing is likely to remain weak into 2025, Construction is expected to grow, supported by infrastructure projects, investment in commercial development, and stronger demand for residential housing.
- Transportation and storage is poised for recovery, with stronger momentum projected in 2025, driven by improving trade flows, rising demand for e-commerce logistics, the return-to-office plans, a rebound in tourism, and renewed investment in transport infrastructure projects across London.
- Public services, including Education and Health, maintain moderate but stable output growth.
- Real estate output is showing signs of recovery, with steady growth expected through 2024 and stronger momentum anticipated in 2025, supported by improving market confidence and stabilising interest rates.
- Overall, London's GVA growth in the medium term reflects strong contributions from service sectors and consumer-oriented activities, balancing the ongoing weaknesses in goods industries.

Table A1: Real GVA projections, annual growth rates

Real GVA	Annual Growth	
Sector	**2024**	**2025**
Agriculture, forestry and fishing	0.9	-0.1
Mining and quarrying	2.0	2.3
Manufacturing	-0.4	-0.1
Electricity, gas, steam and air-conditioning supply	1.8	0.0
Water supply; sewerage and waste management	0.6	0.6
Construction	1.2	1.9
Wholesale and retail trade; repair of motor vehicles	-0.2	2.7
Transportation and storage	1.6	2.9
Accommodation and food service activities	2.5	3.2
Information and communication	1.0	2.0
Financial and insurance activities	1.0	1.0
Real estate activities	0.9	2.2
Professional, scientific and technical activities	1.9	2.1
Administrative and support service activities	2.5	3.3
Public administration and defence; compulsory social security	1.5	1.4
Education	1.3	1.8
Human health and social work activities	0.9	0.9
Arts, entertainment and recreation	1.3	3.3
Other service activities	0.0	1.4
Activities of households	2.8	2.2

Source: GLA Economics

Sectoral employment growth in the medium term (2024 to 2025)

- Workforce job projections highlight broad-based growth in London's labour market in 2024 and 2025, though performance varies across sectors (Table A2).
- Goods industries continue to face challenges, with ongoing weaknesses in Manufacturing and related sectors.
- Wholesale and retail trade is expected to contract. This decline reflects subdued consumer spending due to persistent cost-of-living pressures and elevated borrowing costs, limiting household budgets. Additionally, structural shifts toward e-commerce continue to challenge traditional retail outlets, further weighing on employment in this sector.
- In contrast, energy-related sectors are expected to perform strongly, reflecting increased investment and improved demand.
- London's core specialist service sectors, including Professional services and Information and communication, maintain steady expansion.
- Public sector-driven areas, such as education and healthcare, remain stable, contributing to employment growth.

Table A2: Workforce jobs projections, annual growth rates

Workforce Jobs	Annual Growth	
Sector	**2024**	**2025**
Agriculture, forestry and fishing	-5.6	-1.0
Mining and quarrying	2.5	-1.0
Manufacturing	-0.7	-0.5
Electricity, gas, steam and air-conditioning supply	8.7	10.2
Water supply; sewerage and waste management	-1.0	-0.7
Construction	1.6	1.7
Wholesale and retail trade; repair of motor vehicles	-1.7	-0.5
Transportation and storage	1.4	2.3
Accommodation and food service activities	3.4	3.0
Information and communication	1.2	1.6
Financial and insurance activities	0.9	0.8
Real estate activities	1.1	1.8
Professional, scientific and technical activities	1.6	1.7
Administrative and support service activities	2.3	1.2
Public administration and defence; compulsory social security	1.2	1.1
Education	2.3	1.9
Human health and social work activities	0.8	1.9
Arts, entertainment and recreation	1.2	1.9
Other service activities	2.0	1.9
Activities of households	2.9	1.9

Source: GLA Economics

The scenario results presented in this supplement come from continuing unprecedented uncertainty. Overall, GLA Economics judges that risks are tilted to the downside. Structural challenges such as high housing costs, limited infrastructure capacity and skills mismatches in the labour market continue to weigh on London's economy. Rising rents and elevated mortgage rates reduce household affordability and constrain consumer spending, while businesses face higher costs and productivity bottlenecks. The global economic environment with weaker growth, supply chain disruptions and shifting trade patterns puts pressure on London's export sectors and investment climate. Geopolitical uncertainties, driven by energy price volatility, trade protectionism and ongoing conflicts, increase costs and disrupt economic stability. GLA Economics will continue to track the economic data to review these forecasts in the future. Updates will be released on the London Datastore.

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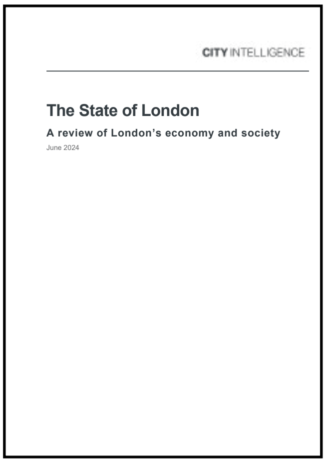

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The fifth edition of the State of London report by City Intelligence brings together a wide range of outcome data relevant to the work of the Mayor, the London Assembly and other stakeholders, and measures how London is performing based on the most recent available data.

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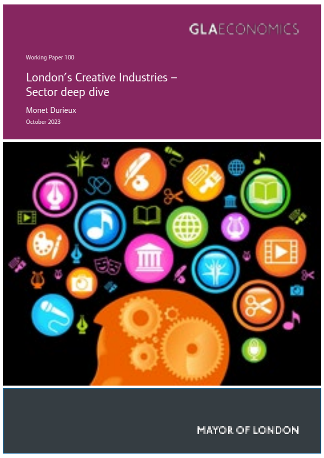

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London's Economy Today is published towards the end of every month. It provides an overview of the current state of the London economy, and a selection of the most up-to-date data available. It tracks cyclical economic conditions to ensure they are not moving outside the parameters of the underlying assumptions of the GLA group.

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About GLA Economics
GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics provide a sound basis for the policy and investment decisions facing the Mayor of London and the GLA group. The unit was set up in May 2002.

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