

London's Economy Today

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UK GDP contracts for a second month in a row in May

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The latest monthly UK GDP data from the Office for National Statistics (ONS) showed an unexpected contraction of 0.1% in May 2025 (Figure 1). This was the second monthly decline in a row following a 0.3% drop in April and was counter to the expectations of polled economists who had expected a 0.1% expansion.

Looking at the main components of GDP only services saw growth in May with its output increasing by 0.1% after declining by 0.3% in April. Output in the production sector fell by 0.9% in May after falling by 0.6% in April. Construction output declined by 0.6% in May after growing by 0.8% in April. Still, looking at a slightly longer time period the ONS notes that “real GDP is estimated to have grown by 0.5% in the three months to May 2025, compared with the three months to February 2025, largely driven by growth in the services sector in this period”.

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Datastore

The main economic indicators for London are available to download from the [London Datastore](#).

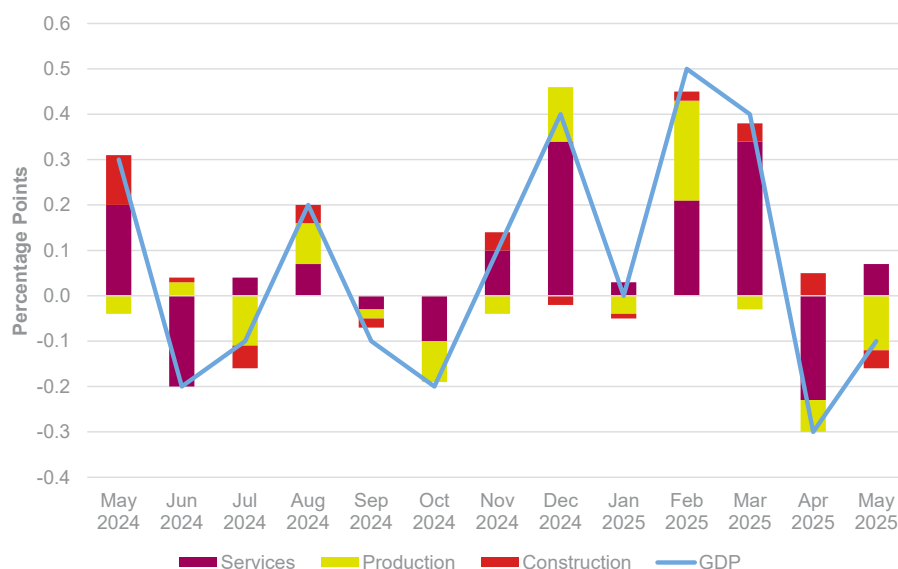


Figure 1:
Contributions to
monthly UK GDP
growth, May 2024 to
May 2025

Source: ONS

UK inflation unexpectedly rises

The ONS has also published data on [June's Consumer Price Index \(CPI\) inflation](#) this month. This showed that CPI inflation increased to 3.6% in the 12 months to June 2025, up from 3.4% in the 12 months to May (Figure 2). This was higher than expected by most surveyed economists who had anticipated it to stay at 3.4%. Inflation now stands at an 18-month high and continues to remain significantly above the Bank of England's central symmetrical target of 2% \pm 1%.

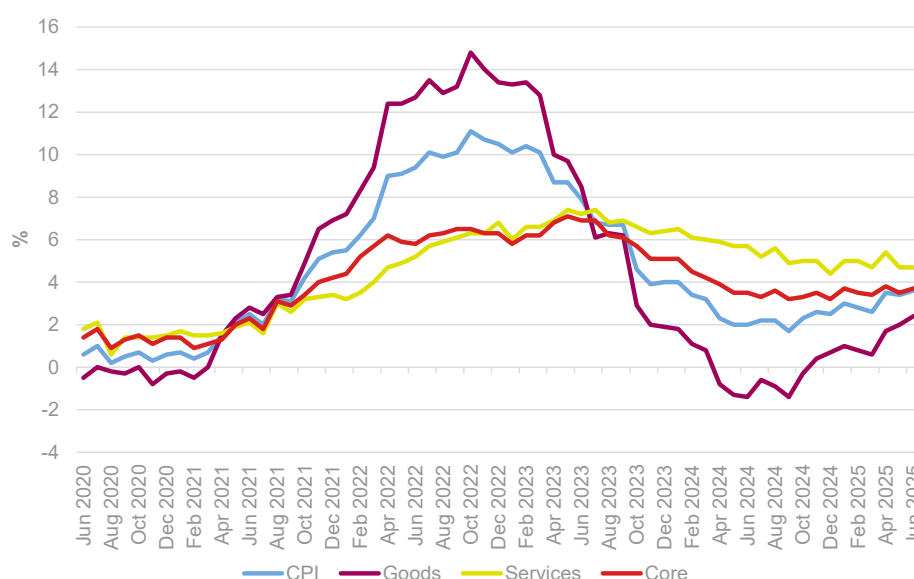


Figure 2: CPI, goods,
services and core
annual inflation rates,
UK, June 2020 to June
2025

Source: ONS, GLA Economics

Looking at the data in more detail the ONS observed that the largest upward contribution to inflation came from “transport, particularly motor fuels”. Beyond the headline inflation figure other inflation measures generally rose. Core CPI inflation (excluding volatile energy, food, alcohol and tobacco prices) rose to 3.7% over the year to June 2025, up from 3.5% in May. The CPI goods annual rate rose to 2.4% up from 2.0%. However, the CPI services annual rate remained unchanged at 4.7%.

The OBR highlights some long-term fiscal risks

The Office for Budget Responsibility's (OBR) Fiscal Risks and Sustainability Report (FSSR) is an annual assessment of the long-term risks and pressures to the UK's public finances. The [latest report](#) was published this month and highlights two key issues of particular relevance to London:

- **Demographic Pressures & Pensions:** the report discusses how the UK's ageing population will raise spending pressures in the long run, projecting pension and health costs to increase their share of public expenditure to roughly 26% of GDP by 2070 (up from roughly 15% in 2025). While London's median age is lower than the UK average, the falling ratio of working-age to retired residents in the UK will impact London through (1) changes to national redistributive funding formulas, leading to more of London's fiscal surplus being used to meet the rest of the UK's rising pensions bill, and (2) relative falls in GLA (and other regional) grant settlements.
- **Public Sector Balance Sheet & Investment:** this edition of the FSSR was also the first to place Public Sector Net Financial Liabilities ([PSNFL](#)) as the "replacement yardstick for Public Sector Net Debt" - and use it as a headline measure for long-term fiscal risk. Given the volume of public investment in London, this shift in measurement puts major infrastructure schemes under tighter scrutiny. Project costs and impacts will now need framing beyond annual cost, and on their impact on the UK's whole balance sheet over time. This will in theory lead to Treasury funding for London's infrastructure projects being more competitive, prioritising initiatives with demonstrable, lasting productivity benefits that offset their long-term fiscal risks.

The Government announces that it will abolish Ofwat

This month, the government unveiled "the most significant reform to water regulation since privatisation". [Ofwat is set to be abolished](#), with its responsibilities (alongside those of the Environment Agency, Natural England and the Drinking Water Inspectorate) consolidated into a single regulator. This reset aims to improve investment, fast-track infrastructure funding and ultimately lower costs for consumers, but the sector has gone through institutional resets and reshuffles before - and meaningful change will depend on the new regulator's willingness (and capacity) to enforce standards and resist regulatory capture.

The reset is seen as in part a [response](#) to Thames Water's financial issues - and the new regulator is expected to (in time) help stabilise Thames Water by providing clearer, more supportive rules for recapitalisation. London's wider water system faces severe strain from [ageing infrastructure, frequent sewer overflows, and rising flood risk](#) - and the new regulator's aims to "cut through planning bottlenecks" and unlock new investment will benefit [upgrades](#) like the Thames Tideway Tunnel and flood resilience works. It is, however, likely that the initial transition period will hamper investment activity in the short-term due to regulatory uncertainty. For consumers, the change has come with repeated commitment that the new regulator is to "[stand on the side of customers](#)", giving it a mandate to control bills, allocate resources equitably, and ensure value for vulnerable groups.

IMF turns slightly more upbeat on global growth

The International Monetary Fund (IMF) has released its July 29 update to their World Economic Outlook forecast, offering a cautiously optimistic view of the global economy and a modestly improved outlook for the United Kingdom.

Globally, the IMF attributes its slightly upgraded growth forecast for 2025 and 2026, now projected at 3.0% and 3.1% respectively, to the front-loading of economic activity prompted by US tariff announcements. Businesses and consumers accelerated production and spending to get ahead of potential trade disruptions. The tariffs that were ultimately implemented turned out to be milder than expected, while a weaker US dollar and looser global financial conditions helped reduce borrowing costs, particularly in emerging markets. In addition, fiscal expansion in several major economies contributed further to short-term global demand.

For the UK, the IMF raised its 2025 GDP growth forecast from 1.1% in its April forecast to 1.2% now, with growth expected to reach 1.4% in 2026, making it the third fastest-growing G7 economy, behind the United States and Canada. The IMF also mentions that the UK's monetary policy path is expected to be shallower, and the Bank of England will continue easing interest rates, with around two more cuts expected this year. However, it warned that persistent productivity challenges and heightened uncertainty could continue to weigh on the medium-term outlook.

Looking ahead, the IMF notes that risks to the global outlook remain tilted to the downside. These include renewed tariff increases, prolonged trade uncertainty, geopolitical disruptions, and tighter financial conditions—any of which could weaken growth and trigger market volatility. Nonetheless, upside potential exists if trade negotiations lead to greater predictability, inflation continues to ease, and structural reforms are effectively implemented.

London business confidence falls amid rising economic pressures

Business confidence in London fell into negative territory in Q2 2025 for the first time since Q2 2023, according to the Institute of Chartered Accountants in England and Wales (ICAEW) latest Business Confidence Monitor. The index dropped to -6.7, notably below both the national average (-4.2) and London's historical average (+5.7). Despite relatively strong growth in domestic sales and exports, sentiment weakened significantly due to intensifying concerns about a rising tax burden and heightened global trade uncertainty.

This weakening of confidence was echoed by Novuna Business Finance, which found that optimism among London's small businesses dropped sharply from 48% last quarter to 37% in July. Official ONS data also pointed to a slowdown in the capital, with London's unemployment rate standing at 6.2% in the three months to May up 1.0 percentage points on the year although this was down on the previous quarter. And the London Quarterly Economic Survey Q2 2025 by the London Chamber of Commerce and Industry (LCCI) found that "after a brief reprieve in Q1, the proportion of London businesses reporting a rise in business costs increased across all key areas in Q2". However, by contrast, the Lloyds Business Barometer highlighted a more positive outlook with a sharp gain in business confidence in London.

The contrasting trends across London's business landscape underscore the complexity facing policymakers. While larger firms maintain cautious optimism about staffing and investment, smaller enterprises and key service sectors are under significant pressure.

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](#).

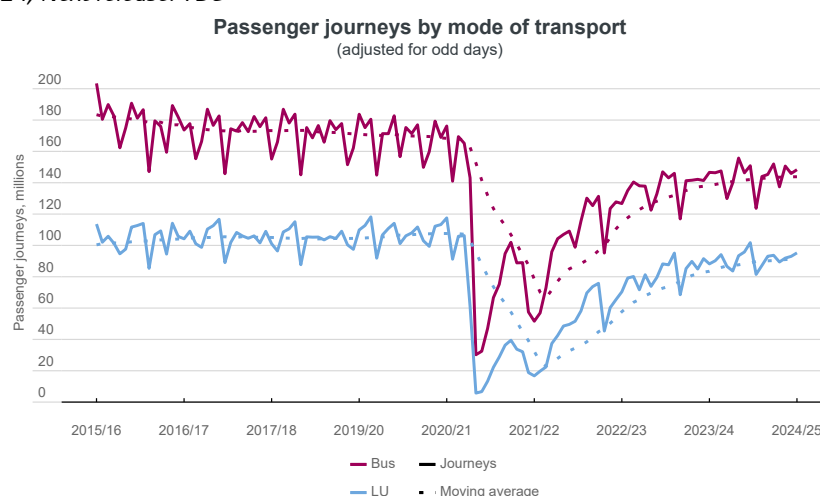
Economic indicators

The underlying trend in passenger journeys on London public transport marginally increased in July 2024

- In 2024, 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

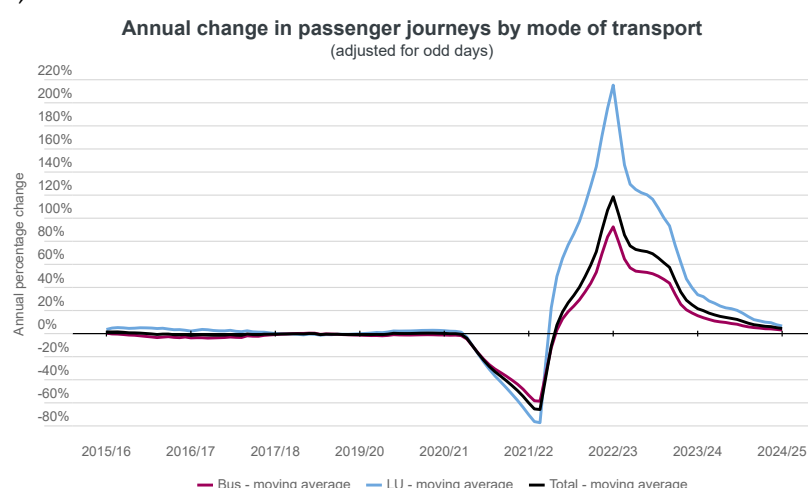


Annual growth in passenger journeys remained positive, if slowing

- In 2024, 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

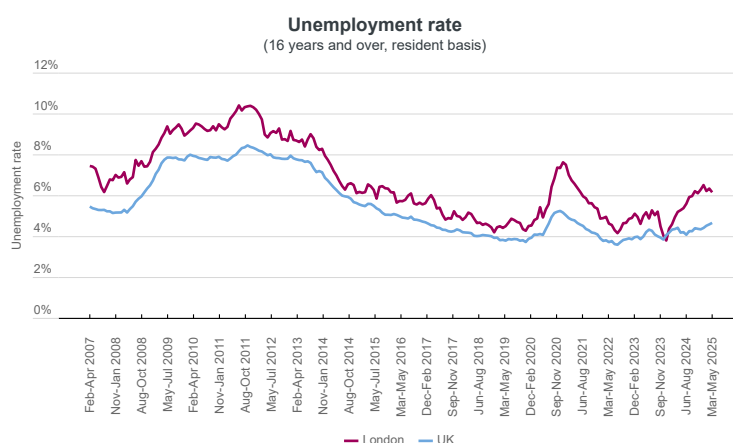


London's unemployment rate marginally decreased over the last quarter

- Around 321,000 residents aged 16 and over were unemployed in London in the period from March to May 2025.
- The unemployment rate in London for that period was 6.2%, a decrease from 6.5% in the previous quarter (December 2024 – February 2025).
- The UK's unemployment increased to 4.7% in March – May 2025, up from 4.4% 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: July 2025, Next release: August 2025

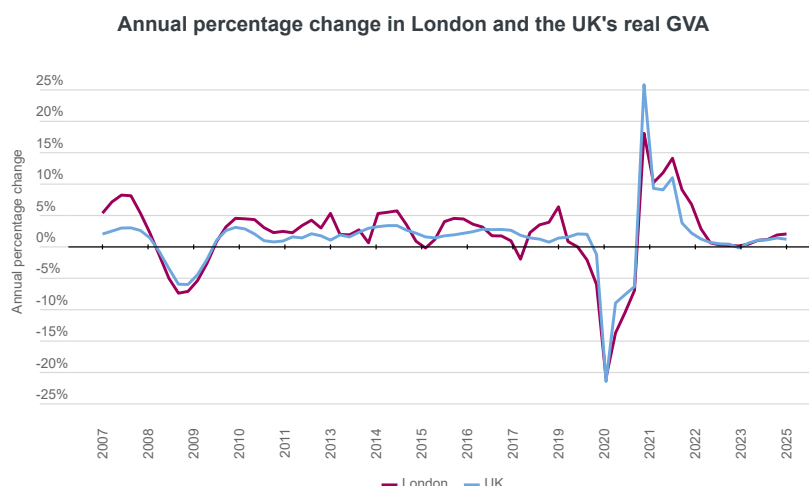


2024 saw renewed output growth in London and the UK

- The ONS has published the annual real GVA for London for 2023, alongside revised figures for 1998 to 2022. Based on these revisions, GLA Economics has updated its quarterly GVA estimates for 1998 Q1 to 2023 Q4, and produced nowcasts for 2024 Q1 to 2025 Q1.
- According to the latest data, London's real GVA grew by 0.3% in 2023, matching the UK-wide growth rate. This followed a significant upward revision to 2022, with growth now estimated at 8.1%, up from the previously reported 4.8%.
- GLA Economics nowcasts that London's output rose by 1.1% in 2024.
- In Q1 2025, GLAE estimates that London's economy grew by 0.7%, in line with the UK-wide growth rate. As of Q1 2025, London's GVA was 5.9% above its pre-pandemic level (Q4 2019), outpacing the UK as a whole, which stood 4.1% above its pre-pandemic level.

Source: ONS and GLA Economics calculations

Latest release: June 2025, Next release: December 2025

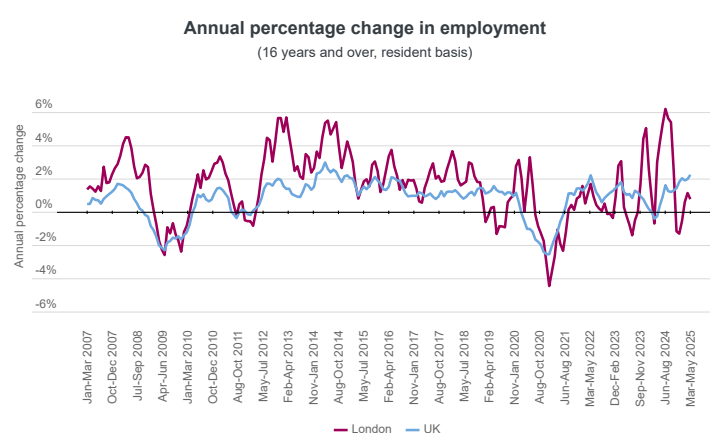


London's year-on-year employment growth rate increased in the quarter to May 2025

- Around 4.9 million London residents aged 16 and over were in employment during the three-month period from March to May 2025.
- London's annual change in employment rose by 0.8% in the year to this quarter, after contracting by 0.5% in the previous period from December 2024 to February 2025.
- Employment in the UK as a whole grew by 2.3% over the year to this quarter, edging up from 2.1% 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: July 2025, Next release: August 2025

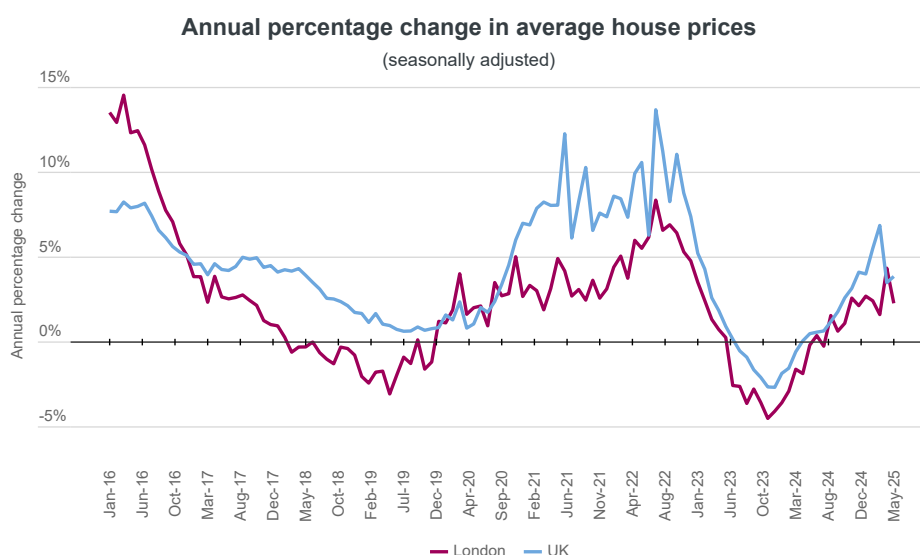


On an annual basis house price growth slowed in London in May 2025

- In May 2025, the average house price in London was £575,000 while in the UK it was £269,000.
- Average house prices in London rose by 2.3% year-on-year in May, lower than the increase of 4.4% in April.
- Average house prices in the UK rose by 3.9% on an annual basis in May, higher than the increase of 3.5% in the year to April.

Source: Land Registry and ONS

Latest release: July 2025, Next release: August 2025

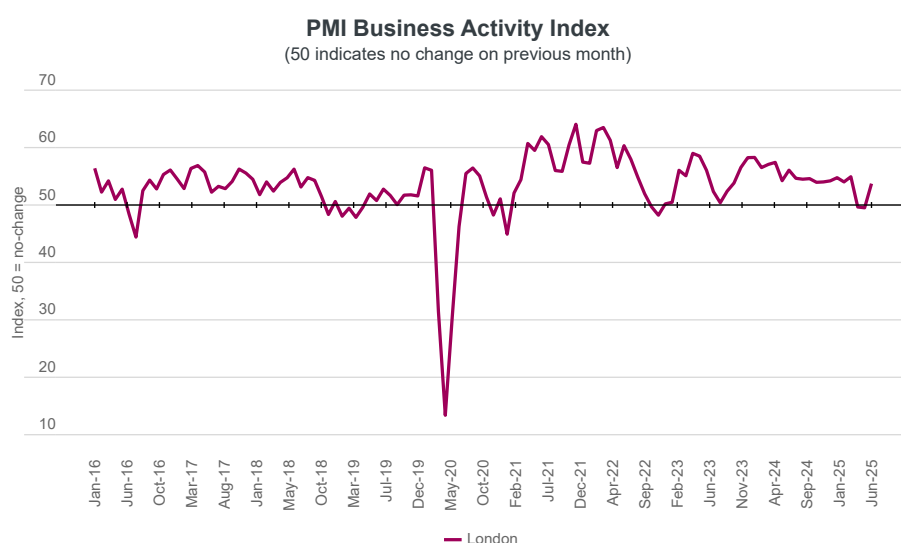


In June, the sentiment of London's PMI business activity index rebounded to positive

- The business activity PMI index for London private firms increased from 49.5 in May to 53.7 in June.
- 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: July 2025, Next release: August 2025

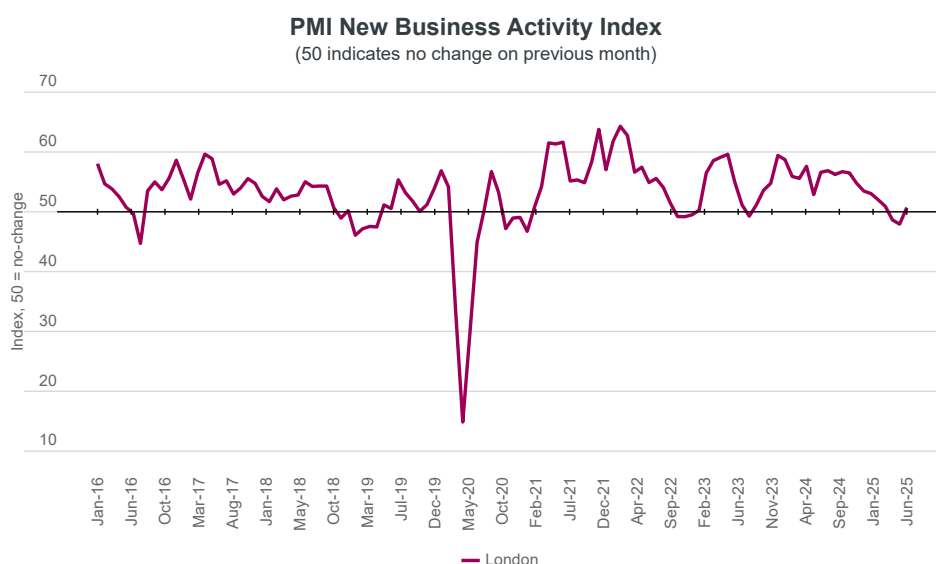


In June, the sentiment of London's PMI new business activity increased and became positive

- The PMI new business index in London increased from 47.9 in May 2023 to 50.7 in June.
- 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: July 2025, Next release: August 2025

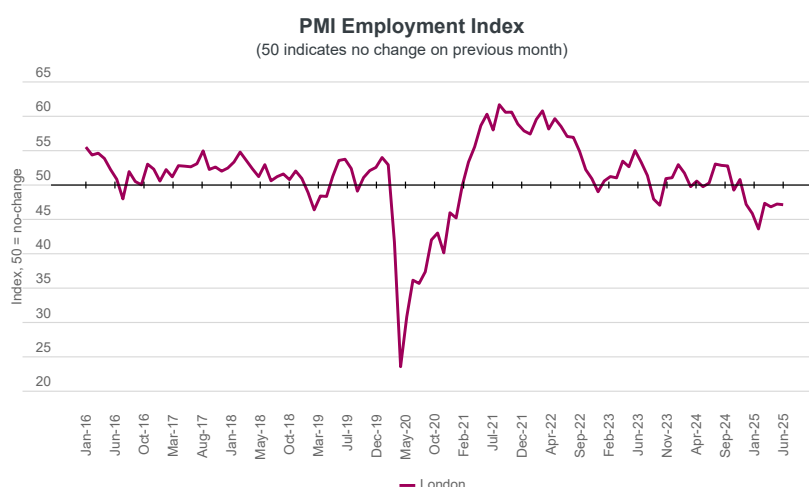


In June, the sentiment of the PMI employment index in London remained negative

- The Employment Index for London decreased marginally from 47.2 in May to 47.1 in June.
- 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: July 2025, Next release: August 2025

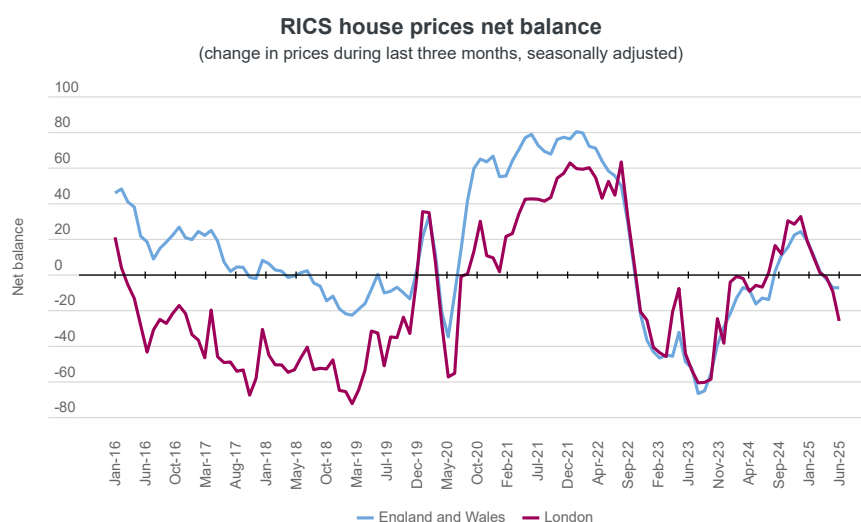


Less than half of all property surveyors in London reported house price increases in June

- In June, more property surveyors in London reported falling prices than rising prices. The net balance index was -26, and it was -9 in May.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.
- For England and Wales, the RICS house price net balance index remained unchanged at -7 in both May and June.

Source: Royal Institution of Chartered Surveyors

Latest release: July 2025, Next release: August 2025

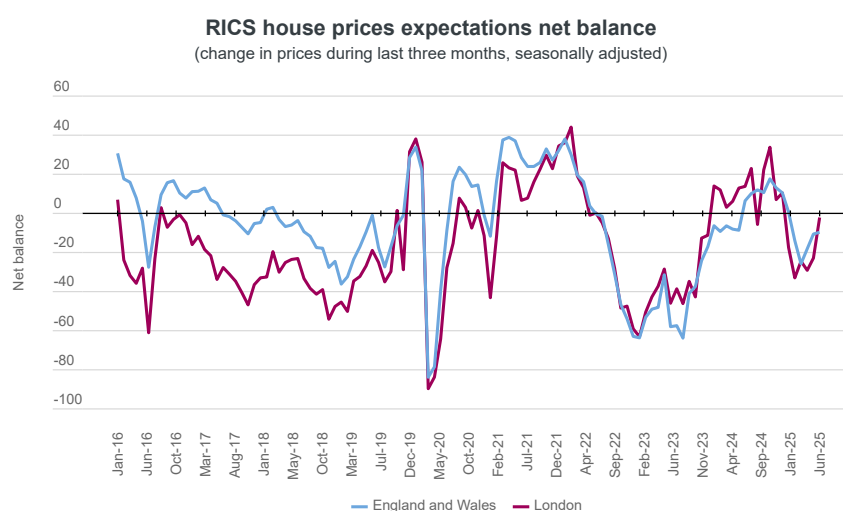


In June, less than half of all property surveyors expressed positive expectations for house prices in London over the next three months

- The net balance of house prices expectations in London was -2 in June, improving sharply from -23 in May.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.
- The index for England and Wales was -10 in June, and was -11 in May.

Source: Royal Institution of Chartered Surveyors

Latest release: July 2025, Next release: August 2025

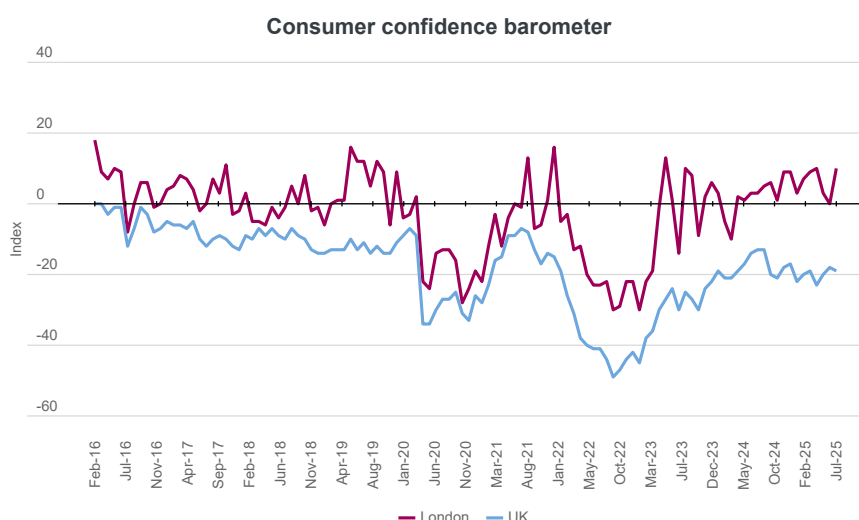


Consumer confidence in London increased in July

- The consumer confidence index in London increased from 0 in June to 10 in July.
- 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.
- The sentiment for the UK decreased marginally from -18 to -19 over the two months. The UK has not seen a positive index score since January 2016.

Source: GfK

Latest release: July 2025, Next release: August 2025



The State of London Report 2025

By **Simon Webster**, Economist



In June 2025, the GLA's City Intelligence Unit released the sixth edition of its State of London report, a wide-ranging statistical publication presenting a comprehensive overview of London's current economic and social conditions. Drawing from over 100 datasets across 11 policy domains, the report tracks key indicators that underpin the work of the Mayor, the London Assembly, and wider stakeholders across the capital. These include themes such as demography, housing, environment, social justice, skills, crime and safety, transport, and the economy. This edition of the report is also structured around a series of 25 'London-level outcomes' – aspirational outcomes the Mayor and the GLA want to see in London, e.g. 'Stable, long-term economic growth benefits all Londoners'.

This supplement presents a high-level summary of key economic and labour market findings from the latest State of London publication. It also highlights selected structural challenges facing the capital in relation to inequality, housing affordability, and economic resilience. Readers are encouraged to consult the full report at: <https://data.london.gov.uk/dataset/state-of-london> for further information and to access the accompanying State of London dashboard which includes all the charts from the report.

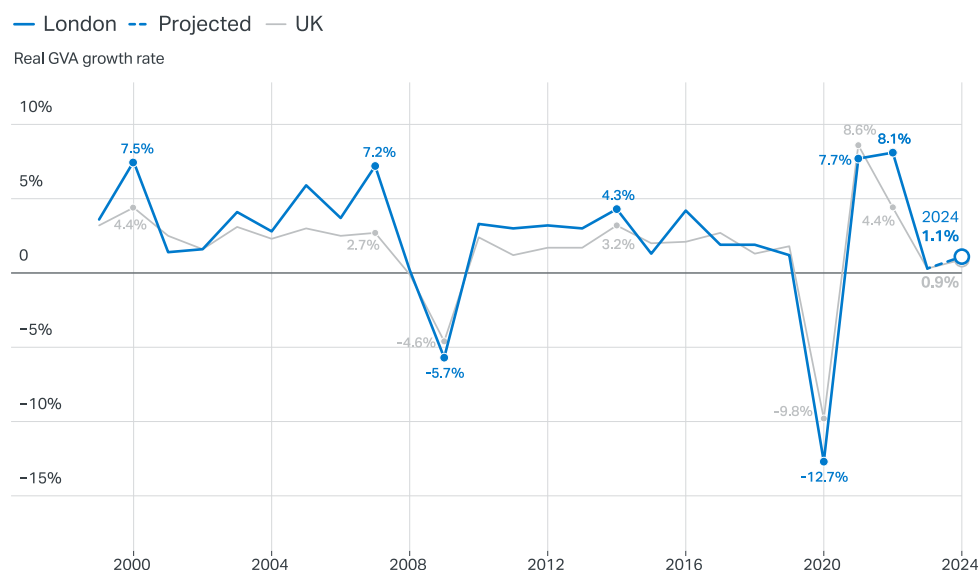
Economic Growth and Sectoral Performance

Using ONS data, GLA Economics estimates that London's real Gross Value Added (GVA) increased by 1.1% in 2024, following marginal growth of 0.3% in 2023 (Figure A1). This marked a cooling from the sharp post-pandemic rebound and high growth rates seen in 2021 (7.7%) and 2022 (8.1%). This cooling of GVA growth in the past two years is not unique to London but rather reflects the trend of national growth.

Historically, London has outpaced the UK average in terms of output growth. From 1999 through to 2007, London's economy performed particularly strongly with growth averaging 4.2% per annum. In the period following the financial crisis from 2010-2019, the average annual growth rate slowed to 2.7%. Since the pandemic, London has more closely tracked the UK average growth rate with the exception of 2022, when it is estimated growth was as high as 8.1% in London compared to 4.4% in the UK.

Figure A1: London's economic growth rate

Real Gross Value Added (GVA) growth rate (percentage), London vs UK, 1999 -2024



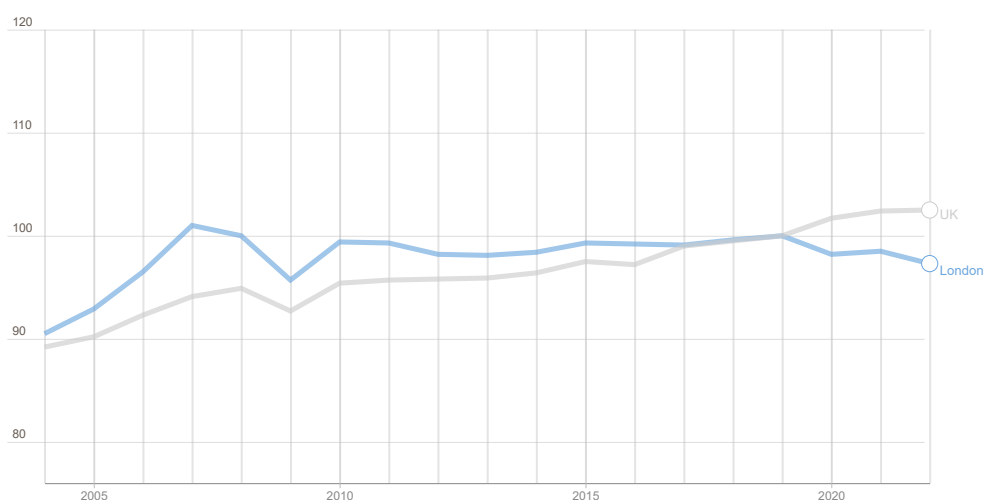
Source: ONS, GLA Economics, Graphic: GLA City Intelligence

The slowdown in growth since the financial crisis is often attributed to London's weak productivity performance. ONS regional productivity data reveals that real GVA per hour worked in the capital actually declined by 2.7% between 2019 and 2022, even as productivity nationally, measured this way, increased by 2.5% (Figure A2). London's productivity has long outpaced other UK regions, but the recent decline reflects both compositional changes and a weakening of agglomeration effects in a more dispersed post-COVID workplace¹.

Despite this, London remains the UK's most productive region, with GVA per hour worked 26% higher than the UK average in 2022 (£51.70 vs. £41.00).

Figure A2: London's productivity over time

Real GVA per hour worked (2019 = 100), London and the UK.

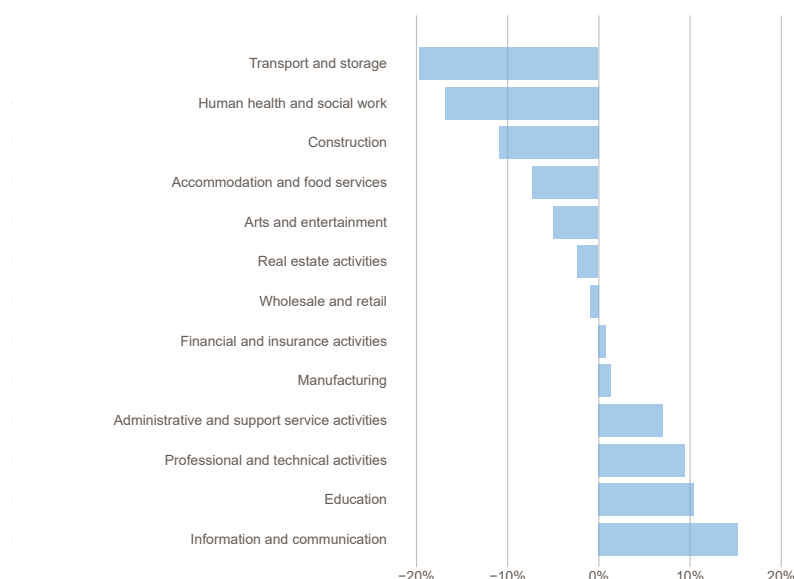
Source: [ONS regional productivity](#)

¹ Financial Times- [London's productivity sinks to below pre-pandemic levels](#)

Examining the change in economic output by industry from 2019-2023 (Figure A3), the data reveals that London's recovery has been distributed unevenly across the various sectors. High-value sectors such as information & communications, education, and professional & technical activities have generally outperformed while sectors that rely on face-to-face interaction such as transport & storage, human health & social work, and construction have lagged.

Figure A3: Change in economic output by industry

Percentage change in real GVA by industry in London 2019 – 2023



Source: GLA Economics based on ONS – UK regional GVA and GDP data. The following smaller industries have been excluded for simplification purposes: Primary sector and utilities, Public administration and defence, Other service activities, and Activities of households.

Information and communication expanded by over 15% relative to 2019, supported by ongoing demand for digital infrastructure, content, and services. Education and professional & technical activities also recorded strong growth -approximately 10-11% above pre-pandemic output. Transport & storage remain nearly 20% below its 2019 level - among the largest sectoral declines - reflecting continued changes in commuting, logistics and personal mobility. Human health & social work, accommodation & food services, and arts & entertainment also remain below pre-pandemic benchmarks.

Global Investment, Business Resilience and Tourism

Despite more recent sluggish economic growth, London continues to perform strongly in global competitiveness rankings. In 2024, the city ranked:

- 1st in the Anholt City Brands Index
- 1st in the Global Power City Index
- 2nd in the Kearney Global Cities Index
- 2nd in the Schroders Global Cities Index

These rankings highlight London's continued strengths in areas such as international connectivity, skilled labour, innovation, business infrastructure, and culture. They provide evidence of London's ongoing role as a major centre for global business and economic activity.

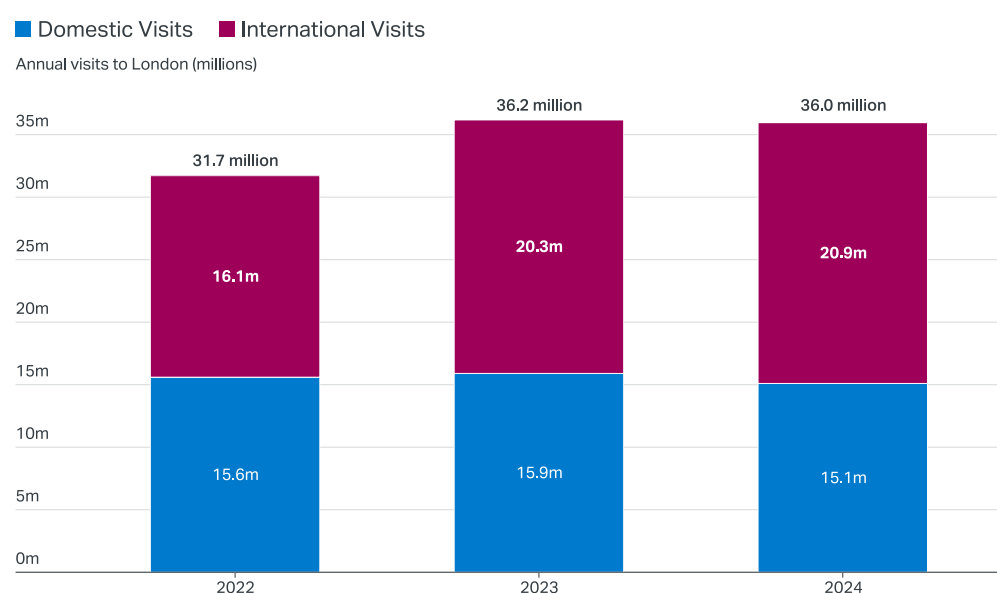
London's strong global position continues to translate into real economic outcomes, particularly in attracting investment. Foreign Direct Investment (FDI) activity remained strong in 2024, with the capital securing 439

projects amounting to £7.1 billion in capital expenditure according to fDi Markets data². While annual totals remain below the 2018 peak of £9.7 billion, investment levels in early 2024 suggest renewed momentum.

The city's global appeal and improving business climate have also helped fuel a rebound in tourism (Figure A4). According to VisitBritain, total visits to London rose from 31.7 million in 2022 to nearly 36 million in 2024. This growth was driven primarily by international visitors, whose numbers increased from 16.1 million to 20.9 million over the same period. Domestic tourism remained relatively stable, although it dipped slightly in 2024 to 15.1 million. Tourism-related spending has followed suit. Total visitor expenditure grew from £16.9 billion in 2022 to £18.8 billion in 2024 (in 2019 prices). Most of this increase came from international tourists, with spend rising from £12.4 billion to £14.2 billion.

Figure A4: Visits to London

Domestic and International visits to London, 2022, 2023 & 2024



Source: VisitBritain, Graphic: GLA City Intelligence

Labour Market Outcomes

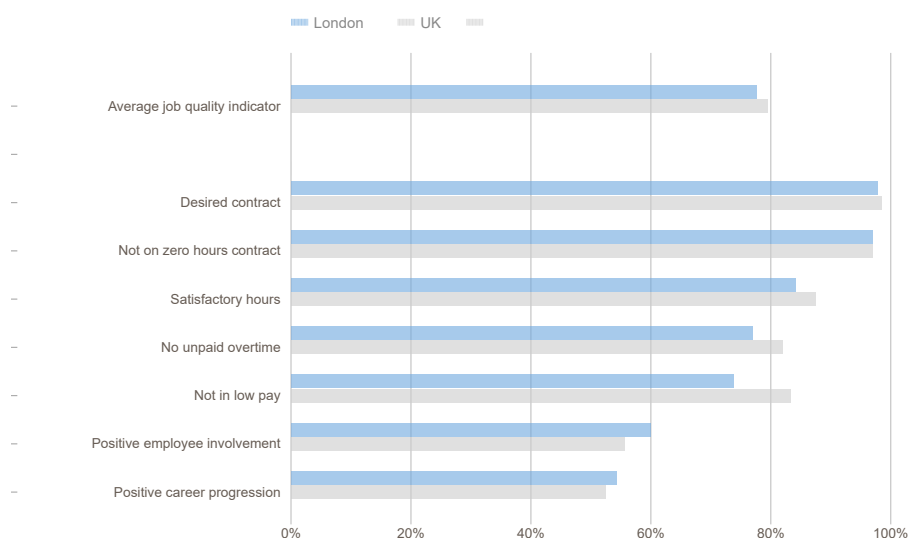
In July 2025, London's employment rate stood at 74.9% and its unemployment rate was estimated at 6.2%³. While the employment rate is high by historical standards, a closer examination reveals variation in the quality of jobs held by many Londoners (Figure A5). GLA Economics has compiled a new 'job quality' score which examines various dimensions of job quality such as pay, contract type, hours, and progression along with an overall 'average job quality score'. This suggests a slight decline in job quality since 2020. According to ONS Labour Force Survey data, approximately 57% of employed residents report positive opportunities for progression, and nearly one in five cite irregular or insecure working hours. Around a third of workers regularly perform unpaid overtime.

² Financial Times – [fDi Markets](#)

³ GLA Economics – [London Labour Market Update July 2025](#)

Figure A5: Job quality in London

Average job quality indicator and components, % share of employees, 2022



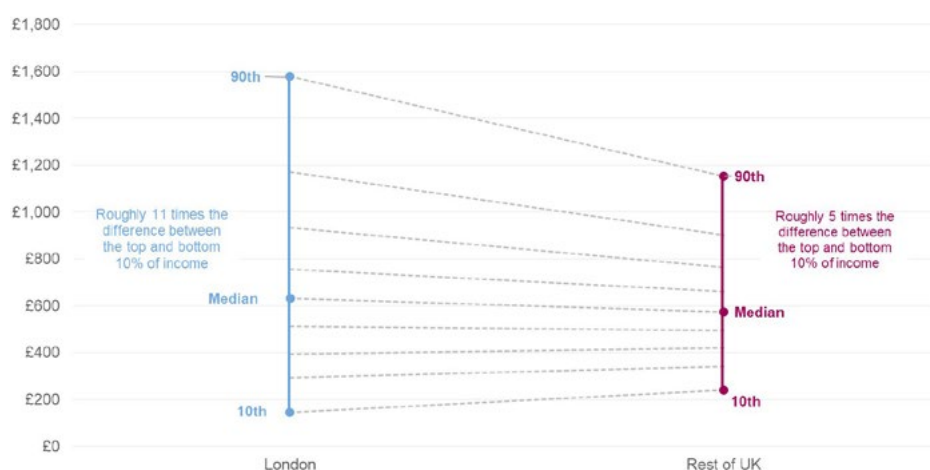
Source: ONS Labour Force Survey and GLA Economics

Income Inequality and Poverty

London remains the most unequal region in the UK with respect to household incomes. In 2022/23, DWP data revealed that the 90:10 income ratio after housing costs stood at 11.0 in London; in other words, the top decile of earners made 11 times more than the bottom decile (Figure A6). This is more than twice the UK average of 4.8, suggesting much higher income inequality. In absolute terms, the lowest-income Londoners earned 39% less than their counterparts elsewhere in the UK (after housing costs), while the highest decile earned 36% more.

Figure A6: Household income inequality

90:10 ratio of weekly equivalised household income (after housing costs), London and the UK (2021/22 - 2023/24, 2023/24 prices)



Source: GLA analysis of DWP HBAI data

Approximately 19% of Londoners (around 1.7 million people) live in relative poverty, defined as having income below 50% of the national median after housing costs. Across the UK, London is the region with the highest proportion of residents in relative poverty, with Inner London showing particularly high poverty incidence at 23%. Outer London, though lower at 18%, still has a higher poverty incidence than

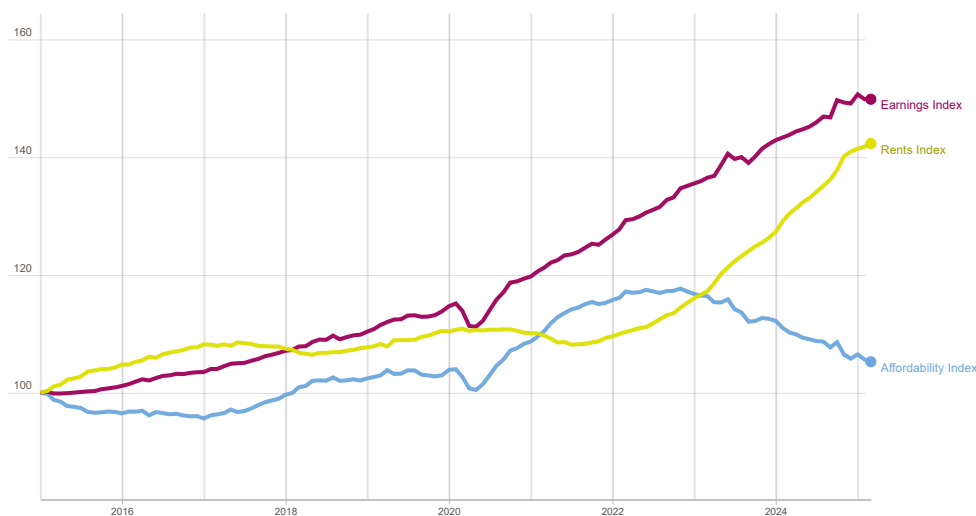
all other regions and countries of the UK. According to a YouGov survey Jan 2022–2025, around 17% of Londoners report that they are struggling financially⁴. Disabled Londoners, lower income groups, renters, Black Londoners and lower social grade Londoners were found to be more likely to say they were struggling financially.

Housing Access and Affordability

Housing affordability remains one of the most significant structural challenges in the capital. Housing supply has not kept pace with demand, resulting in rising costs across tenure types. As of early 2025, the average house price in London stood at £556,000, a value which is 107% higher than the UK average of £268,000.⁵ The average private sector rents in London were £2,163 per month, 63% higher than the UK average of £1,326.⁶

Figure A7: Affordability in the private rental sector

Index of private rent, earnings and implied affordability (2015=100)



Source: ONS Pay As You Earn Real Time Information, ONS Price Index of Private Rents

The ONS Price Index of Private Rents reveals that rents increased sharply from 2022 onwards and are currently outpacing earnings growth, leading to a deterioration in affordability (Figure A7). The affordability gap is particularly pronounced for younger, lower-income, and minority households. For many, home ownership is increasingly unattainable, contributing to the polarisation of the housing market.

According to GLA cost of living data, 26% of Londoners reported difficulty paying rent or mortgage payments in early 2025, up from 21% in 2022⁷. Homelessness indicators are also trending upwards. The rate of rough sleeping rose to 28.5 per 100,000 residents in November 2024 – the highest level since data collection began in 2020 (Figure A8). Additionally, approximately 1.7% of households in London are living in temporary accommodation, compared to 0.2% in the rest of England.

4 [GLA cost of living polling](#)

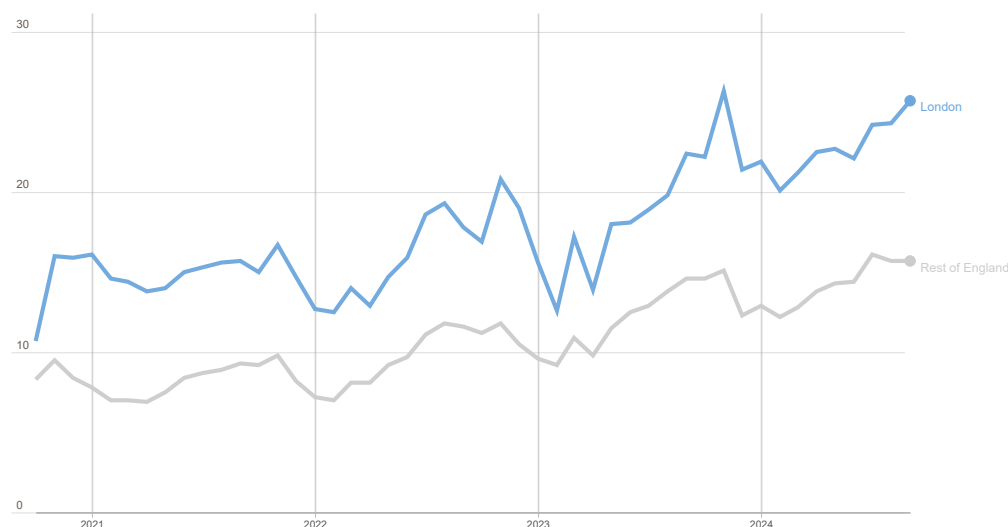
5 UK House Price Index for February 2025

6 ONS: Private rent and house prices, UK: March 2025

7 [GLA cost of living polling](#)

Figure A8: Rough sleeping

Number of people sleeping rough over the month per 100,000 people.



Source: MHCLG

Final Considerations

The 2025 State of London report paints a picture of a city that remains globally competitive and economically diverse yet marked by deeper structural constraints linked to inequality.

London's economy has regained some momentum following the pandemic, with strong investment, job creation, and tourism. The city remains the UK's most productive region and a global hub for finance, technology, and culture.

However, long-standing structural challenges persist. Labour market participation is high, but job quality is uneven. Economic output is growing, but productivity has faltered. Housing affordability is a persistent barrier to inclusivity, and income inequality remains pronounced.

Download the full report here: [State of London 2025](#)

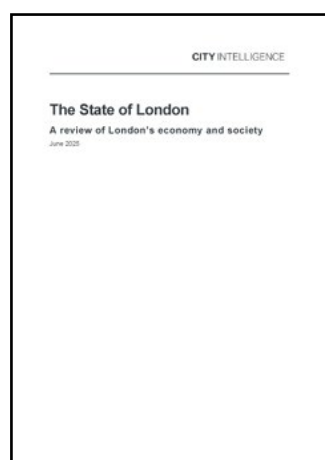
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We publish regularly on the state of London's economy, providing the latest economic data for London and interpret how this may affect policy. This includes analysis of recent developments in London's economy and forecasts for the next couple of years.

We provide analysis on sectors of the economy including tourism, retail, housing, health, science, technology and more.

We analyse recent developments in London's labour market, by sector and borough.

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The State of London - June 2025

One of our key annual publications, the sixth 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.

[Download](#) the full publication.



Housing Affordability and Economic Productivity

This study estimates the relationship between housing affordability and productivity. Using data from all local authorities in the Greater Southeast Region of England between 2002 and 2021 and by applying econometric methods, the study finds that declining housing affordability has had a significant negative effect on London's economic productivity.

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London's Economic Outlook: Spring 2025

London's real Gross Value Added (GVA) is forecast to grow by 1.6% in 2025, supported by moderating domestic inflation and improving household sentiment, though global trade disruptions and lingering inflationary risks remain key sources of uncertainty. Growth is expected to strengthen modestly to 1.7% in 2026 and 1.9% in 2027, with growth supported by a more stable macroeconomic environment.

[Download](#) the full publication.

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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.