London’s Low Carbon Market Snapshot

Low Carbon Environmental Goods and Services (LCEGS)

Update for Financial Year 2023/24

Executive Summary November 2025

kMatrix Data Services Ltd

Disclaimer

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Executive Summary

London's Low Carbon and Environmental Goods and Services (LCEGS) sector was worth £54.9bn to London's economy in 2023/24, as indicated by the value of sales in the sector. These sales were generated by over 20,000 businesses that employed over 341,100 people in the sector in 2023/24.

Sales and growth

The Low Carbon and Environmental Goods and Services sector in London grew year on year between 2007/08 and 2019/20, and was worth £50.0bn in 2019/20, it then contracted to £42.9bn in 2020/21 during the Covid 19 pandemic and has since recovered to £54.9bn in 2023/24.

Historically, London's LCEGS sector has a higher growth rate than the UK:

Timeframe	London growth	UK growth
2007/08 to 2019/20	138%	120%
2019/20 to 2020/21	-14.1%	-9.0%
2020/21 to 2021/22	6.7%	5.8%
2021/22 to 2022/23	9.2%	8.6%
2022/23 to 2023/24	9.8%	8.9%

Employment

Employment in London's Low Carbon and Environmental Goods and Services sector in 2019/20 was 302,021, and fell to 269,714 in 2020/21, before growing to exceed pre-pandemic employment to 311,420 in 2022/23 and was 341,144 in 2023/24.

The annual growth rate in employment was 11.5% between 2018/19 and 2019/20; -10.7% between 2019/20 and 2020/21; 6.7% from 2020/21 to 2021/22; 8.2% from 2021/22 to 2022/23, and 9.5% from 2022/23 to 2023/24. This rate of growth was stronger than the UK average of 7.3% between 2018/19 and 2019/20; and -13.1% between 2019/20 and 2020/21. London growth was stronger than the UK of 5.2% from 2020/21 to 2021/22; slower than the UK growth of 10.4% from 2021/22 to 2022/23, and then stronger than the UK growth of 7.9% from 2022/23 to 2023/24.

Companies

The number of companies in London's Low Carbon and Environmental Goods and Services sector in 2019/20 was 17,054 and fell to 16,376 in 2020/21, it then grew to 18,266 in 2022/23 and 20,020 in 2023/24.

The annual growth rate in the number of companies was 11.0% between 2018/19 and 2019/20, and -4.0% between 2019/20 and 2020/21. This rate of growth was stronger than the UK of 10.3% between 2018/19 and 2019/20 and -13.3% between 2019/20 and 2020/21. London's growth was 7.0% between 2022/21 and 2021/22, stronger than the UK of 5.2% between 2022/21 and 2021/22; London's growth was 4.3% between 2021/22 and 2022/23, weaker than the UK at 9.5% between 2021/22 and 2022/23; and London's growth was 9.6% in 2023/24, stronger than the UK at 7.9% in 2023/24.

London's sub-sectors

In 2023/24 London's Low Carbon and Environmental Goods and Services sector was made up of the following proportions: Low Carbon 60%, Renewable Energy 30% and Environmental 10%. This is similar to the composition in 2019/20 and 2020/21 when it was: Low Carbon 58%, Renewable Energy 31% and Environmental 11%.

London's sub-sector strengths

In 2023/24 the five largest sub-sectors in the Low Carbon and Environmental Goods and Services sector by sales account for 72% of the London total sales (71% in 2019/20, 73% in 2022/23) and are made up of:

- Carbon Finance (£21.2bn in 2023/24; £18.89bn in 2022/23; and £17.79bn in 2019/20) - this includes Carbon finance trading houses and consultancies
- Wind (£5.9bn in 2023/24; £5.29bn in 2022/23; and £5.27bn in 2019/20) – this includes control systems development and manufacture, drive train development, manufacture and systems integration and consulting houses
- Geothermal (£5.2bn in 2023/24; £4.82bn in 2022/23; and £4.91bn in 2019/20) – this includes head office functions, systems and design and international consultancy
- Building Technologies (£4.1bn in 2023/24; £3.77bn in 2022/23; and £3.92bn in 2019/20) – this includes head office functions, building systems design and consultancy and building systems providers and installers
- Alternative Fuels (£3.9bn in 2023/24; £3.55bn in 2022/23; and £3.70bn in 2019/20) – this includes R&D functions, alternative fuel providers and process implementation accounting.

The next six largest sub-sectors by sales account for a further 24% of London's total sales in (26% in 2019/20, and 23% in 2022/23) and are made up of:

- Photovoltaic (£3.2bn in 2023/24; £2.88bn in 2022/23; and £2.92bn in 2019/20) – this includes head office functions and providers and installers
- Alternative Fuel Vehicle (£3.4bn in 2023/24; £2.18bn in 2022/23; and £2.22bn in 2019/20) – this includes head office functions, prototype applications and vehicle sales
- Biomass (£2.0bn in 2023/24; £1.88bn in 2022/23; and £1.97bn in 2019/20) – this includes systems development and implementation and R&D
- Water Supply and Waste Water Treatment (£1.7bn in 2023/24; and £1.68bn in 2022/23; £1.85bn in 2019/20) – this includes systems implementation, maintenance and development
- Waste Management (£1.6bn in 2023/24; £1.54bn in 2022/23; and £1.68bn in 2019/20) – this includes process development and new process implementation and consulting

- Recovery and Recycling (£1.4bn in 2023/24; £1.31bn in 2022/23; and £1.39bn in 2019/20) – this includes waste collection, glass stock processing and paper feedstock processing

Sub-sector growth

London's five largest sub-sectors have all enjoyed high levels of growth in sales, number of employees and number of companies between 2021/22 and 2023/24:

- Carbon Finance – sales grew 27%; number of employees grew 26%; and number of companies grew 17%.
- Wind – sales grew 22%; number of employees grew 22%; and number of companies grew 16%.
- Geothermal – sales grew 16%; number of employees grew 17%; and number of companies grew 13%.
- Building Technologies – sales grew 19%; number of employees grew 18%; and number of companies grew 14%.
- Alternative Fuels – sales grew 17%; number of employees grew 17%; and number of companies grew 13%.

London's Exports

The value of exports in London's Low Carbon and Environmental Goods and Services sector in 2019/20 was £3.4bn, they fell to £2.8bn in 2020/21 and have recovered to £3.8bn in 2023/24. This accounted for 23% of the UK's LCEGS exports in 2023/24, slightly higher than London's 21% share of the overall UK LCEGS market (London's share of the market was 22% in 2019/20).

London experienced greater contraction in LCEGS exports between 2019/20 and 2020/21 of -15.6%, compared to the UK average of -6.4%. London's export market grew 7.8% between 2020/21 and 2021/22, 13.7% between 2021/22 and 2022/23 and 10.3% between 2022/23 and 2023/24. This growth was stronger than the UK which grew 5.8% between 2020/21 and 2021/22, 8.0% between 2021/22 and 2022/23; and 7.6% between 2022/23 and 2023/24.

Methodology

The figures are calculated using the same definitions of market and methodology as in previous reports produced by kMatrix.