

London's Economy Today - Issue 274 - June 2025

Key information

Publication type: General

Publication date: Thursday 26 June 2025

Contents

[Overview](#)

[Economic indicators](#)

[London macroeconomic scenarios \(June 2025 update\)](#)

[Read the full newsletter](#)

[Join our mailing list](#)

Overview

- Chancellor announces additional capital allocation but with tight departmental spending increases in the Spending Review
- Trade uncertainty leads to sharp downward revisions to the World Bank's forecast
- London productivity drops below pre-pandemic levels

Economic indicators

- In May, the sentiment of London's PMI business activity index contracted with the business activity PMI index for London private firms marginally decreasing from 49.7 in April to 49.5 in May. 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.
- In May, over half of all property surveyors expressed negative expectations for house prices in London over the next three months. The net balance of house prices expectations in London was -27 in May, improving slightly from -31 in April. The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.
- Consumer confidence in London falls to neutral in June. The consumer confidence index in London fell from 3 in May to 0 in June. 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.

London macroeconomic scenarios (June 2025 update)

GLA Economics' 46th London forecast suggests that:

- 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.
- Workforce jobs in London are projected to increase by 0.8% in 2025, as the labour market continues to cool following the post-pandemic rebound. Job growth is expected to pick up to 1.0% in 2026 and 1.3% in 2027, supported by strengthening labour demand and a gradual return to trend employment growth.
- Household income is expected to rise by 2.6% in 2025, supported by falling inflation and rising wages. Growth is forecast to slow to 1.4% in 2026, with a modest rebound to 1.5% in 2027.
- Household spending is expected to grow by 2.5% in 2025, before easing to 2.4% in 2026 and 2.1% in 2027.

Read the full newsletter

[Download the pdf](#)

Join our mailing list

[Sign up to receive our work](#)

[Back to table of contents](#)