

London's Economy Today - Issue 275 - July 2025

Key information

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Overview

- UK's GDP contracts for a second month in a row in May
- IMF turns slightly more upbeat on global growth
- London business confidence falls amid rising economic pressures

Economic indicators

- In June, the sentiment of London's PMI business activity index rebounded to positive with the business activity PMI index for London private firms increasing 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.
- 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.
- 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 State of London Report 2025

The GLA's City Intelligence Unit released the sixth edition of its annual State of London report in June. It aims to provide the most comprehensive and up-to-date picture of London's economic and social realities.

Key highlights of this year's edition include:

- London's economy recovered strongly post-COVID, with growth rates reaching 8.1% in 2022. However, growth slowed to 0.3% in 2023 and is projected to increase slightly to 1.1% in 2024.
- London continues to perform highly in indices of global city comparisons, a reflection of sustained interest in the capital as a coveted economic, social and cultural destination.
- Despite its economic resilience, London as a region does have a higher poverty rate than other UK regions, with Inner London boroughs in particular being strongly affected.
- Housing affordability remains a challenge, with 28.5 out of every 100,000 Londoners sleeping rough as of November 2024, the highest rate recorded since 2020.
- The average happiness score (out of 10) for children in Years 3-11 in London in 2023/24 was 6.95. This has remained relatively stable, although it has decreased slightly overall since 2017/18 when it was 7.13 in London.

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