MAYOR OF LONDONLONDONASSEMBLY

London's Economy Today - Issue 280 - December 2025

Key information

Publication type: General

Publication date: Thursday 18 December 2025

Contents

Overview
Economic indicators
The 2025 Budget: Overview and potential implications
Read the full newsletter
Join our mailing list

Overview

- UK GDP shrinks in October
- UK inflation slows further in November as the Bank reduces interest rates
- Steady growth in London’s output, employment and household finances forecast for the coming years

Economic indicators

- In November, the sentiment of London’s PMI business activity index moderated with the business activity PMI index for London private firms slowing from 55.9 in October to 55.7 in November. 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 November, the sentiment of London’s PMI new business activity remained positive but slowed with the PMI new business index in London decreasing from 55.9 in October to 52.7 in November. An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.
- More than half of all property surveyors in London reported house price decreases in November. The net balance index was -44, and it was -36 in October. The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

The 2025 Budget: Overview and potential implications

On 26 November 2025, Chancellor Rachel Reeves delivered the 2025 Budget. Some of the Budget's key announcements and potential implications for London are as follows:

- Increasing spending in every year and by £11 billion in 2029-30, primarily to pay for the summer reversals to welfare cuts and to lift the two-child limit in universal credit. In London, 260,000 children in 70,000 households are affected – the highest number of any region.
- Confirmation of the approval of funding for the DLR extension to Thamesmead.
- Giving Mayoral Strategic Authorities the power to introduce local overnight visitor levies. A 12-week consultation was launched seeking views on the design of the new power.
- A "high value" council tax surcharge will be introduced on an estimated 100,000 properties in England with a value above £2 million.

The supplement goes into more detail on these and many other impacts for London and Londoners.

Read the full newsletter

Download the pdf

Join our mailing list

Sign up to receive our work
Back to table of contents