

London's Economy Today - Issue 281 - January 2026

Key information

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Overview

- UK inflation picks up in December
- UK GDP returned to growth in November
- London's labour market remains soft

Economic indicators

- In December 2025, the PMI new business index in London increased from 52.7 in November to 54.0 in December. An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.
- In December 2025, more property surveyors in London reported falling prices than rising prices. The net balance index was -39, and it was -42 in November. The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.
- The consumer confidence index in London was 13 in December, unchanged from November. 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.

Preview of London employment projections (2024-based update)

GLA Economics has regularly updated trend-based long-term employment projections to inform policy making and city planning in London since 2002. A forthcoming publication will support the evidence base for the next London Plan, updating results to take into account changes in the outlook since the last London Plan evidence was published in 2017 and an interim update in 2022. This supplement article previews the main assumptions and results.

Headline results

The 2024-based update indicates that:

- Workforce jobs across London will grow from 6.4 million in 2024 to 7.3 million in 2050, an additional 869,000 jobs, or 13.6%. This represents a higher level of projected employment than in the 2017 and 2022 projection rounds, largely reflecting a higher post-pandemic starting point rather than faster long-run growth.
- London's labour market will continue to be shaped by the long-term structural shift towards business services, with Professional, Scientific, Technical and Real Estate activities (+373,000 jobs from the 2024 level) and Information and Communication (+164,000) accounting for around half of the projected increase between 2024 and 2050.
- Four sectors are projected to see declines over the projection period: Manufacturing (-37,000 jobs), Transportation and Storage (-34,000), Wholesale (-32,000), and Retail (-32,000). This is due to a combination of slower growth overall in London and the decline in the relative growth rates of these sectors over recent periods.

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