London Property Alliance

Global Cities Survey

March 2025

London Property Alliance

WPA | CPA

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Introduction

Our Global Cities Survey began in January 2022 and now, more than three years on, it is proving to be a particularly insightful tool for tracking London against its key global city rivals; New York, Paris, Berlin and Hong Kong.

Using a range of indicators, it provides a comparative study of London's economic performance compared to its global competitor cities. Whereas earlier editions focused on assessing how London and other cities were recovering from the Covid-19 pandemic, the survey, published by London Property Alliance (LPA) with research undertaken by Centre for London and additional data from Oxford Economics, has since evolved to take a broader look at how cities are performing given macroeconomic trends and the geopolitical climate. The world has undoubtedly become an increasingly uncertain place. We have therefore committed to publishing this survey twice yearly going forward.

London finished 2024 showing signs of progress but also some challenges. Economic growth is showing as 1.6% for the year as a whole, on par with Berlin but below New York, Hong Kong and Paris. London outpaced its global competitors in terms of real estate occupancy and its office vacancy rate ended 2024 at 6.6% – about a quarter of that in New York and the lowest across all cities surveyed. Prime office rate growth was also the best performing in the capital compared to all other cities sampled.

London achieved the highest public transport usage since the pandemic in the final quarter of 2024, far outstripping New York and Hong Kong – although still around 14% below the same period in 2019.

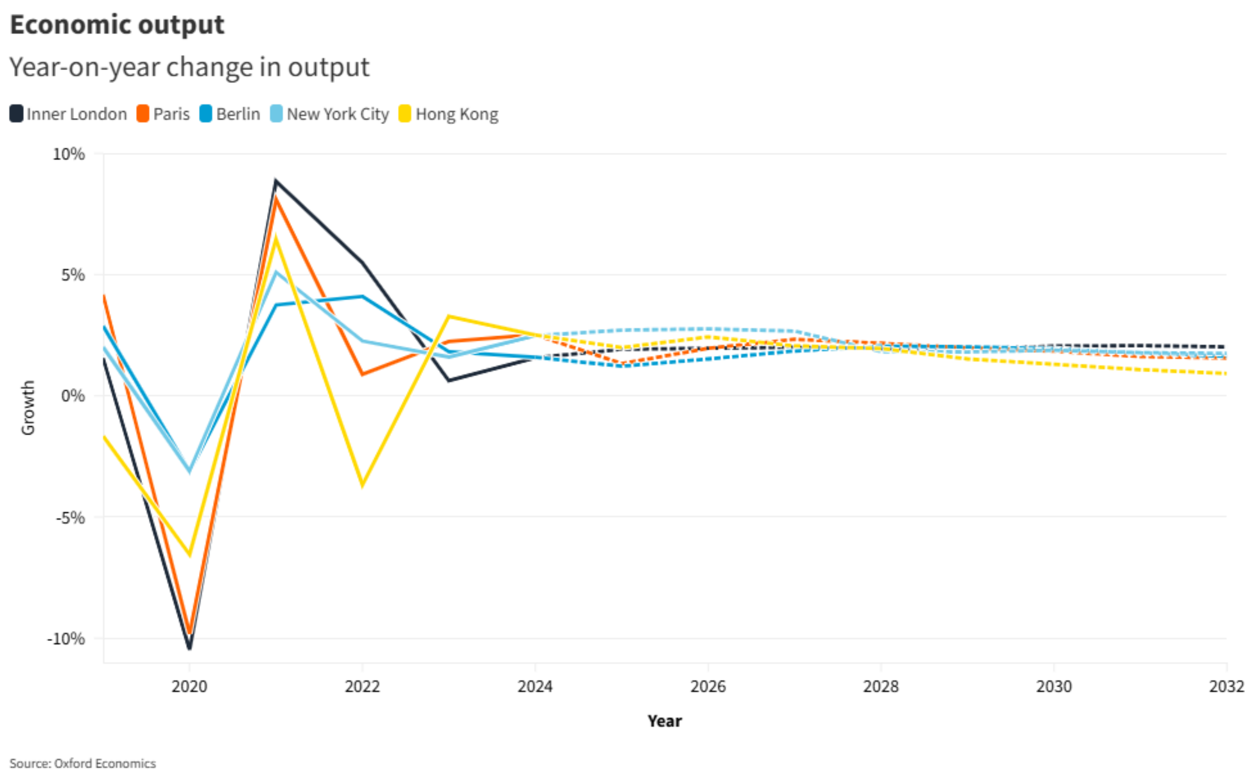
Our survey tracks 14 indices, from finance and insurance to housing and unemployment. For this edition we have also included construction starts for the first time to reflect the policy climate in the UK, where infrastructure and housing are central to the Labour Government's plans for growth.

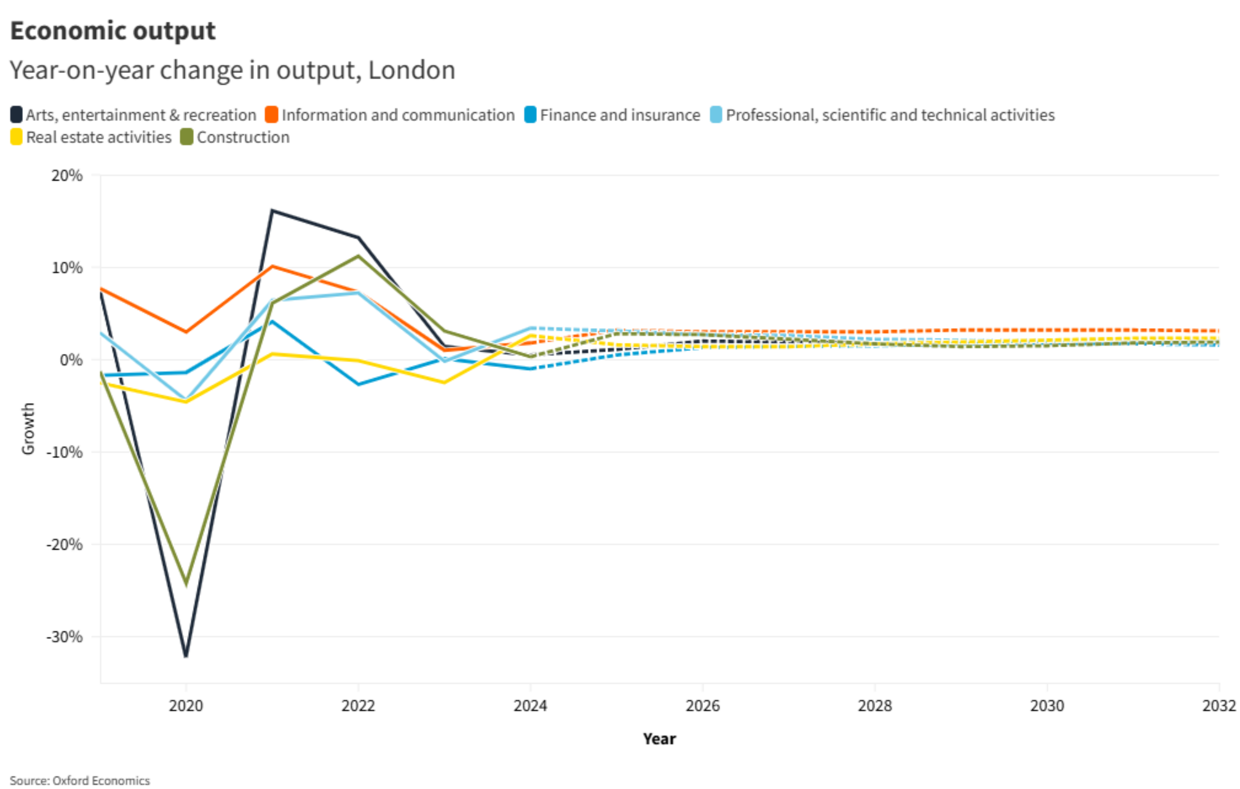
The UK Government is committing its political capital to economic growth and attracting investment, but global economic challenges and a fraught geopolitical climate risk exposing London and its competitor cities to a turbulent 2025. That will bring both threats and opportunities, with those cities able to capitalise on a high degree of political and economic stability most likely to fair the most favourably.

Charles Begley
Chief Executive
London Property Alliance

Detailed analysis

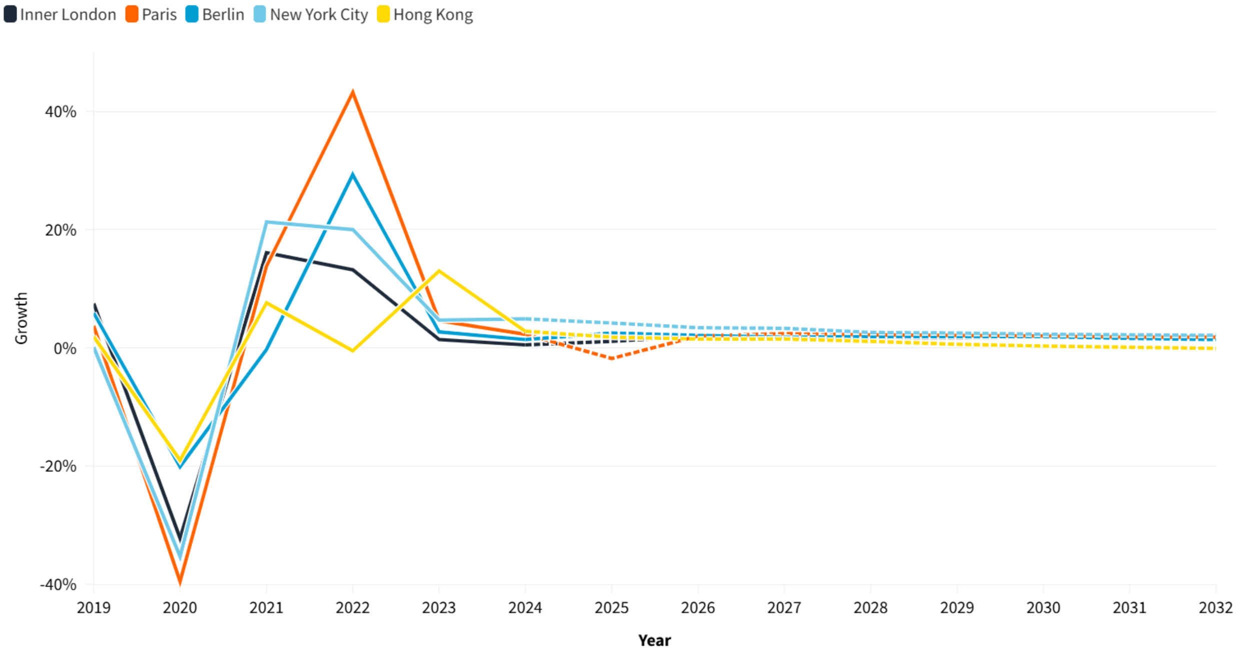
Economic output





Arts, entertainment & recreation

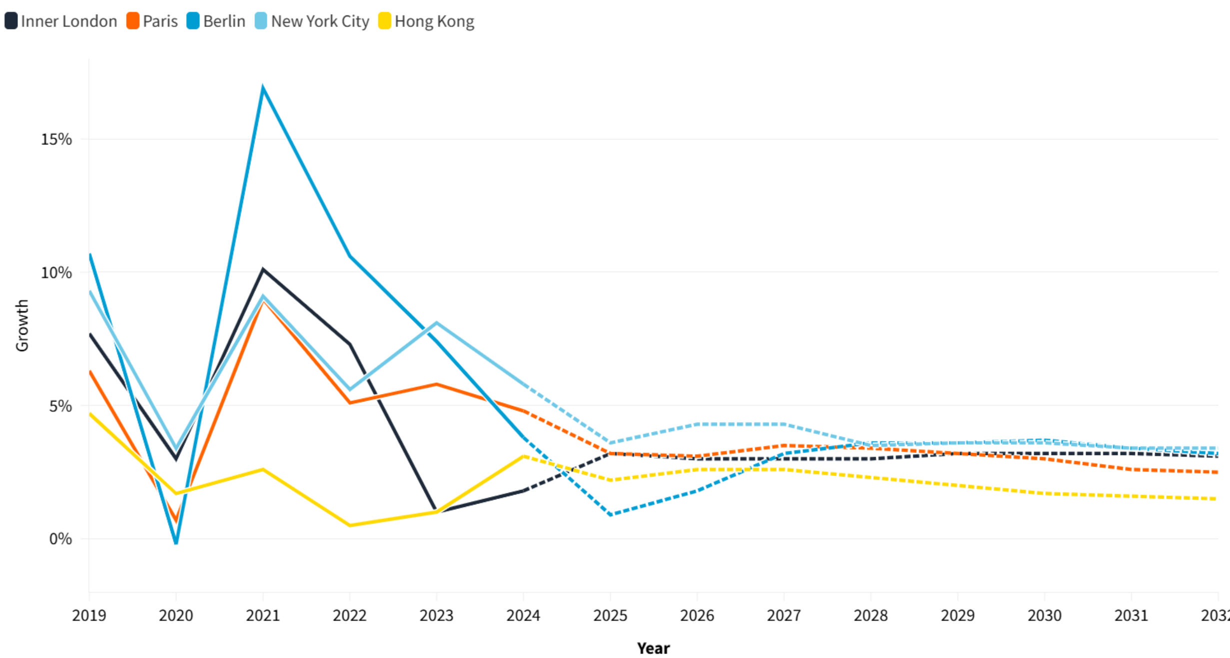
Year-on-year change in output



Source: Oxford Economics

Information & communication

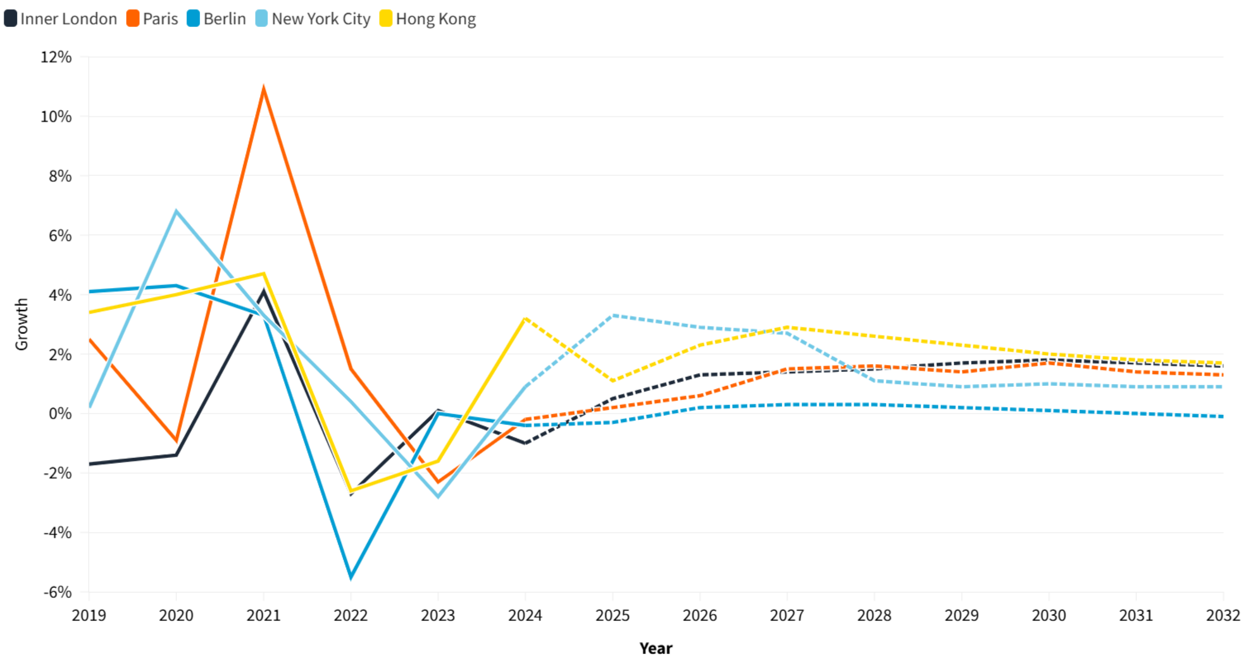
Year-on-year change in output



Source: Oxford Economics

Finance & insurance

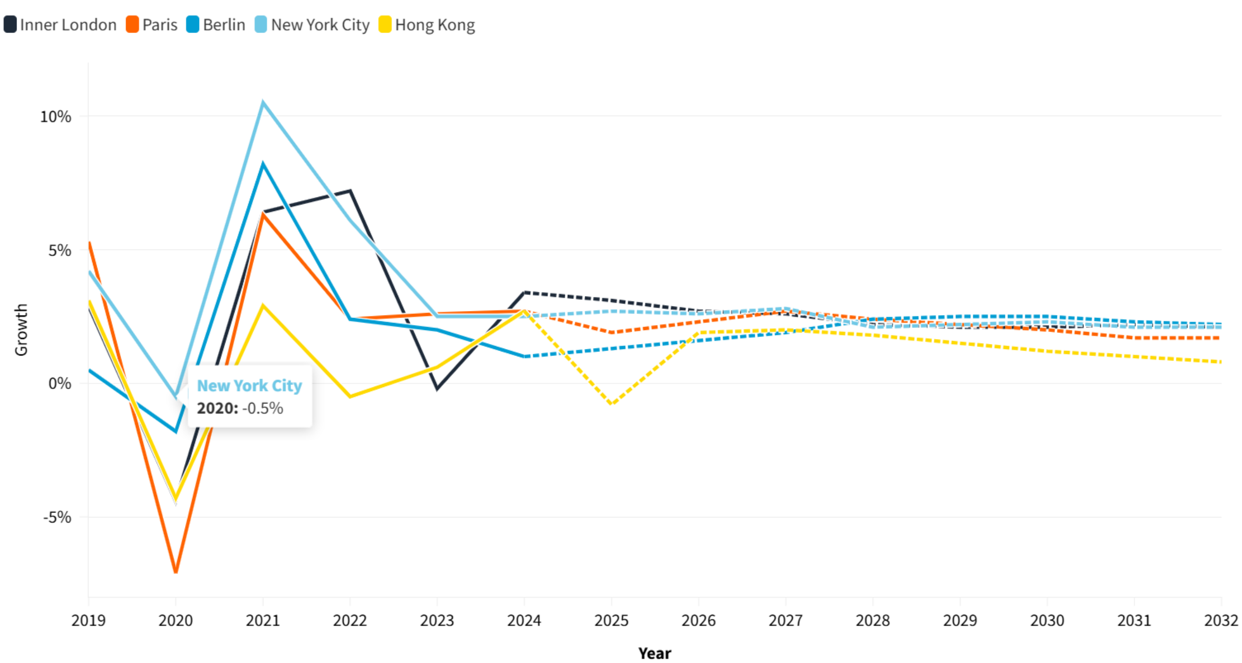
Year-on-year change in output



Source: Oxford Economics

Professional, scientific & technical

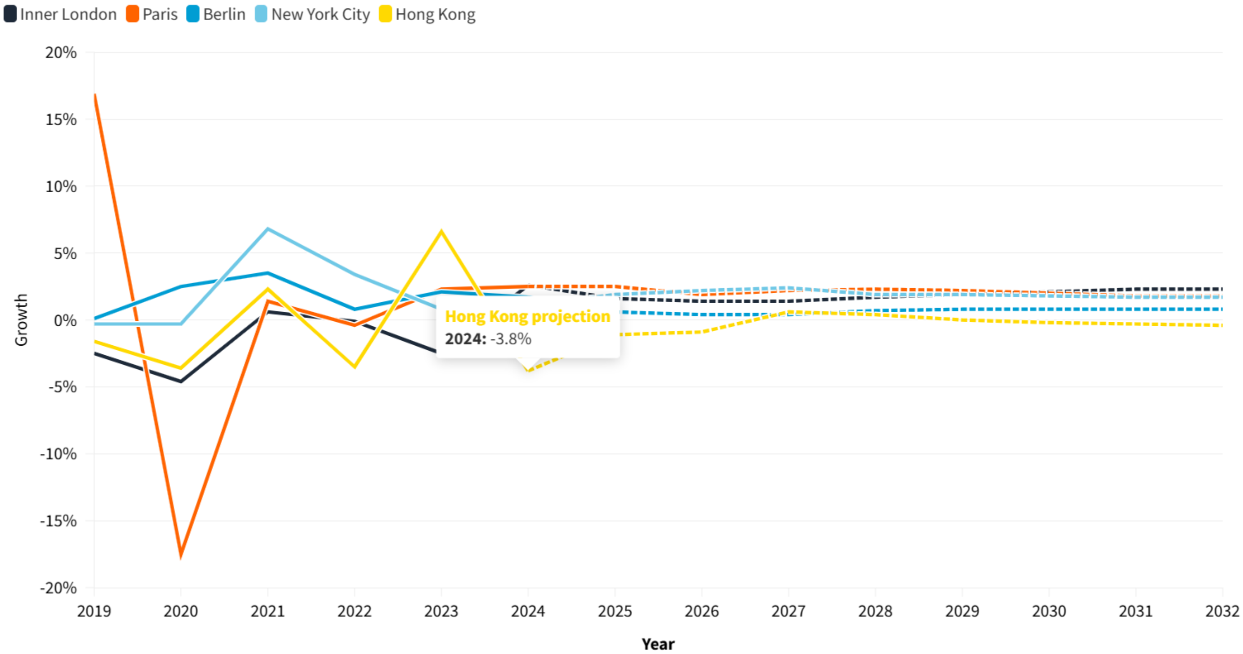
Year-on-year change in output



Source: Oxford Economics

Real estate activities

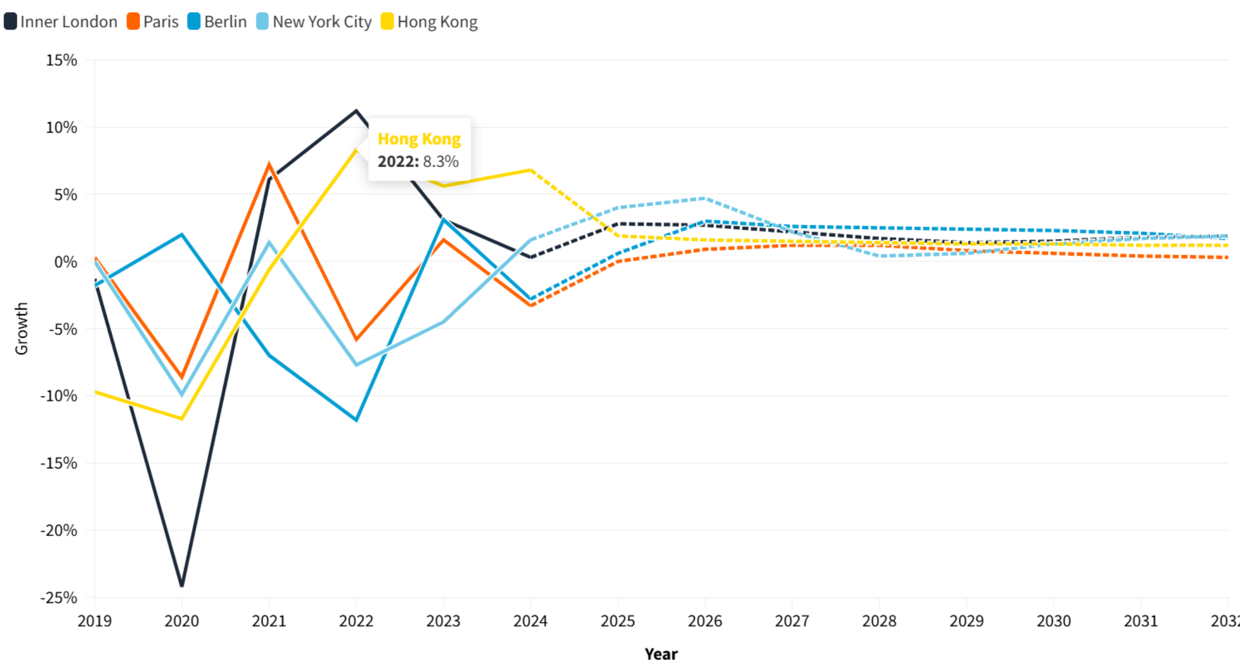
Year-on-year change in output



Source: Oxford Economics

Construction

Year-on-year change in output



Source: Oxford Economics

This edition's forecasts from Oxford Economics show London's economic output growing, with a projected real increase in GDP of 1.92% in 2025. This takes the capital above its pre-pandemic output and is double the UK-wide output GDP estimate of 0.8%, demonstrating the importance of the capital as an engine of growth for the UK economy. London joins New York with projected year-on-year growth in output, while Paris, Berlin and Hong Kong are anticipated to experience economic slowdowns in growth rates in 2025.

For this edition, we've included forecasts for the construction industry. The sector is projected to reach a three-year high in output in 2025, behind only New York which has benefitted from new tax incentives for construction, alongside an expansion in housing development and regeneration.

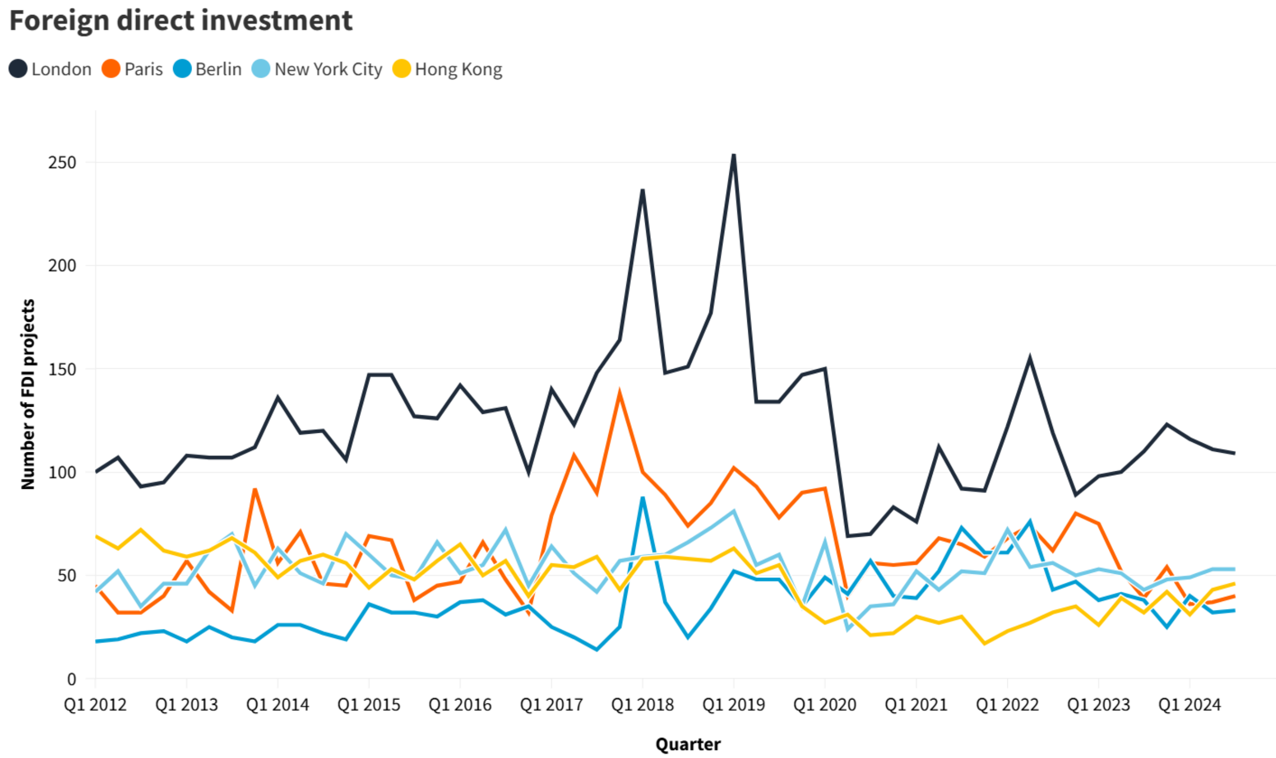
New York also looks set to capitalise on a strong year for inbound tourism in the arts and entertainment sector, with its museums undergoing a wave of modernisation, helping to transform the experience economy. Closer to home however, the boom experienced for arts and culture in Paris from the city's hosting of the 2024 Summer Olympics and Paralympics is perhaps set to end in 2025 as its arts, entertainment and recreation industries are forecast to see a decline of 1.8% in terms of output.

In terms of finance and insurance output, London is projected to return to positive territory, overtaking Paris in 2025. Furthermore, the rate increases from a modest 0.5% in 2025 to an anticipated 1.3% in 2026. Oxford Economics thinks that this growth trend is set to strengthen well into the late 2020s. This is in contrast with Berlin where the finance and insurance sector continues to stagnate alongside the wider economy. However, Hong Kong and New York are both forecast to outperform London in terms of rate of growth for this important sector with substantial year on year increases.

For information and communication industries, London continues to perform strongly with growth forecast to reach a three-year high in 2025 at 3.2%. The expansion of the capital's digital infrastructure, new data centres and continued investment in the rollout of full fibre broadband looks to sustain the sector's growth well into the next decade. A similar trend is expected for professional and technical services in London, where an industry fervour for life sciences and lab-enabled commercial space continues.

With geopolitical tensions influencing erratic global stock markets, economic output for defence, digital and intelligence industries may see a notable boost in the opening months of 2025. A new debt overhaul in Germany and amendments to the UK Government's National Wealth Fund will mobilise public and private spending in innovative industries, many of which global cities are banking on for new avenues of growth.

Foreign direct investment

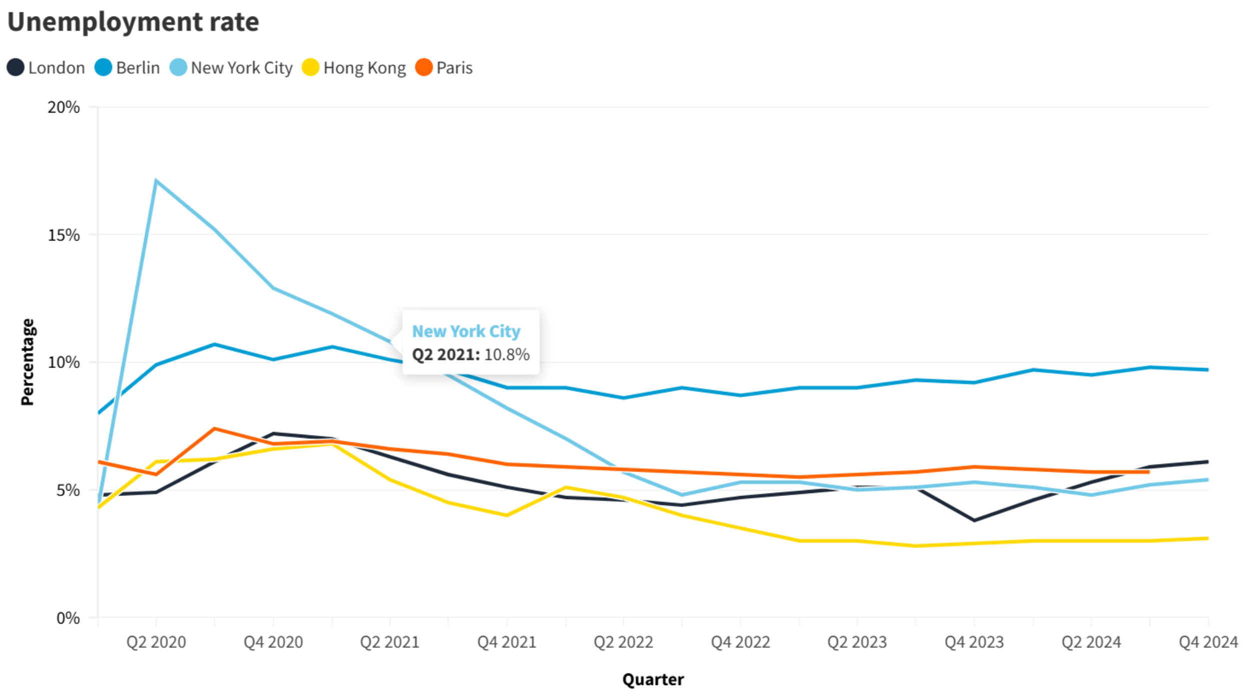


Source: Data sourced from fDi Markets by London & Partners

London continues to hold the lion's share of projects of any of our cities, building on a strong 2023 for foreign direct investment (FDI) into digital, technology and financial services. However, the overall volume of projects has fallen on a quarterly basis by 29% compared to a recent post-Brexit high in Q2 2022. As of Q3 2024 numbers are trending downwards. In Berlin, the total number of projects remains well below 100. However, Berlin has recorded higher investment yields from the projects it has secured and has recovered from a downturn in Q4 2023, thanks to increased investment in digital, life sciences and logistics projects.

Paris has struggled to recover from fewer projects being attracted in 2022, although this may not be a fair reflection for the wider French economy which has largely maintained global investor confidence, including posting record expansion in FDI projects in sectors such as manufacturing, life sciences and healthcare in 2023. Both New York and Hong Kong are seeing a steady number of projects, with Hong Kong's market experiencing a near doubling in the number of investments in Q3 2024 compared to Q4 2021 performance.

Unemployment

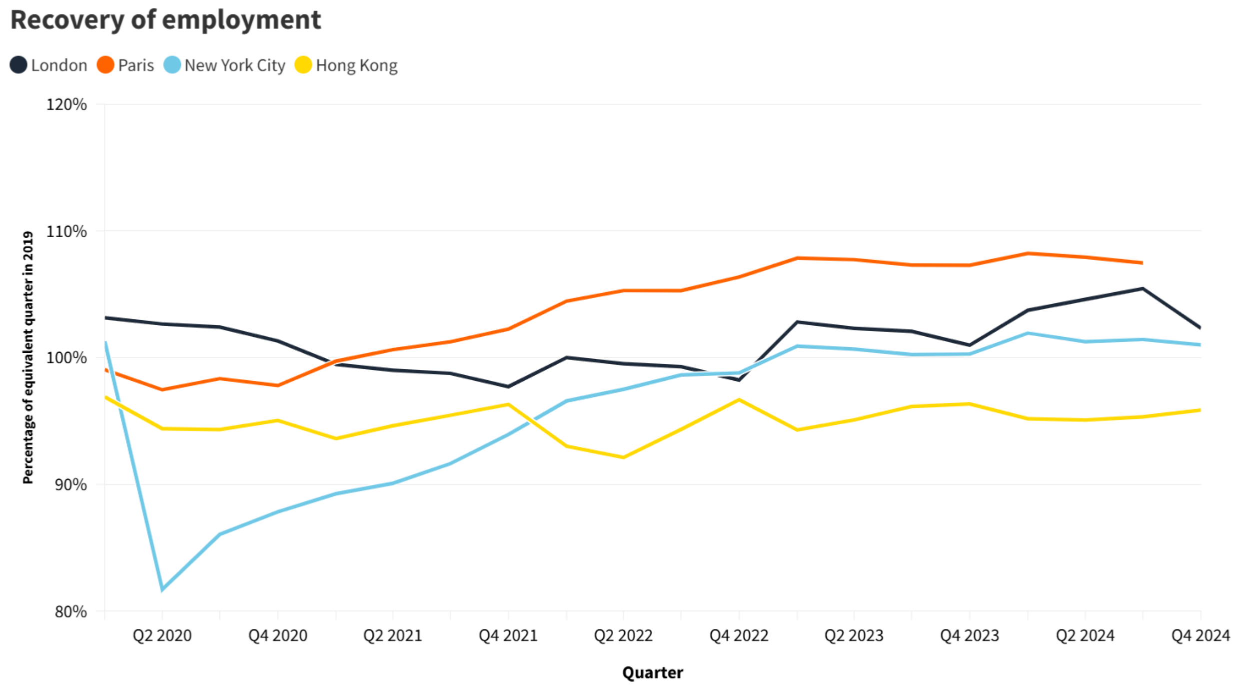


Source: Office for National Statistics, INSEE, New York State Department for Labor • The Government of The Hong Kong SAR , Arbeits Agentur Deutschland
Q4 2024 data for Paris unavailable.

In several global cities, unemployment appears to be rising, including London, Berlin, and New York and Hong Kong (albeit marginally in both cases). The German capital continues to face very high levels of unemployment compared to its peers, at 9.7%. Economic stagnation and political challenges have increased the total number of unemployed Berliners from 155,000 in January 2020 to 211,000 in January 2025, up 36%. National economic pressures from increased competition for export industries, high energy costs and high interest rates have influenced the political atmosphere in Berlin where February 2025's parliamentary election saw the incumbent SPD pushed into third place behind the right-wing AfD and CDU-CSU in first place.

The ongoing volatility with the Office for National Statistics (ONS) data set for the Labour Force Survey continues to temper interpretation of UK unemployment rates. ONS estimates suggest London's unemployment rate rose to 6.1% at the close of 2024, up from 3.8% the previous year and equivalent to an additional 100,000 people out of, or looking for, work. This rise in unemployment has been accompanied by an increased rate of economic inactivity, as older employees leave the labour market through ill health, increased retirement rates or a lack of in-work support.

Employment

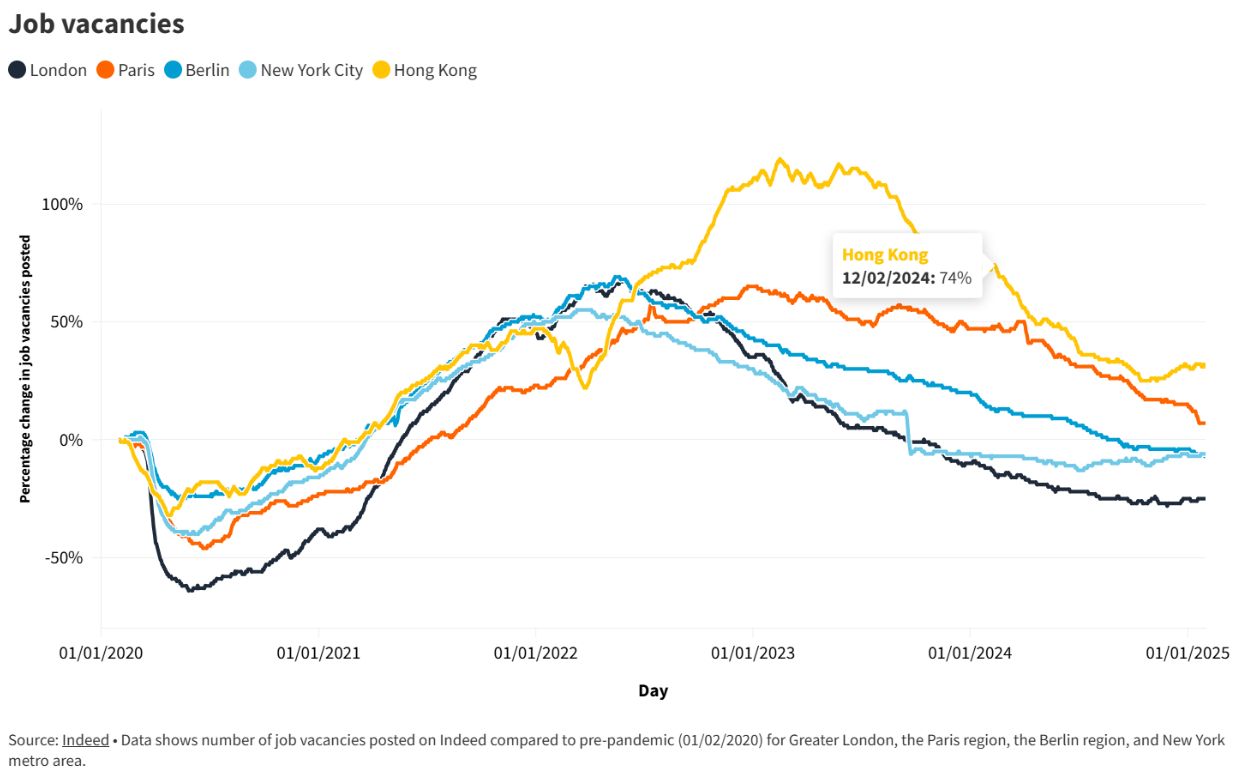


Source: Office for National Statistics, INSEE, New York State Department for Labor • The Government of The Hong Kong SAR
Berlin data unavailable

Hong Kong's employment rates have yet to return to pre-pandemic levels. This is in contrast to London, New York and Paris where levels remain above their 2019 benchmarks. However, in London, an increase in unemployment and economic inactivity saw employee numbers fall from 105.5% of the pre-pandemic employment total in Q3 2024 to 102% in Q4. While it remains above its pre-pandemic comparison, this places the city's employment rate, when compared to 2019, at its lowest since Q4 2023. A similar trend is evident in New York where workforce recovery declined over the year by nearly a percentage point (0.93%) in Q1 2024 to 101% in Q4.

The sustained resilience in Paris's post-pandemic labour market appears to have weakened in 2024 after four years of growth. Two quarters of marginal decline in the city's employment rate perhaps marks the close of the Olympic Games' economic impact for the sectors that initially benefitted.

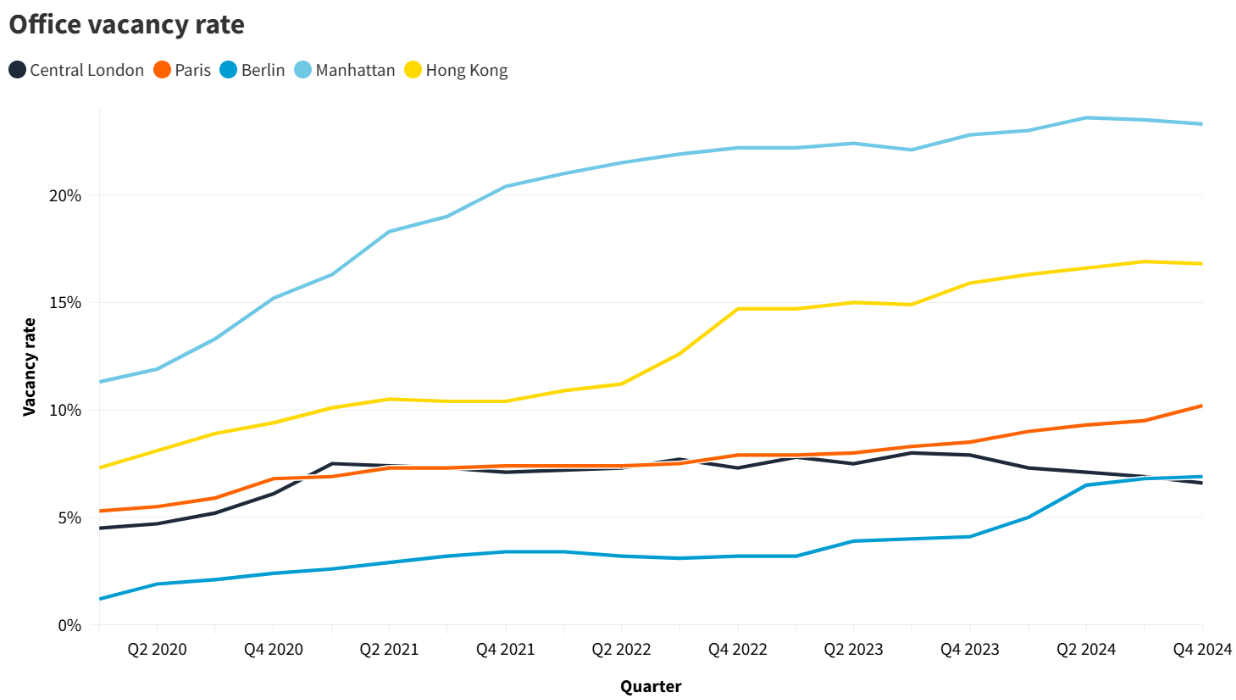
Job vacancies



Job vacancies are often considered a good forward indicator of employers' willingness and ability to grow although they may also indicate a tightening labour market, albeit less so when unemployment is rising. London's job vacancy rate appears to have stabilised at the close of 2024 after two years of decline but remains well below the comparative pre-pandemic totals at negative 25%. A similar trend for Berlin has taken the rate of change for job vacancies into negative territory for the first time since March 2021, where in both cities macroeconomic conditions have seen firms to hold off on recruitment.

While remaining above pre-pandemic totals, Paris's job market is also facing a slowdown as the number of job vacancies falls to levels last seen in September 2021. The impact of a rapid decline in job vacancies experienced in New York in September 2023 has yet to fully heal, largely due to rising unemployment and higher consumer prices. The introduction of a new employment regulation on pay transparency in September 2023, which requires all job postings in New York to include salary information, will also be affecting this decline. However, steady growth in the number of vacancies posted since mid-2024 may signal a loosening jobs market for 2025, both in New York and Hong Kong, where October 2024 saw a return to growth for vacancy totals.

Office vacancy rates

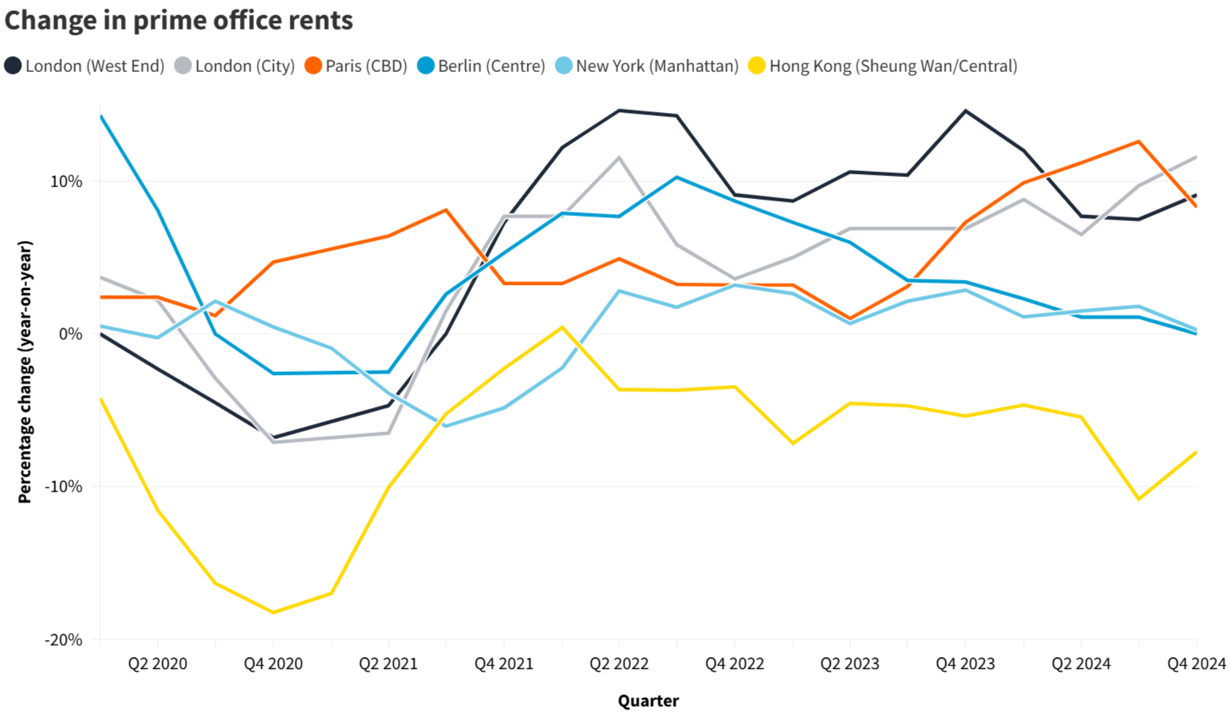


Source: Avison Young, BNP Paribas (Paris), BNP Paribas (Berlin) • Cushman Wakefield • Colliers
Data for Central London and Manhattan is focused specifically on central business districts, whereas data for Paris, Berlin and Hong Kong encompasses the whole of each city, which may influence rates.

London ends 2024 with the lowest vacancy rate of the five sample global cities at 6.6%; the lowest level since 2020. Buoyant demand for high-quality commercial office space is fuelling growth in development and retrofit for sustainable and flexible schemes in the West End, City and Canary Wharf sub-markets. In contrast, New York continues to face a 'new normal' with very high vacancy rates of 23.3%. However, this has decreased marginally since its peak of 23.6% in the second quarter of 2024. Hong Kong also appears to be showing an early sign of recovery; vacancy rates were down 0.1 percentage points to 16.8% in Q4 2024. But, for both cities, there is a long way to go to return close to pre-Covid levels of 11.3% (New York) and 7.3% (Hong Kong).

For this edition, data for vacancy rates for Berlin and Paris has been calculated by the same organisation (BNP Paribas) to provide a more comparable dataset for these European cities. In both capitals, office vacancy rates have risen in the past year.

Prime office rents

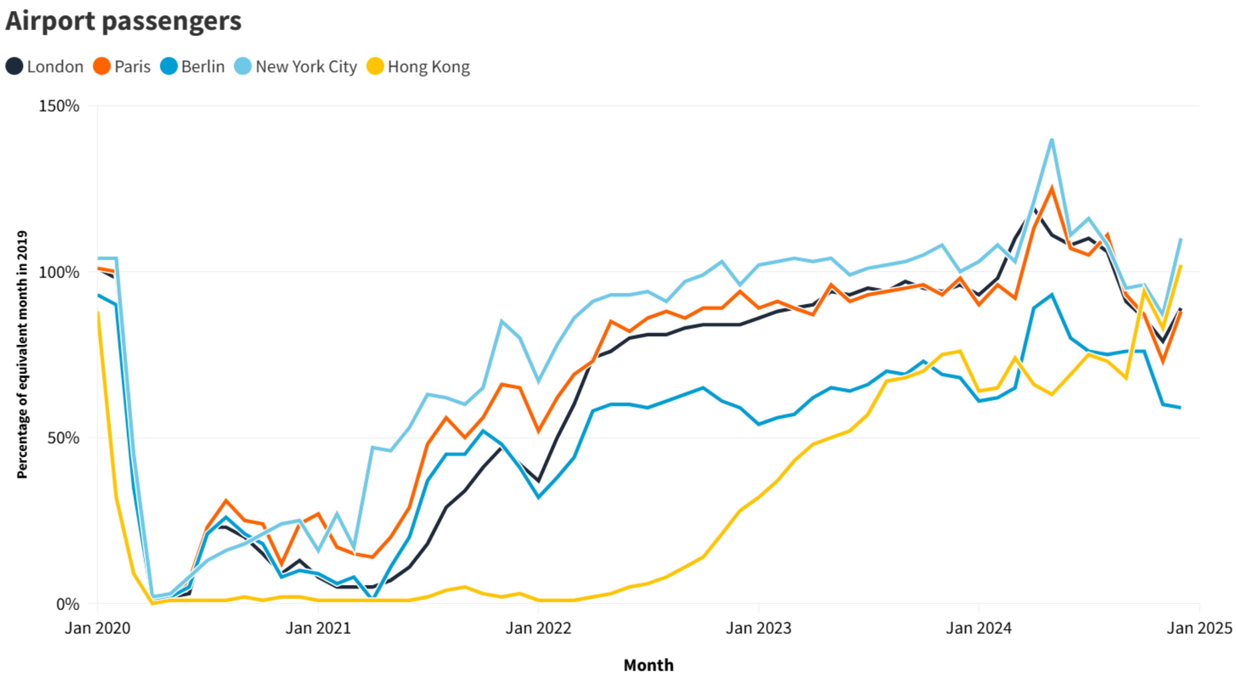


Source: Cushman and Wakefield (Europe), Cushman and Wakefield (Manhattan), Ratings and Valuation Department of the HKSAR Government • Data show percentage change in Prime Rent.

London's lower office vacancy rate and strong demand for quality space has caused the city's sub-markets to respond with increased rents for prime or Grade A offices. The City of London has overtaken Paris's Central Business District in posting the highest year-on-year change for rents, increasing by 11.6% compared to 8.3% in Paris. The West End has also recovered from its softening in rent price growth in early 2024, recording price increases of 9.1% in Q4 2024. Meanwhile, business districts in New York and Berlin have both seen prime office rents soften with flat or near-flat percentage rate change at the end of last year.

After three years of decline in rent prices, including a sharp drop in mid-2024, Hong Kong's falling rates may have started to turn a corner with the rate of decrease in Q4 2024 moving to -7.7% from -10.8% the previous quarter.

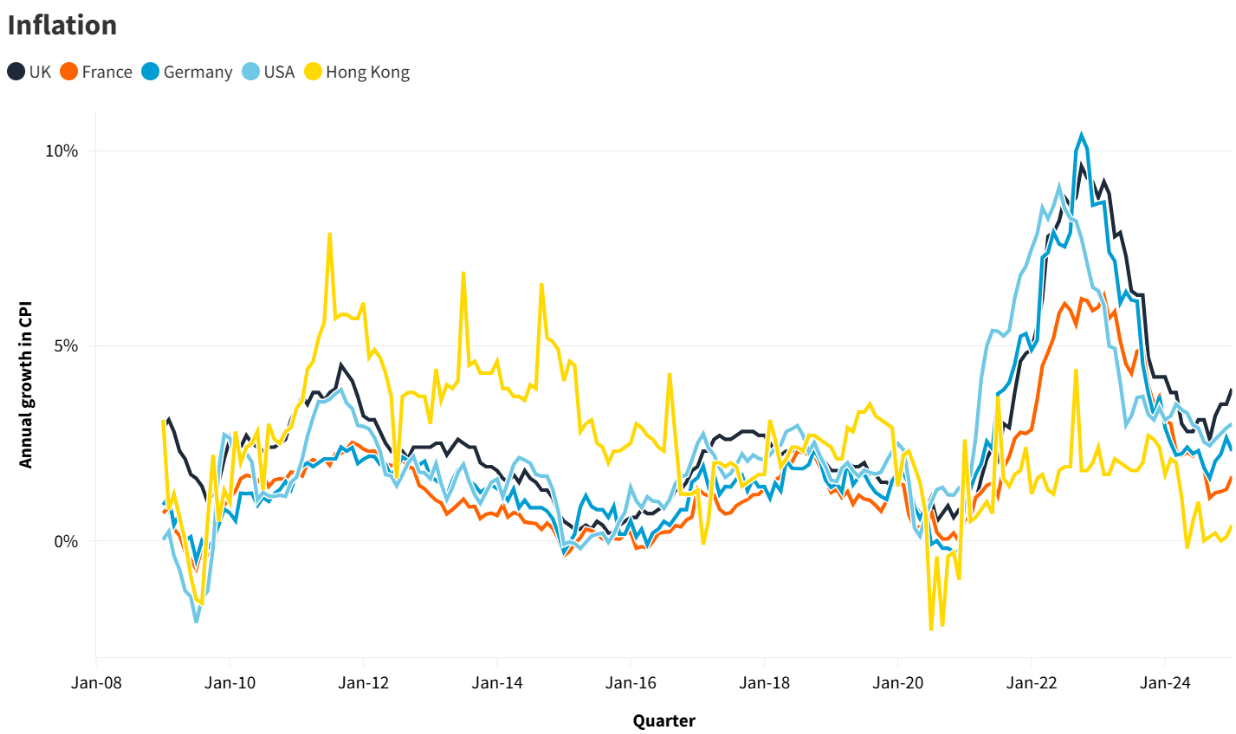
Airport passengers



Source: Civil Aviation Authority, Paris Aeroport, Berlin Airport • Port Authority of NY and NJ • HK International Airport
London Airports are defined here as Heathrow, Gatwick, Stansted, Luton, Southend, and London City. Paris Airports are defined as CDG and Orly. Berlin Airports was defined as Schönefeld, Tegel, and Tempelhof before 31/10/2020 and has been defined as Willy Brandt since then. New York City Airports are defined as LaGuardia, JFK, and EWR.

London's airports recorded a positive year for passenger numbers, with numbers from March to September 2024 exceeding pre-pandemic levels. The Government's commitment to major aviation infrastructure development could support this sector further over the longer term. Last year was also one of recovery for Paris and New York airports. Both cities posted higher passenger numbers than equivalent pre-pandemic periods. May 2024 was a standout month for the two cities; passenger numbers were 125% and 140% above pre-pandemic levels respectively. In Berlin, while air travel witnessed growth in the first half of the year, this has failed to return the city's airports to pre-pandemic levels in 2024. Similarly in Hong Kong, 2024 presented a disappointing year for recovery, save for a festive spike in December where airports recorded 102% activity compared to pre-pandemic levels.

Inflation

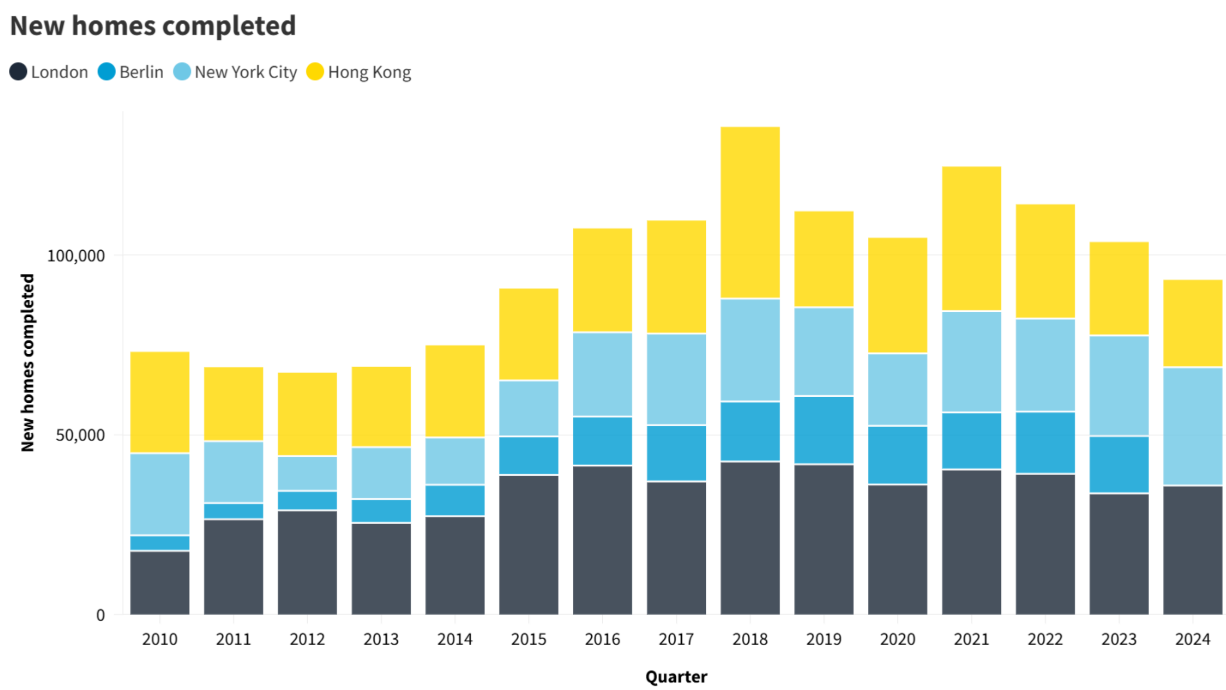


Source: OECD, HK Census and Statistics Department

September 2024 saw low inflation rates across all our sample cities, including 1.1% in France, 1.6% for Germany and 2.4% in the United States. But by December, these had all increased, as global energy prices, cost of materials and services, and continued impact of conflicts increased prices at the close of 2024. Hong Kong, which posted a rare deflation rate of -0.2% in May 2024, experienced marginal inflation at the turn of the new year, which rose from 0.1% to 0.4%.

Stubborn inflation levels in the UK have been the focus of political debate and were a key theme in July 2024's General Election. While rates have fallen very substantially from their peak of 9.6% in October 2022, inflation remains well above the Bank of England's target of 2%; an inflation rate of 3.9% was recorded in January 2025. The UK Government can take a modicum of comfort knowing that other countries in our sample are experiencing a similar trend albeit from lower levels.

New home completions

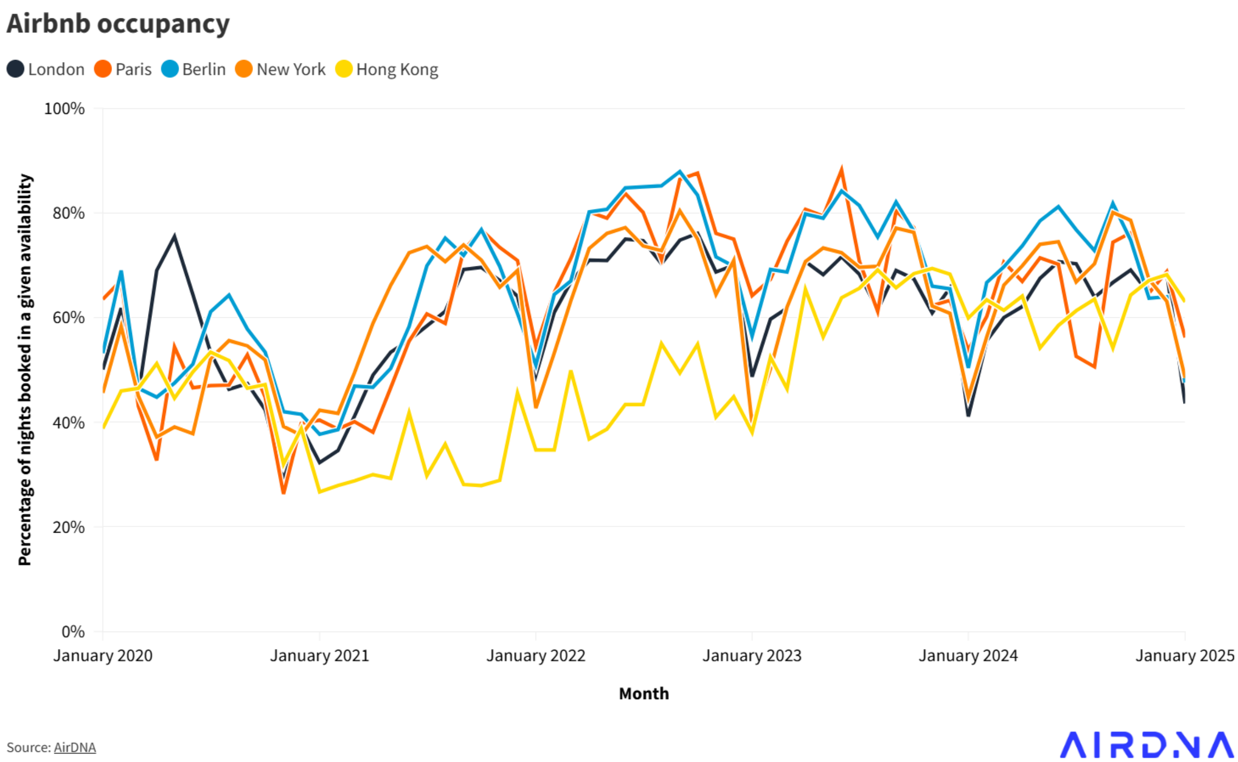


Source: HM Government, Berlin Brandenburg, New York City Department of City Planning • Government of Hong Kong SAR
London data calculated from domestic Energy Performance Certificates issued for new dwellings (including new builds, conversions, and change of use). Hong Kong data combines private, public, and homes for subsidised rent construction. Île-de-France only tracks authorisations and new starts, so not comparable.

While London is experiencing challenges in completing affordable homes, it ended 2024 having retained its title among our sample cities for completing the most new homes, with front door keys cut for over 35,000 properties. The Government's revisions to the National Planning Policy Framework have set London's housing target at 88,000 a year as part of the national housing target of 1.5m homes by 2030. In absolute terms, London is a long way from meeting this new target – more than any other region of England. While 2024 delivery figures represent progress, it is clear much more needs to be done.

New York also experienced a positive year, building over 32,000 homes in 2024, up nearly 18% compared to 2023. Furthermore, New York began construction on more homes than any other US city in 2024, with Brooklyn continuing recent trends of residential development and outpacing Manhattan and Queens for new homes. Housing remains a major priority for the city and is seen as a way to help tackle the overhang of vacant office space that remains stubbornly high.

Airbnb occupancy

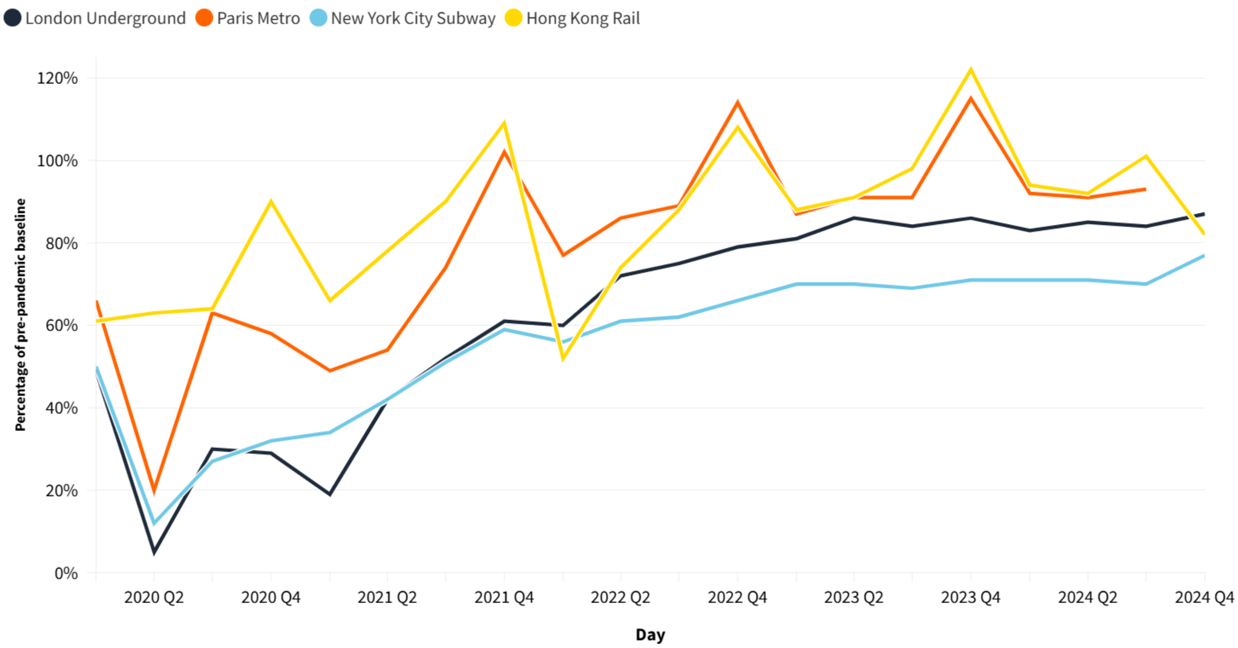


Despite its hosting of the 2024 Olympics, Paris's Airbnb market performed significantly worse than in 2023. As the Olympic torch travelled up the River Seine in July 2024, only 52% of the city's Airbnbs were let, falling to 50% for August. This is even more remarkable when compared to 2023, when 70% of Paris's Airbnbs were occupied in July. New regulations, which came into effect in January 2025, have introduced fines for properties not licensed with local councils, while reducing the number of nights a property can be let short-term from 120 to 90 per annum.

London's Airbnb market has declined in occupancy in the past year too as regulations restricting short-term lets for fewer than 30 days have weakened performance. Busy summer months in June and July, aided by a season of major live music and sports events, took the market above 70% let for two months, but overall, 2024 saw a year-long occupancy average of 63.3%, down from 64.4%. Both Hong Kong and New York experienced marginal increases in average annual Airbnb occupancy at 61.6% and 67.6% respectively.

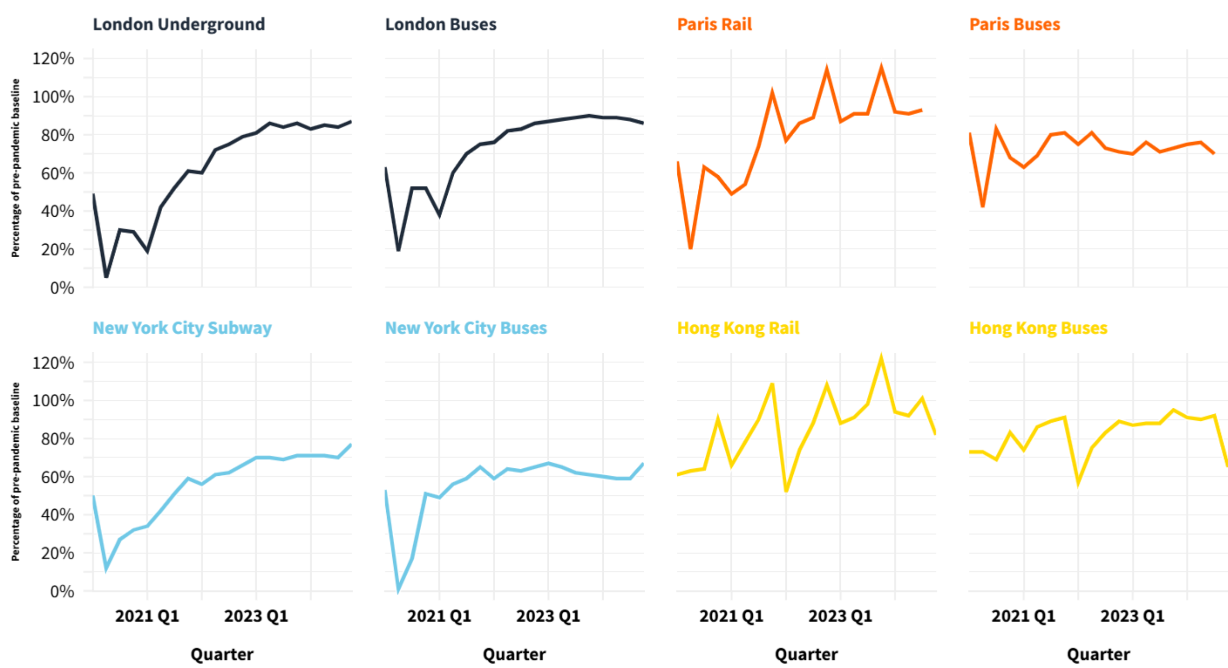
Public transport usage

Public transport usage



Source: Department for Transport, Open Data Paris, MTA • HKTDT
Q4 2024 data for Hong Kong is based on October and November figures. Q4 2024 data for France unavailable.

Public transport usage



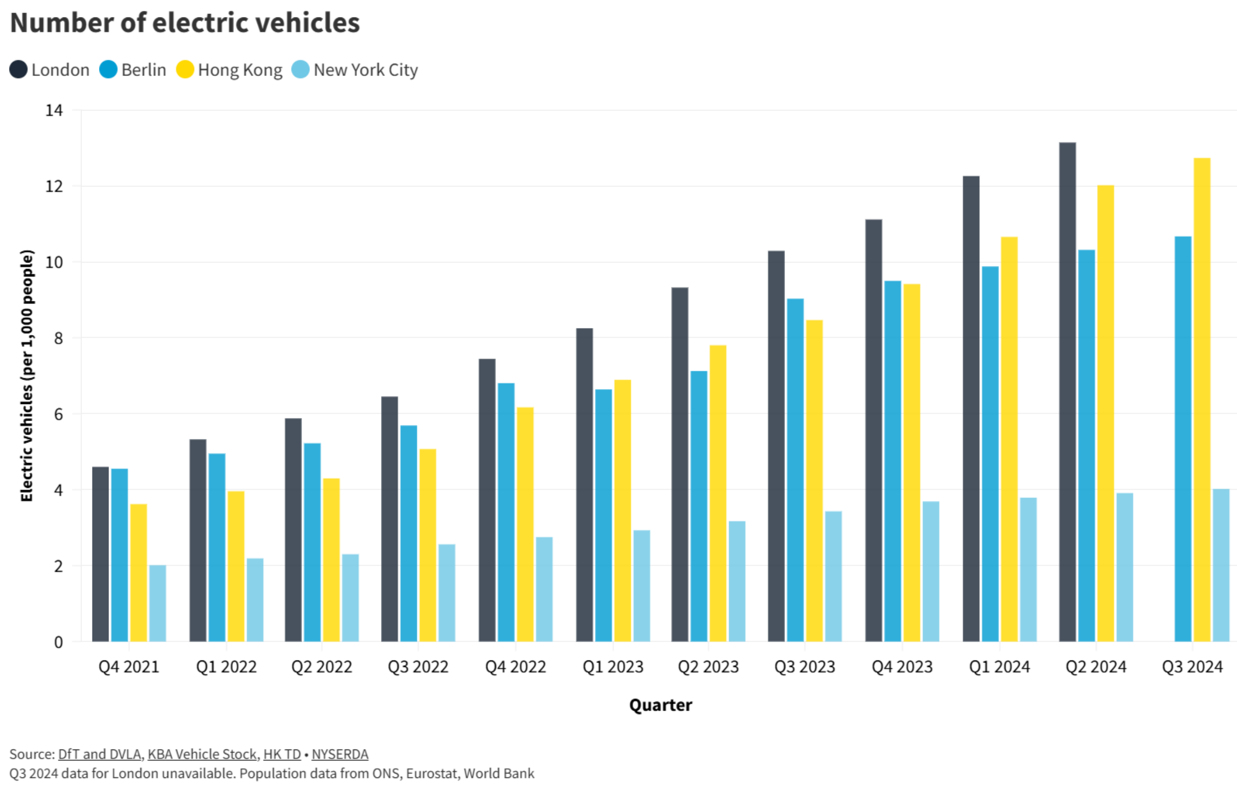
Source: Department for Transport, Open Data Paris, MTA • HKTDT
Q4 2024 data for Hong Kong is based on October and November figures. Q4 2024 data for France unavailable.

For 2024 as a whole, no city in our sample has recovered to pre-pandemic ridership levels. However, data for Q4 2024 for Paris was unavailable on publication. If 2024 ridership trends continue, it is likely Paris will exceed its pre-pandemic usage.

In Q4 2024, London ended the year with the highest number of journeys since the pandemic, which is a positive sign of recovery, albeit with modest growth. Tube and bus ridership reached 87% and 86% of their pre-pandemic equivalent quarters respectively. These are positive trends for Transport for London, whose financial position remains challenging; income from fares in 2024 would have been over £1bn higher if pre-Covid business plan numbers had been achieved. Continued pressure remains to return revenues and journey totals to pre-pandemic levels.

Stories on a further return to the office have recently become commonplace. London was above both Hong Kong and New York in ridership for Q4 last year, where public transport remains below pre-pandemic levels.

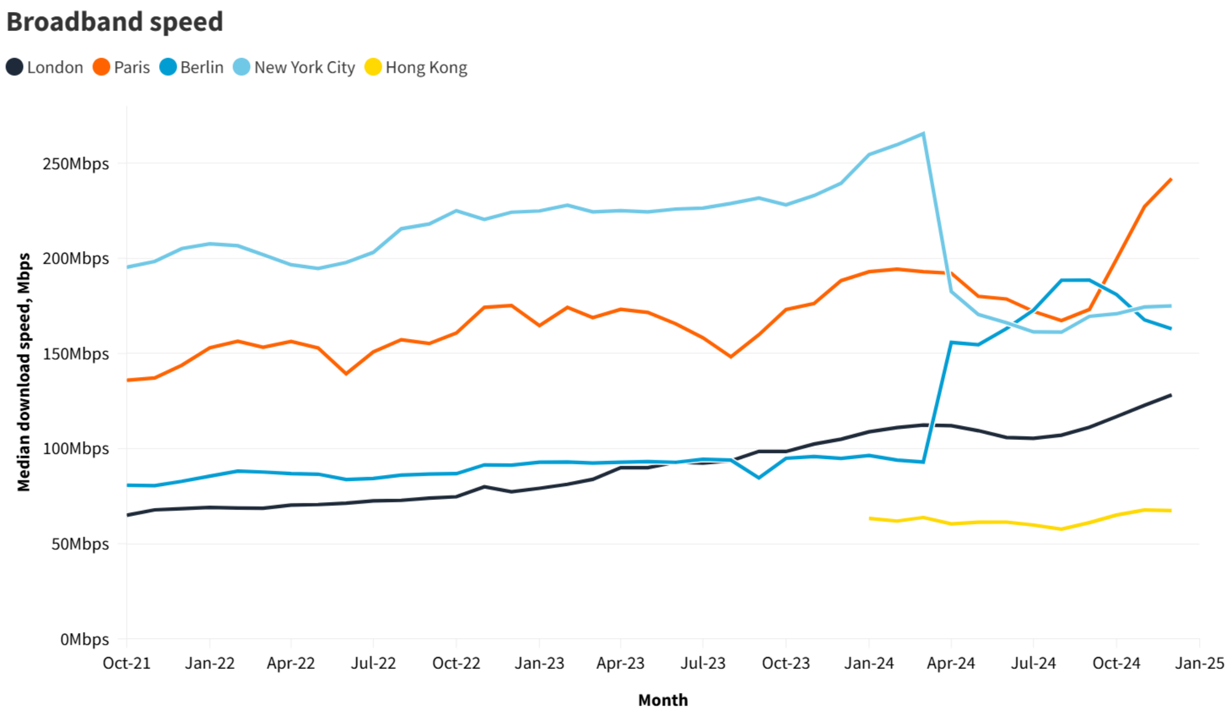
EV ownership



Data on New York enters our analysis for the first time in this edition's analysis of EV ownership, revealing a significant difference in the ownership rates of New York and London. In the second quarter of 2024, Londoners owned over 116,000 battery electric cars, or around 13 EVs per 1,000 Londoners (London data for Q3 is not yet available). Across the Atlantic, the rate of ownership is substantially lower at just four EVs for every thousand New Yorkers. This perhaps reflects the importance of EV charging infrastructure, both public and residential, to underpin growing demand for electric vehicles in the automotive market.

Overall, the EV growth trend across our world city sample is positive, with all cities for which we have data reporting growth.

Broadband speed



Source: Speedtest Global Index • Pre-2024 data for Hong Kong unavailable.

Paris posted a remarkable increase in median download speeds, ending 2024 above comparator cities in our sample. Public investment projects such as the Plan France Très Haut and Asterix Project are paving the way for ultra-fast fibre broadband in Paris and the wider regions, working with private sector investors and digital communications companies such as Banque des Territoires and Arcep. In London, with the expansion of its full fibre network, Openreach has started work on delivering ultra-fast broadband for 40 locations across the city, with a particular focus on outer London.

While New York's speeds tumbled in 2024, Berlin's median speeds rose substantially as the city's investment in fibre broadband gathered pace ahead of schedule to reach 100% coverage by 2028. New data on download speed from Hong Kong for 2024 suggests a slower connection than comparator global cities although an ongoing bidding war for control of broadband operator HKBN could lead to increased investment in infrastructure to support faster internet speeds.

Acknowledgements

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- Antonia Jennings, Centre for London
- Daniel Reast, Centre for London
- Alexander Jan, London Property Alliance

About the London Property Alliance

London Property Alliance brings together the Westminster Property Association (WPA) and the City Property Association (CPA) to provide a unified voice for the leading owners, developers, investors and professional advisors of real estate across central London.
www.londonpropertyalliance.com

About Centre for London

Centre for London is London's dedicated think tank. The Centre undertakes research and organises events aimed at developing new solutions to the capital's critical challenges. Centre for London is a registered charity and politically independent, advocating for a fair and prosperous global city.
www.centreforlondon.org

For further information about this survey, please contact London Property Alliance at team@cwpa.org.uk.

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