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Global Cities

A Focus on Paris

September 2024

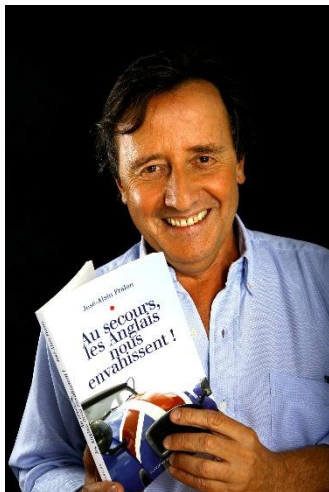
Paris Study Trip: Insight and analysis

9-10 September 2024

By Professor Tony Travers and Alexander Jan

“Our most dear enemies”¹: Quote by French author and journalist José Alain Fralon, pictured below with his book, translated as: *Help, the English are invading us!*

Introduction



The relationship between Britain and France has been long, complicated and highly competitive. In some ways, the two countries are remarkably similar: they both enjoy a (longish) tradition of democracy and rule of law and have a legacy of empire. France and Britain are nuclear powers and permanent members of the UN Security Council.

In addition to commanding significant diplomatic authority and “soft power” underpinned by remarkable cultural influence, both countries share roughly the same size of population (68 million) and economic output (France \$3.0 trn, UK \$3.3 trn²) albeit the French state has historically been about 20% to 30% bigger than the British state (France’s government spending in 2023 was 57.3% of GDP, the UK’s was 44.7%).³

Close competition and similarity, rather than actual differences, explain the occasionally awkward relations between the two countries.

Trade

The UK-France trade relationship (goods and services) is worth **£104.8 billion** a year (for the 12 months to the end of 2024).⁴ This makes France the UK’s fourth largest trading partner.

Exports to France from the United Kingdom over the same period amounted to £44.8 billion, down by 1.5% year on year, whilst imports rose by 11% (£6bn). The top five goods exports to France include power equipment, cars, aircraft, medicines and pharmaceuticals and crude oil. Trade the other way is led by beverages and tobacco (French wine), aircraft, power equipment, road vehicles (other than cars) and cars.

Top service exports across the Channel include business services, financial services, telecoms, computer and information services, travel and intellectual property. We import travel, business services, transportation, construction and financial services the other way.

The UK’s market share of imported goods to France has fallen from 5.7% in 2016 to 4.9% in 2022. For services, the corresponding figures are 7.7% down to 7.5%.

The total value of Foreign Direct Investment (FDI) from the UK to France reached £91.6 bn in 2021, the latest year for which data is available. The corresponding figure the other way was £101.9 bn. In both instances, these figures represent about 5% of each country’s FDI totals.

¹ José-Alain Fralon, French author

² Unadjusted for purchasing power parity)

³ All numbers in this para sourced from Google AI Overview

⁴ All trade figures reproduced here have been taken from: <https://assets.publishing.service.gov.uk/media/66c59a3067dbaeb97a13e51b/france-trade-and-investment-factsheet-2024-08-22.pdf>

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London was characterised by former mayor Boris Johnson as France's sixth biggest city with an estimated quarter of a million French nationals.⁵ Today, estimates vary but around 150,000 French nationals are thought to live in the UK (2021 data)⁶, with 177,000 Brits living in France (January 2024)⁷ – accounting for nearly one in four foreigners who live there.

Socio-economic profiles

Paris is an important centre of finance, education, professional and health services. It is of course a global centre of cuisine, creative industries, art, fashion and tourism. It is arguably London's most important rival city on the continent of Europe. Its importance has increased since Brexit, not least because Paris represents the least dissimilar alternative to London in the EU for those companies either forced to or choosing to re-locate economic activity to the bloc. In many ways London has been lucky insofar that where it has lost jobs and output because of Brexit, activities have been divided amongst a number of locations, notably Paris, Amsterdam, Dublin and Frankfurt, rather than going to one city and thereby reinforcing its economic "centre of gravity" on the continent.

When drawing comparisons between London and Paris, it is important to be alive to the different administrative boundaries that exist – especially for Paris. Although Paris proper is densely populated, it is surprisingly small by 'Greater' London standards. The French capital's population of 2.2 million (approximately one quarter of Greater London's) is crammed into an area just six miles across, comfortably fitting into the area covered by inner London (see map below) and in fact, it is not much bigger than London's Central Activities Zone.

With Paris's centre aligned on Trafalgar Square, the city spans from Brixton in the southwest, through to Holloway in the northeast. The Paris ring-road (the Périphérique) – think more M25 than South Circular in its functionality - skirts Battersea Bridge in the south and the Rotherhithe Tunnel in the east.

The City of Paris superimposed on London⁸



⁵ <https://www.standard.co.uk/news/london/emmanuel-macron-london-to-be-the-sixth-biggest-french-city-a3473126.html>

⁶ <https://www.statista.com/statistics/1061625/french-population-in-united-kingdom/>

⁷ <https://www.euronews.com/travel/2024/01/29/france-blocks-plans-to-let-british-expats-stay-longer-than-90-days-without-a-visa>

⁸ <https://www.citymonitor.ai/analysis/screw-it-heres-map-paris-superimposed-london-976/>

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A comparison between the two on this basis is not entirely helpful. The *Ile-de-France*, one of the eighteen regions of France, is probably a more useful comparator. This region comprises seven additional administrative *departments* including Essonne, Hauts-de-Seine, Seine-Saint-Denis, Seine-et-Marne, Val-de-Marne, Val-d'Oise, and Yvelines⁹ and is shown in the map below. In spatial terms this is rather large – nearly eight times the size of Greater London, but smaller than the Wider Southeast super-region.¹⁰

The Île-de-France region (red boundary)¹¹



Paris's economy when measured at the Ile de France regional level, is bigger than that of London's with a value of around \$900 billion (2021). This compares with \$680 billion for London (2022). Per capita analysis tells a somewhat different story with Greater London coming out at \$76,400 per head compared to \$73,500 for the Paris Region.

During Covid, both cities suffered. Inner London's economy shrank by some 8.9% in 2020; Paris by 9.7%. Unemployment peaked at 7.2 percent in London and 7.3% in the Île-de-France region.¹²

In the run-up to the 2024 Summer Olympics and Paralympics (and prior to the calling of the elections in France) Paris's strong economic performance compared to a range of other world cities is the stand-out headline. Notwithstanding some headwinds for the visitor economy as tourists stayed away because of the Olympics, the city is set to record strong economic output, prime office rental growth and public transport ridership demand alongside low unemployment and office vacancy rates and indeed inflation (at a country level).

The table overleaf and the tables and charts in Appendix A and B provide a range of comparative measures for the two cities/regions.

⁹ <https://en.wikipedia.org/wiki/%C3%8ELe-de-France>

¹⁰ Note, that economic output data for city and sector levels including forecasts is provided to LPA for its Global Cities Survey by Oxford Economics. In these instances data refer to inner London only and in the case of Paris, the city of Paris plus Hauts-de-Seine

¹¹ https://www.google.com/maps/vt/data=uPc8iBnoA3WnG86H-uhVj57we5tVCKtCYG5BGClkklJcv-ov0Nwwq4AheFmc2GY5FeMFHw2JaW-jvRw9L30AgnNr09o-wCu_SZuOjvLFXzqQ2j8T1blp9AWni90Ho2K65XTbx7GDHcT4biQprhMKtm9gl8NwipkwAjnSCUfnbrYxzJaPIh-Kv2cVnHjC61LIAzslG2dR-JKRsxEmf7sdsBDBRGph3Br2pKEjHOjo3a_HBRyYHGp3QsmfIhso-g5_ZWYpQzYb6qLyzsNxgJW7FGVcdjRPFbH

¹² *London Property Alliance Global Cities Survey September 2024 (publication pending)

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Sources: As detailed in footnote references. As asterisk denotes the London Property Alliance, Global Cities Survey, September 2024 (publication pending).

Indicator	Greater London	Ile-de-France
Population	8.9 million (2022) ¹³	12.3 million (2023) ¹⁴
Area	1,572km ² (607 square miles) ¹⁵	12,012km ² (4,638 square miles)
Population change (over 10 years)	6.2% ¹⁶ (to 2022)	9.7% (to 2023) ¹⁷
GDP (not adjusted for PPP)	£562 bn ¹⁸ (2022) (\$680 bn)	€765bn (2021) ¹⁹ (\$905bn)
GDP per head	\$76,400	\$73,775
Unemployment rate (Q1 2024)	5.3% ²⁰	7.1% ²¹
Employment as a percentage of pre-Covid level (Q1 2024)*	100.9%	107.3% (Q4 2023)
Prime office rents (percentage change year on year) (Q1 2024)*	12% (West End) 8.8% (City)	9.9% (CBD)
Office vacancy rate (Q1 2024)*	7.3% (Central London)	2% (CBD) (Q3, 2023)
Public transport usage (percentage of pre-pandemic baseline) (Q1, 2024)*	86% (London Underground)	115% (Paris rail) (Q4 2023)
Area airport passengers (% of equivalent month in 2019)*	98% (Feb 2024)	92% (Mar 2024)

¹³ <https://trustforlondon.org.uk/data/geography-population/#:~:text=Data%20source%3A%20Mid%2Dyear%20population,of%20England's%20growth%20of%205.9%25.>

¹⁴ <https://www.insee.fr/fr/statistiques/6683011?sommaire=6683037>

¹⁵ https://en.wikipedia.org/wiki/Greater_London#:~:text=Greater%20London%20has%20a%20land,population%20of%208%2C855%2C333%20in%202022.

¹⁶ <https://trustforlondon.org.uk/data/geography-population/#:~:text=Data%20source%3A%20Mid%2Dyear%20population,of%20England's%20growth%20of%205.9%25.>

¹⁷ https://datacommons.org/place/nuts/FR1?utm_medium=explore&prop=count&popt=Person&hl=en

¹⁸ <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/regionaleconomicactivitybygrossdomesticproductuk/latest>

¹⁹ https://www.cci-paris-idf.fr/sites/default/files/2024-03/Paris%20Region%20Facts%20and%20Figures%202024_BD.pdf

²⁰ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/latest>

²¹ <https://www.insee.fr/fr/statistiques/2109644>

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Global Cities Survey data analysis

In economic terms, Paris²² is forecast to see a relatively rosy mid-2020s, with the highest growth forecast until 2026 of any of the cities the London Property Alliance surveys (London,²³ New York, Paris, Berlin, Hong Kong)²⁴. The information and communication sector is a major driver of the city's performance, with the highest comparative growth rate forecast over the next few years (up to 5% in 2026) and strong growth in professional, scientific and technical activities set to characterise the mid-decade. These forecasts reflect consistently higher growth compared to London in labour productivity in high-value sectors. Centre for Cities' (a think tank) [analysis](#) shows that historically higher output growth in the UK capital since 2007 was driven by a boom in employment, while productivity has flatlined. The Parisian metropolitan area has seen far higher productivity growth than London since the financial crisis.

1. Employment

A highly regulated labour market means that Paris has seen comparatively little change in its unemployment rate in the last four years. The pandemic-induced peak of joblessness in late 2020 was only 1.4% percentage points higher than today's comparatively benign figure.

At the end of 2023, Paris had continued to see the strongest growth in employment of any of the cities in this comparative exercise; over seven percentage points higher than pre-pandemic levels. Note however, that London's *workforce jobs* (a broader measure of work activity) are around 10% above 2019 levels.²⁵

2. Offices

With respect to prime rental growth, in the first quarter of 2024, London and Paris stood out from other world cities surveyed, with growth rates between 9% and 12%.

Post the onset of Covid, Paris office vacancy rates peaked at 4.5% in Q2 2021 compared to a high of 8.0% for central London post Covid. (Q3 2023). Paris went into Covid with a much lower vacancy rate of 1.6% whilst central London's was 4.5%. Four years on, Paris rates are barely above pre-Covid rates (2%) whilst those for central London are 7.3%.

3. Visitors

London and Paris are magnets for tourists and business travellers, attracting tens of millions of international visitors every year. In 2023, there were 20.3 million inbound visits to London, approximately 7% fewer compared to 21.7 million recorded in 2019.²⁶ Paris (Ile de France) saw 19.4 million international visitors in 2022.²⁷ In 2024, Paris and London continue to hover at around 95% of pre-pandemic levels of air traffic for their regional airport system.

4. Transport

Both cities (city regions) are highly dependent on public transport. London Underground passenger numbers were just over 1 billion in 2022/23 compared to 1.3 billion in 2019/20.²⁸ There were around

²² As noted elsewhere, data is for the city of Paris plus Hauts-de-Seine

²³ As noted earlier, data is for Inner London

²⁴ <https://www.londonpropertyalliance.com/global-cities-survey-february-2024/>

²⁵ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyregionandindustryjobs05>

²⁶ <https://www.visitbritain.org/media/3233/download?attachment>

²⁷ https://www.cci-paris-idf.fr/sites/default/files/2024-03/Paris%20Region%20Facts%20and%20Figures%202024_BD.pdf

²⁸ <https://www.statista.com/statistics/1327715/transport-london-passenger-journeys-by-mode/>

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1.3 billion metro and rail trips in 2022 in the Ile-de-France region compared to 1.5 billion in 2019.²⁹ Paris has shown the strongest recovery in its public transport ridership of any city in our Global Cities Survey sample. The 'Grand Paris Express' project may boost growth in ridership numbers by adding four entirely new lines to the Paris suburban rail network (think Crossrail) and extending existing lines into the city's suburbs. Just in time for the summer Olympics, Line 14 of the metro – the 'backbone' of the Express extension – opened in its upgraded form in late June 2024. The line now **reaches** all the way from Orly airport to Saint-Denis Pleyel, providing a new north-south link across the city with eight new stations.

London's passenger number recovery has continued to plateau just below 90% in recent quarters – hopes for a full return to pre-pandemic ridership have proved unwarranted to date. The Mayor's 'Let's Do Friday' campaign, which discounted Friday peak fares to off-peak levels had only a **modest impact** on ridership recovery albeit amongst those who were aware of it, the impact was more substantive with over half changing their travel patterns³⁰ The trial came to an end on 31st May of this year.

Perhaps the biggest conundrum is where hybrid working patterns will settle and what the long-term impact on real estate and the wider "downtown" economy will be. Arguably, compared to London and Paris, real estate in New York has been hit by more of a "perfect storm" of weaker aggregate demand, rising interest rates, mid-tier bank instability – much of it exposed to the real estate sector - and an excess of non-prime quality.

5. Planning in Paris

Planning and development in France/Paris operate within a system which is not radically different from the system in England/London. Paris has a plan, the *Plan d'urbanisme*, which acts as a framework to guide decision-making. An application must be made to the local authority for permission to develop, with a range of accompanying documentation required. All new buildings and major renovations/extensions are covered. There are special considerations in relation to building in a conservation area or near a listed building. In the City of Paris there are height restrictions for all new buildings, with lower heights permitted in the centre (25 metres) than in outer neighbourhoods, where they go up to 37 metres.

There are special rules to protect and enhance key central areas of the city. Haussmannian buildings and streets are fully protected, meaning new development is far less likely in Paris than in equivalent parts of central London. London's Georgian architecture has analogous levels of protection. International shopping areas receive enhanced planning focus and maintenance. It is an offence, as in London/England, to undertake development without permission.

The La Défense business district, to the west of Paris, falls within several municipalities, though not the City of Paris itself. A development agency with involvement from the local municipalities, central government and a member from Paris is responsible for the development of La Défense.

Some French presidents take an interest in the development of Paris as a symbol of the wider national image. President Mitterrand delivered a number of 'grands projects' during the 1980s such as the Bastille opera house and the Louvre Pyramid. More recently President Sarkozy initiated the 'Grand Paris' initiative to link the city's suburbs more closely to Paris itself.

²⁹ <https://www.statista.com/statistics/1118522/travels-annual-subway-ile-de-france/>

³⁰ <https://www.centreforcities.org/publication/return-to-the-office/>, page 17

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6. Regional planning for good growth

The Ile de France, Paris's regional authority, has weaker planning powers than the GLA's *London Plan* offers the mayor. The Ile de France council, which is directly elected, has responsibility for the transport system (Metro, RER, buses), but not for planning (or police or fire) in the way the GLA has. The Ile de France's planning policy generally attempts to co-ordinate the development of transport, housing and a 'polycentric' agglomeration within the Paris region which covers an area with 1287 communes. The newer Grand Paris area, which is a sub-set of the Ile de France has an indirectly elected membership from the 131 communes within its area. As a joint authority it, too, does not have *London Plan*-type powers in relation to communes.

7. Planning for capital investment

National government, the Ile de France region and Grand Paris, working with the City of Paris and hundreds of other councils, undertake a significant amount of 'planning' in the sense that the government's significant and on-going investment in Paris's transport system has implications for the location of new homes and economic centres outside the core of Paris itself. The new metro lines built as part of the Grand Paris policy are financed by borrowing but with the expectation debt will be repaid by taxation, fare yield and some taxpayer support. This approach is not unlike the tax increment finance deal used for the Northern line extension, but at a greater scale and involving taxes on offices, tourism, and parking.

8. Housing

Housing is the responsibility of the City of Paris and other communes. The total number of homes in Paris rises relatively slowly, by an average of 3000 per annum since 2008. Far more housing is added in the areas surrounding Paris, particularly in outer suburbs. This pattern is similar to London and New York City. Housing costs are high, as in most successful big cities, though France as a whole does not have the kind of on-going 'housing crisis' experienced in Britain.

Does each system result in a different urban landscape?

The physical layout and evolution of Paris (including the city and its wider built-up area) is notably different to London. The boundary between Paris and its surrounding communes is significantly more of a barrier than, say the (inner/outer London) Islington/Haringey or Westminster/Brent boundaries, which are hard to detect. The average population of a London borough is 275,000 while the average population of a commune in the Ile de France is 9,600 (under 8,000 outside Paris itself). There is an inescapable 'Paris vs the rest of the region' dynamic which is very different to the London experience where each borough broadly accepts others' sovereignty and equal status.

The Mayor of London's planning and transport powers are clearly (and electorally) separate from the boroughs and allow the mayor to impose planning outcomes on local borough plans. The boroughs

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and the City of London, regardless of political control, generally respond jointly to the mayor's policies.

There is, as a result, probably rather greater consistency of planning objectives/outcomes across the Greater London area than in Grand Paris or the Ile de France. But within the City of Paris, there is self-evidently greater consistency of policy than in the equivalent area of London. Central London is governed by 8-10 different boroughs which often pursue radically different policies in relation to, say, tall buildings or new housing. The Mayor of Paris is responsible for the whole of the core of the city, with (certainly in relation to planning, heritage and environmental services) only minimal involvement of the 20 arrondissements.

The scale of Paris's remarkable Haussmannian architectural inheritance and the city's opposition to tall buildings (with a single historic exception) mean the centre of the French capital cannot be redeveloped at anything like the scale central London can (and has been). Moreover, the relative scale and power of London boroughs as compared to their Paris region counterparts probably allows more locally-determined dense/tall 'town centres' to emerge in places such as Harrow, Ilford, and Ealing than in Parisian suburbs.

Planning gain

There is a tax on new private development, including commercial and residential properties, it is also charged on the expansion of existing properties and on facilities such as car parks or wind farms. Liability to pay is calculated as newly built surface multiplied by the value per square metre (in euros), multiplied by the tax rate (%). There are some reductions for new housing, industrial premises, and craft workshops. Public sector development is exempt.

In London/England, developer obligations (such as S106 payments and infrastructure levies) are the main way of funding and delivering infrastructure and affordable housing. Even where there have been moves towards a fully tariff-based approach (for example in the form of the Community Infrastructure Levy), they have not been taken forward by all local planning authorities. Despite various attempts at reform, S106 refuses to die.

Lessons for London

The City of Paris is a more homogeneous place than inner London. It has a single dominant council, large amounts of preserved heritage architecture and a system of 'grands boulevards' which was purposefully laid out as part of the creation of a capital city designed to be representative of its country's self-image. It has very few tall structures, though the tallest of them is one of the world's most recognisable landmarks. London, by contrast, has a city centre which is run by several municipalities, with fewer protected buildings, several clusters of tall buildings, a more eclectic architectural form and is often, as the country's capital, viewed with wariness by national government.

Differences are clear for all to see. Similarities between London and Paris include the need continuously to renew themselves in competition with fast-developing cities in the Far East, Asia, the

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Middle East and the United States. They are the largest and second largest metropolitan areas in western Europe and have remained successful for centuries. They each offer the ultimate in 'European' lifestyle and opportunities, with (for most people) a reasonable quality of life. Their futures are in many ways tied up with their respective countries' evolution as modern, trading, democracies.

Appendix A London and Paris administrative scales compared³¹

Administrative area	Population (million)	Area (sq km)	Pop per sq km
City of Paris	2.1	105	20000
Grand Paris	7.1	814	8722
Ile de France	12.3	12012	1015

Administrative area	Population (million)	Area (sq km)	Pop per sq km
Inner London	3.1	300	10333
Greater London	8.9	1572	5725
Wider South East	24.6	39760	620

Appendix B: LPA Global Cities Survey September 2024. Comparison of London and Paris using a range of indicators³²

Economic activity and labour markets



³¹ London School of Economics analysis

³² Note, all measures are for Greater London and the Ile-de-France region unless otherwise stated except in cases where data is sourced from Oxford Economics, in which case it refers to Inner London and the City of Paris plus Hauts-de-Seine

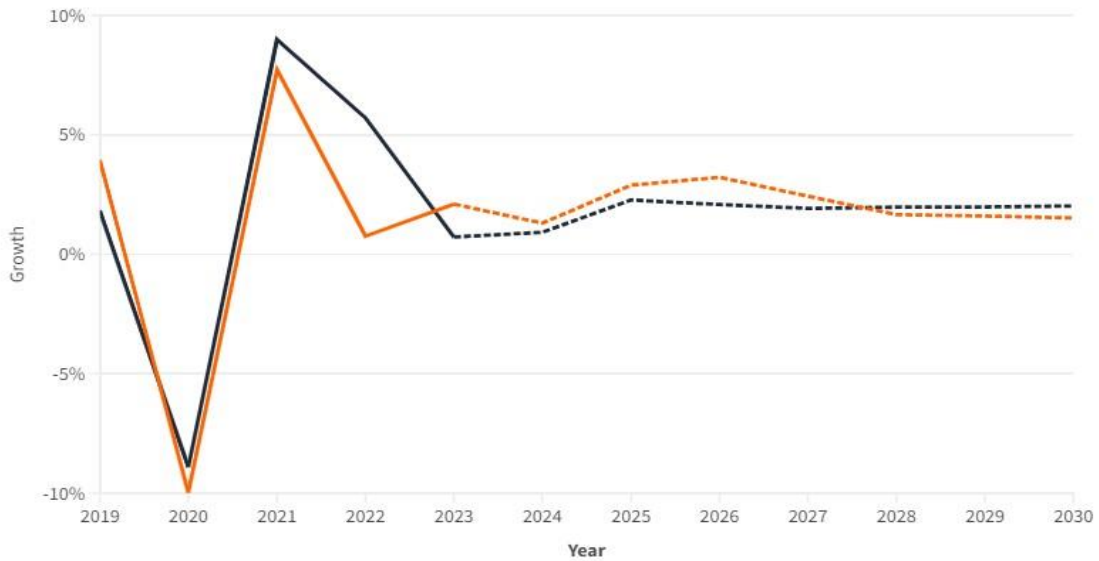
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Economic output

Year-on-year change in output

■ Inner London ■ Paris



Source: Oxford Economics

Foreign Direct Investment

● London ● Paris ● Berlin ● New York City ● Hong Kong



Data sourced from FDI Markets by London & Partners, as of 15/05/2024.

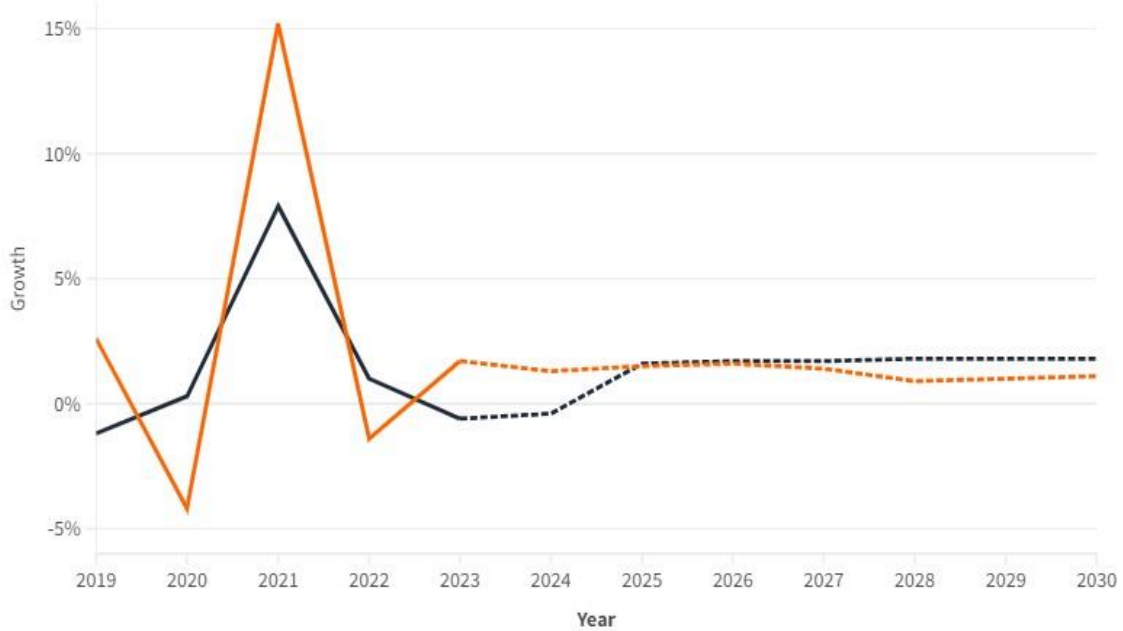
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Financial & insurance activities

Year-on-year change in output

■ Inner London ■ Paris

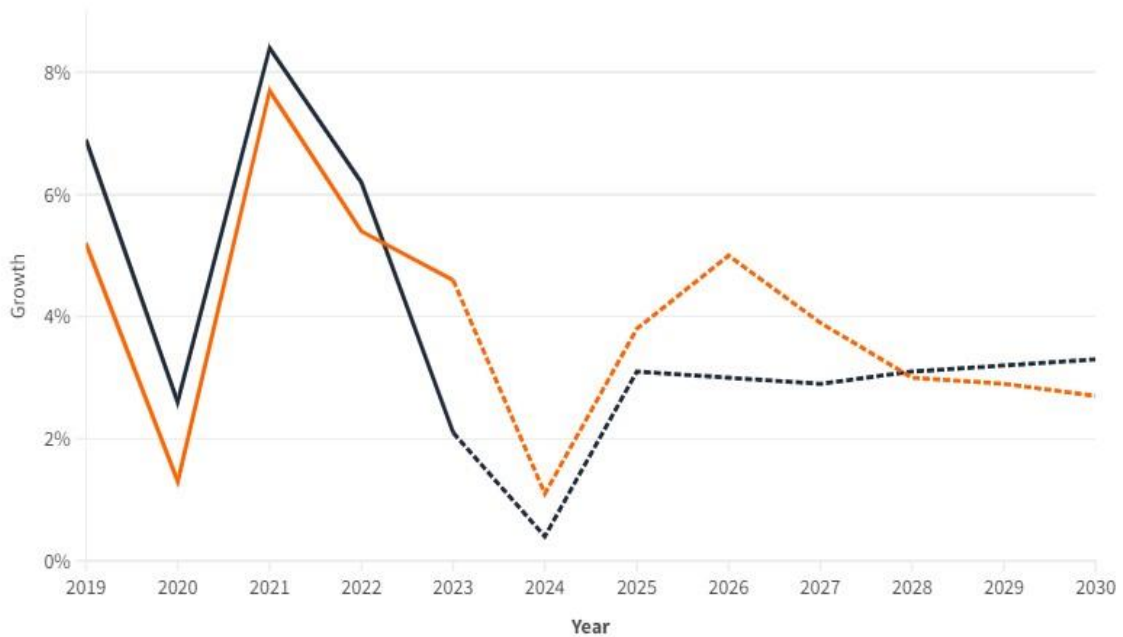


Source: Oxford Economics

Information and communication

Year-on-year change in output

■ Inner London ■ Paris



Source: Oxford Economics

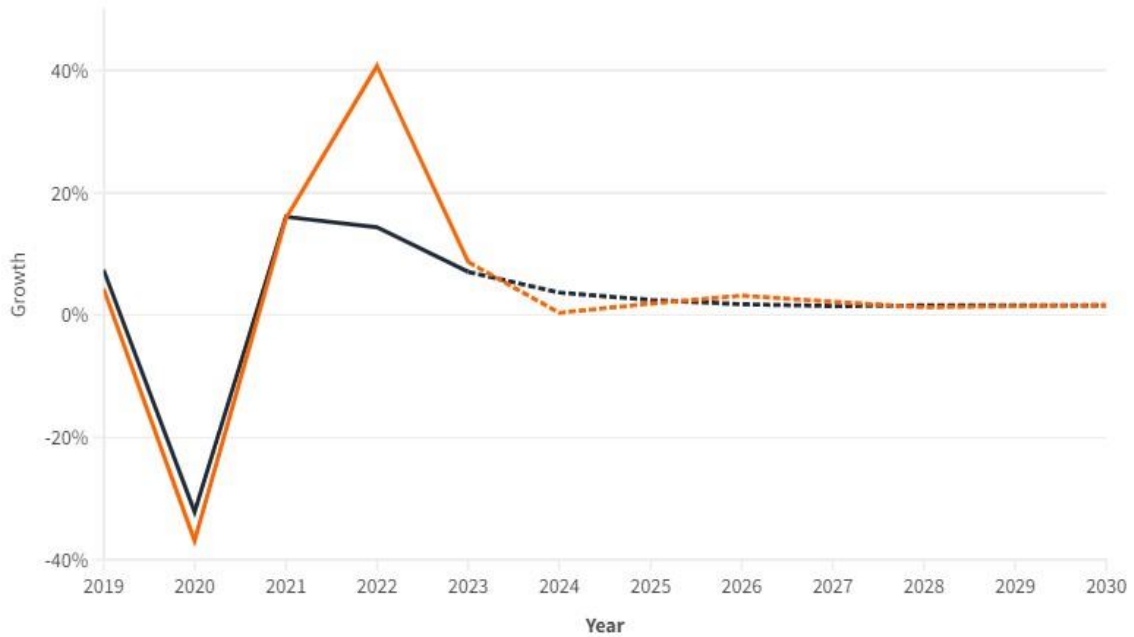
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Arts, entertainment & recreation

Year-on-year change in output

■ Inner London ■ Paris

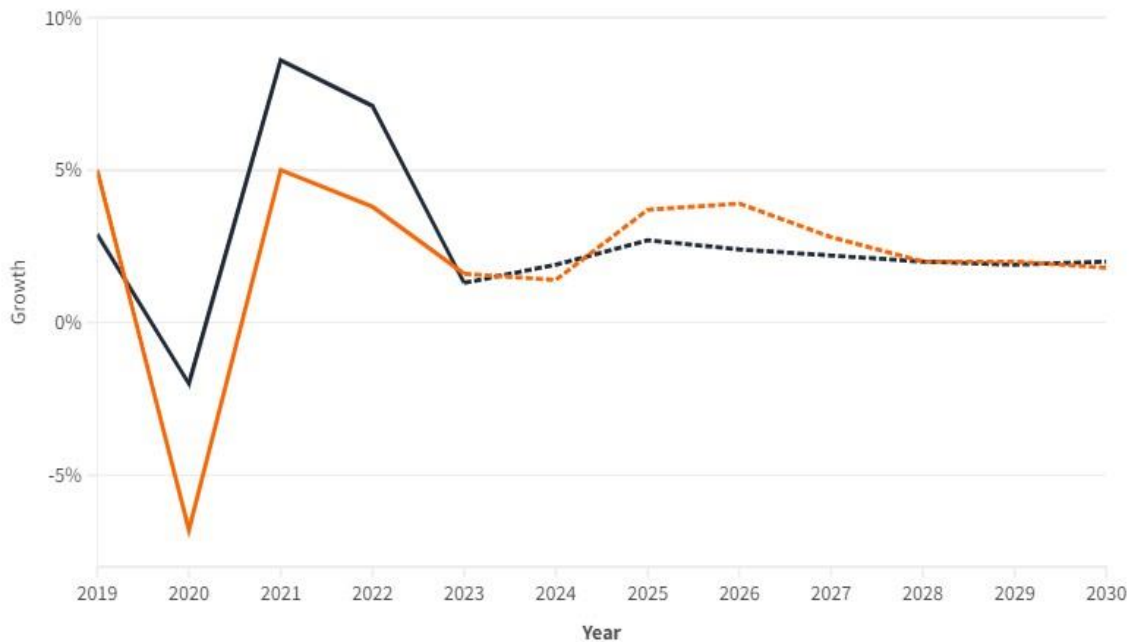


Source: Oxford Economics

Professional, scientific and technical activities

Year-on-year change in output

■ Inner London ■ Paris

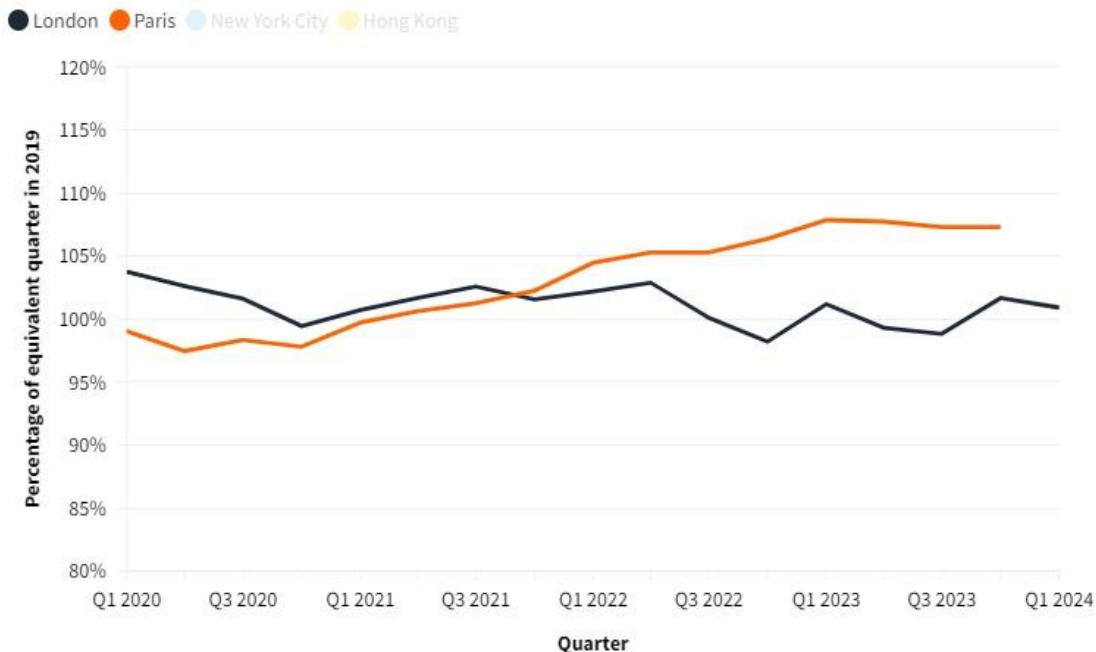


Source: Oxford Economics

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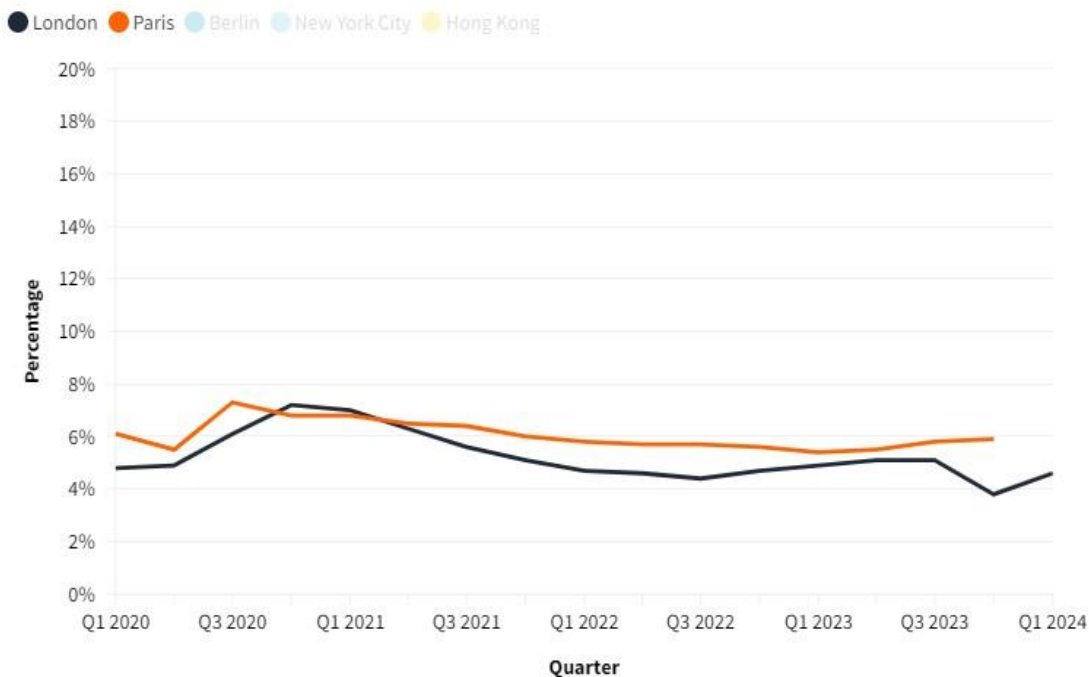
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Recovery of employment



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

Unemployment rate



NY Department of Labor • Census and Statistics Department Office for National Statistics, INSEE, Arbeits Agentur Deutschland

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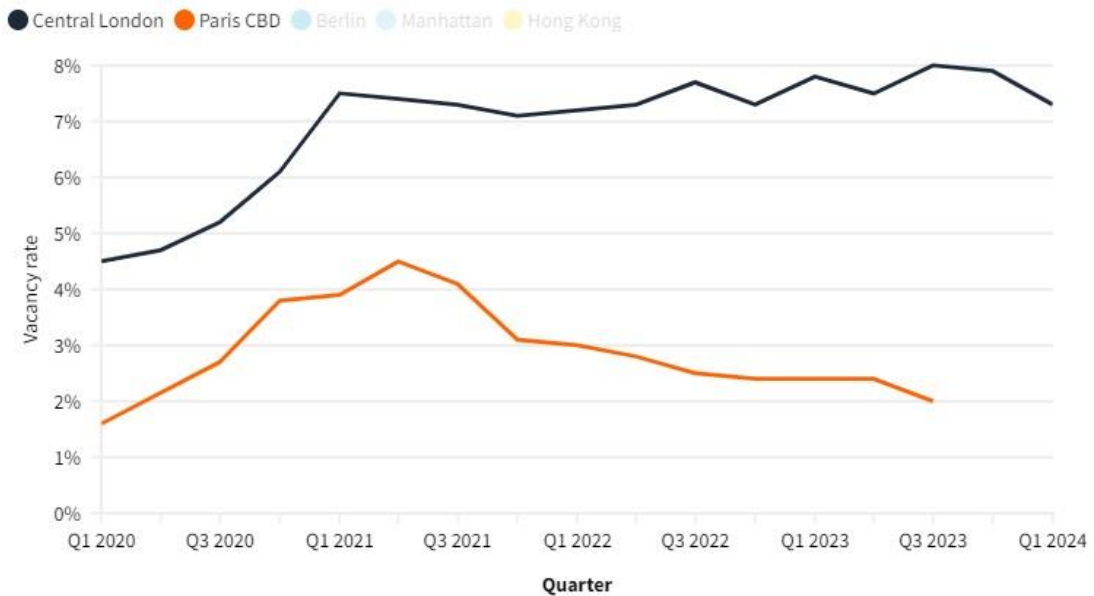
Job vacancies



Source: Indeed • Data shows number of job vacancies posted on Indeed compared to pre-pandemic (01/02/2020) for Greater London, the Paris region, the Berlin region, New York metro area and Hong Kong. This edition has seen a significant change to Indeed's methodology for calculating its Job Posting Index.

Real Estate

Office vacancy rate

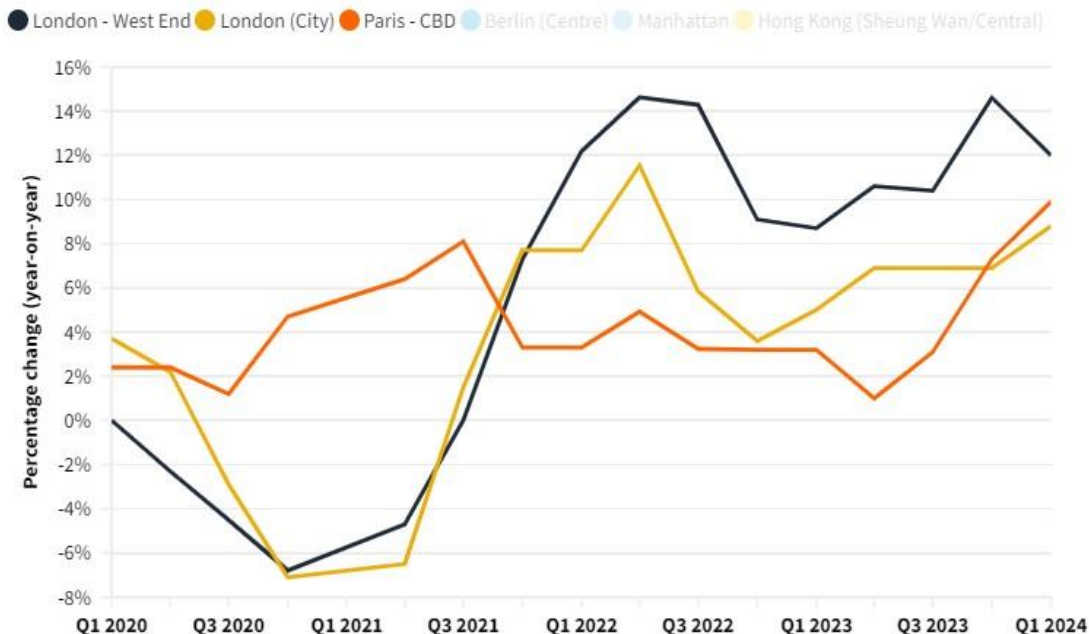


Source: Avison Young, BNP Paribas IDF, BNP Paribas Berlin • Cushman Wakefield • Colliers
In Q1 2020, BNP Paribas did not produce European editions of its quarterly update, we instead used: Knight Frank: London • Colliers: Paris • Savills: Berlin Only available NYC data is Manhattan-specific, hence the divergence. The data for Berlin and Hong Kong encompasses the whole of both cities, which may influence rates.

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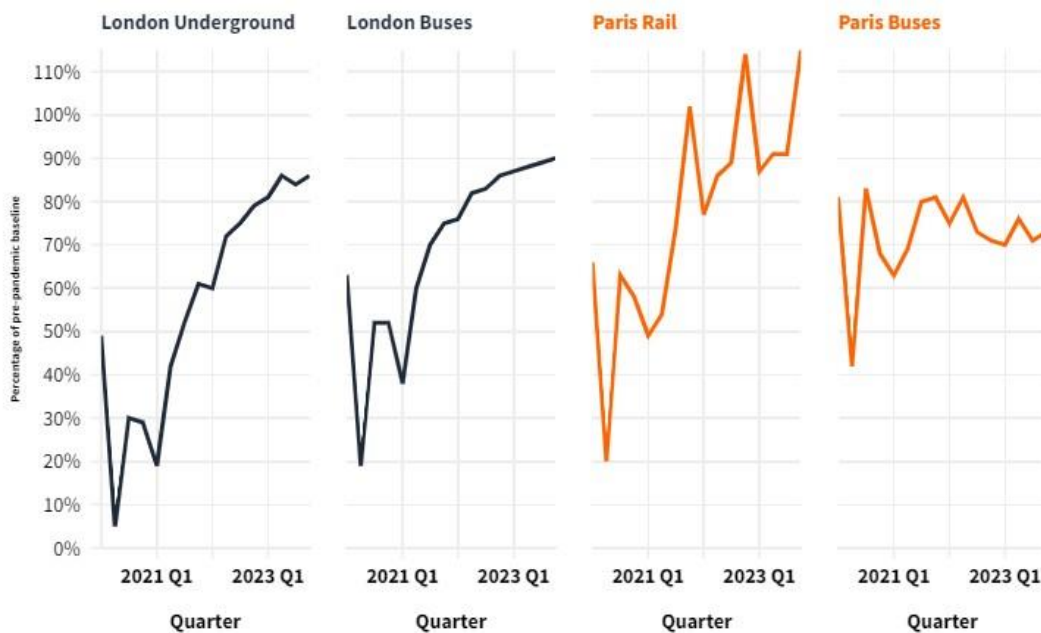
Change in prime office rents



Source: Cushman and Wakefield - DNA of Real Estate (Europe), Cushman and Wakefield - DNA of Real Estate (Manhattan), Private Retail - Rental and Price Indices (from 1978), from the Ratings and Valuation Department of the HKSAR Government • Data show percentage change in Prime Rent. No consistent historical data available

Transport

Public transport usage



DfT, Transport use during the coronavirus (COVID-19) pandemic, Open Data Paris, Quarterly Travel Barometer, MTA, Day-by-day ridership numbers • HKTD, Monthly Traffic and Transport Digest
Q1 2024 data for Hong Kong is based on January and February.