

# London's Economy Today

Issue 260 | April 2024

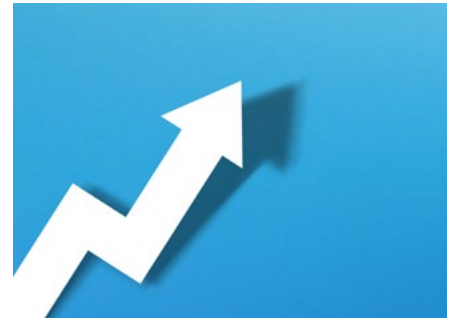
## UK GDP saw further growth in February

By **Gordon Douglass**, Supervisory Economist and **Sixia Zhang**, Economist

**This month saw the publication by the Office for National Statistics (ONS) of monthly GDP numbers for the UK for February 2024 (Figure 1). This data showed that the UK economy grew by 0.1% month on month in February. This follows monthly growth of 0.3% in January (revised up from a previously estimated 0.2%).**

Both the services and production sectors saw growth during February by 0.1% and 1.1% respectively, however the construction sector saw output fall by 1.1%. In relation to the fall in construction output, the ONS noted that anecdotal evidence “suggested negative effects of heavy rainfall delaying planned work and decreasing output in February 2024”.

Looking at the services sector in more detail (a sector of high importance to London’s economy) and over a longer time frame, output in the sector grew by 0.2% in the three months to February 2024. The ONS observed that “professional, scientific and technical activities was the largest positive contributor to the rise in services output in this three-month period, growing by 1.1% in the three months to February 2024. The next largest contributions came from admin and support service activities, which grew by 1.6% and transportation and storage, with output here rising by 2.2%”. However, “these growths were partially offset by a 1.4% fall in education, a 0.7% fall in human health and social work activities and a 0.7% fall in financial and insurance activities in the three months to February 2024”.

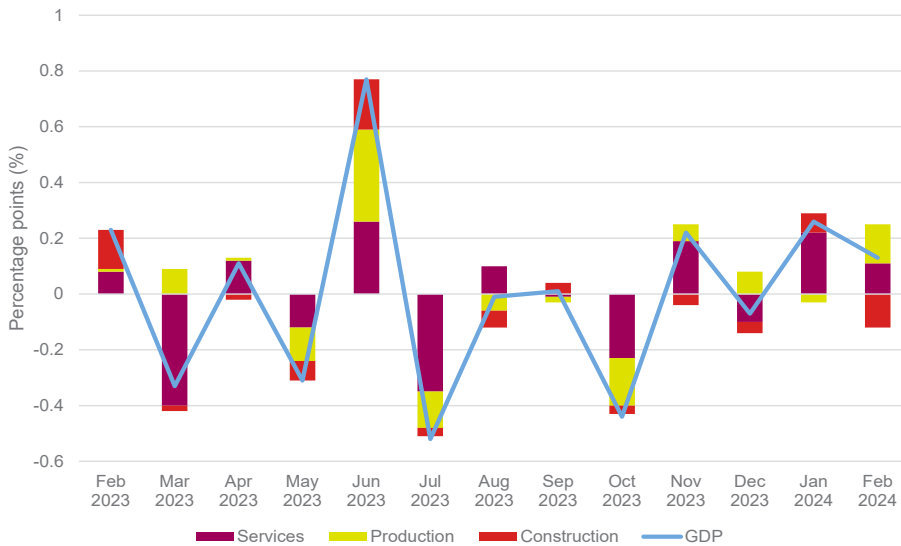


### Also in this issue

UK inflation continues to nudge lower .....	2
Criticism of the Bank of England’s forecasting system.....	2
IMF maintains their outlook for the world economy.....	3
Firms taking on new London office space.....	3
Economic indicators .....	4
Our latest publications .....	10

### Datastore

The main economic indicators for London are available to download from the [London Datastore](#).

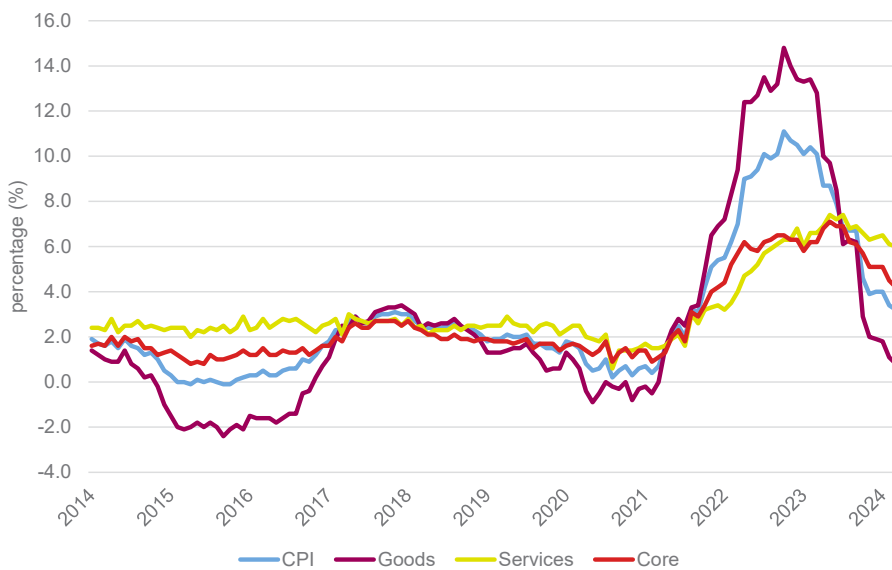


**Figure 1:**  
Contributions to monthly UK GDP growth, February 2023 to February 2024

Source: ONS

## UK inflation continues to nudge lower

UK inflation continued to decline in March with UK Consumer Price Index (CPI) inflation standing at 3.2%, down from 3.4% in February 2024 (Figure 2), although it remains above the Bank of England's central symmetrical target of CPI inflation of 2%.



**Figure 2: CPI, goods, services and core inflation, January 2014 – March 2024**

Source: ONS

Individual components of inflation also saw falls. Goods inflation fell from 1.1% in February to 0.8% in March. Services inflation also eased slightly (from 6.1% in February to 6.0% in March) as did the core inflation rate (which excludes volatile energy, food, alcohol and tobacco), which slowed from 4.5% in February to 4.2% in March 2024.

## Criticism of the Bank of England's forecasting system

An independent report by Ben Bernanke, the former chair of the US Federal Reserve, was published this month. The report looked at the Bank of England's forecasting system and found "serious deficiencies" that needed to be modernised and that under investment had led to a "complicated and unwieldy system". Dr Bernanke recommended a number of changes to the Bank's forecasting system, including placing less emphasis on the Bank's "central forecast" as well as the publishing of economic scenarios. Speaking before the publication of the report Andrew Bailey, the governor of the Bank of England, said that Bernanke's report was a "once in a generation" opportunity to upgrade its forecasting processes.

## IMF maintains their outlook for the world economy

---

The International Monetary Fund (IMF) published their latest forecast for the world economy in their World Economic Outlook this April. This forecasts that the world economy would grow by 3.2% this year (a slight upgrade of 0.1pp on their January forecast), with growth of 3.2% in 2025 (unchanged on January). The IMF did note however that the forecast has a “pace of expansion [which] is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia’s invasion of Ukraine; weak growth in productivity; and increasing geoeconomic fragmentation”. While global inflation is expected to ease, “with advanced economies returning to their inflation targets sooner than emerging market and developing economies”.

Looking at individual economies in detail the IMF slightly downgraded UK growth forecasts both for this year and next. They now expect GDP to grow by 0.5% this year and 1.5% next year (downgrades of 0.1pp for both years on their January forecast). The Eurozone forecast was also downgraded by the IMF with growth of 0.8% in 2024 (a downgrade of 0.1pp) and growth of 1.5% in 2025 (a downgrade of 0.2pp). However, their forecasts for the US were upgraded, with US GDP expected to grow by 2.7% this year (an upgrade of 0.6pp on January) and 1.9% next year (an upgrade of 0.2pp).

## Firms taking on new London office space

---

There were a couple of announcements related to firms and office space in central London. It has been reported that less than two years after it reduced its office space, Deloitte has taken an additional 70,000 sq. ft of space near its New Street Square headquarters. This increases its London office space by a fifth. While it was also announced that US hedge fund Citadel and Citadel Securities have agreed to take 250,000 sq. ft of space at 2 Finsbury Avenue, which is currently being built and is due for completion in 2027.

GLA Economics will continue to monitor London’s economy over the coming months in our analysis and publications, which can be found on [our publications page](#) and on the [London Datastore](#).

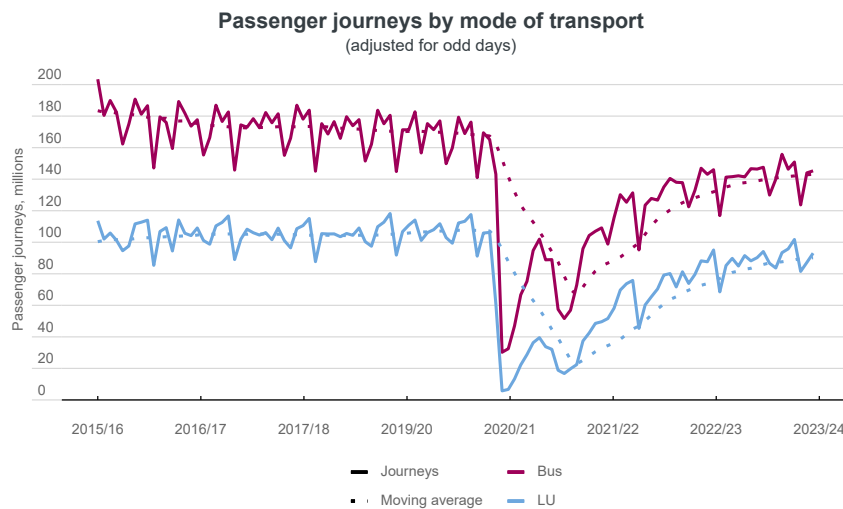
# Economic indicators

## The underlying trend in passenger journeys on London public transport increases in February

- 238.3 million passenger journeys were registered between 4 February and 2 March, 7.2 million more than in the previous period. 231.2 million passenger journeys were registered between 7 January and 3 February.
- In the latest period, 93.1 million of all journeys were underground journeys and 145.3 million were bus journeys.
- The 13-period-moving average in the total number of passenger journeys rose slightly from 232.4 million in the previous period to 233.2 million in the latest period.

Source: Transport for London

Latest release: April 2024, Next release: May 2024

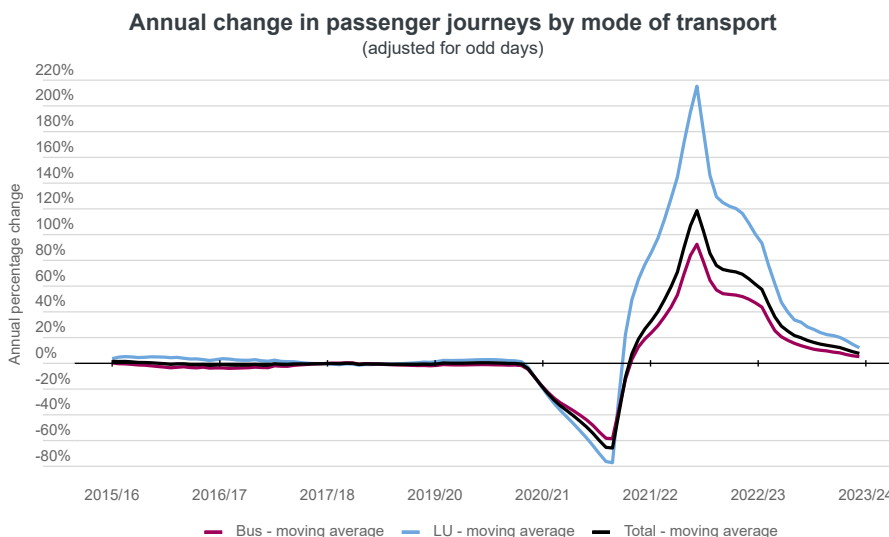


## Annual growth in passenger journeys remains positive, if slowing

- The 13-period moving average annual growth rate in the total number of passenger journeys was 7.7% between 4 February and 2 March, down from 8.9% between 7 January and 3 February.
- The moving average annual growth rate of bus journeys decreased from 5.6% to 5.2% between the above-mentioned periods.
- Likewise, the moving annual average of underground passenger journeys decreased from 14.7% to 12.1% between those periods.

Source: Transport for London

Latest release: April 2024, Next release: May 2024

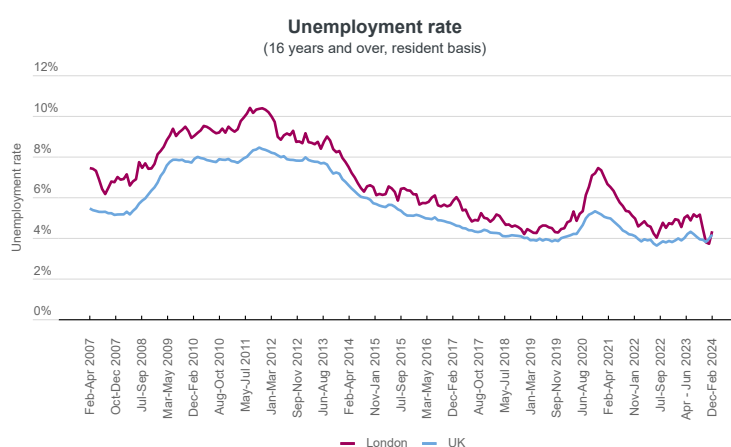


## London's unemployment rate fell over the last quarter

- Around 217,000 residents aged 16 and over were unemployed in London in the period from December 2023 – February 2024.
- The unemployment rate in London for that period was 4.4%, a slight decrease from 4.5% in the previous quarter, September – November 2023.
- The UK's unemployment increased to 4.2% in December 2023 – February 2024, up from 3.9% in September – November 2023.
- The Office for National Statistics cautions that significant volatility has been observed in recent periods, and short-term changes should be treated with vigilance and used in conjunction with other indicators.

Source: ONS Labour Force Survey

Latest release: April 2024, Next release: May 2024

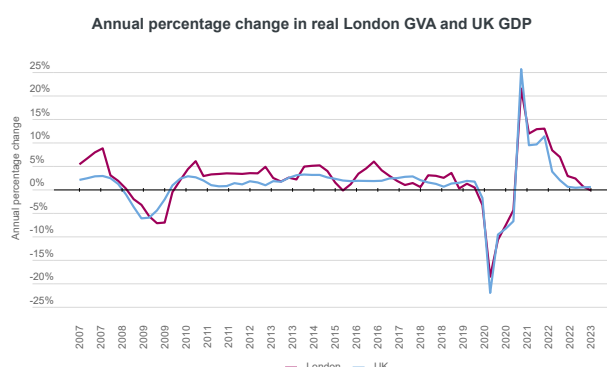


## London's economy had surpassed pre-pandemic levels of output by Q3 2021, and growth has been slowing through 2022 and 2023

- By Q3 2023 London's GVA was 7.7% above its pre-pandemic level (Q4 2019), and UK GDP was 1.8% higher.
- London's real GVA rose by 0.1% in Q3 2023 – compared with Q2 2023 – after falling by 0.4% in the previous quarter. The UK's real GDP growth rate remained unchanged in Q3 2023 – compared with Q2 2023 – after increasing by 0.2% in the previous quarter.
- While GDP and GVA are different measures in output their trends have been comparable. UK GDP estimates incorporate a broader range of data than GVA estimates, and so is more robust.
- London's real GVA quarterly estimates for the period Q1 1999 to Q4 2012, and from Q1 2020 onwards have been produced by GLA Economics. Estimates for the intervening period are outturn data from the ONS, which has not published up-to-date quarterly estimates for London's real GVA for the other periods.
- The ONS has upwardly revised UK GDP figures from 2020 onwards. GLA Economics has re-estimated ONS London data on a comparable basis, and produced its own estimate of growth for Q2 and Q3 of 2023.

Source: ONS and GLA Economics calculations

Latest release: December 2023, Next release: May 2024

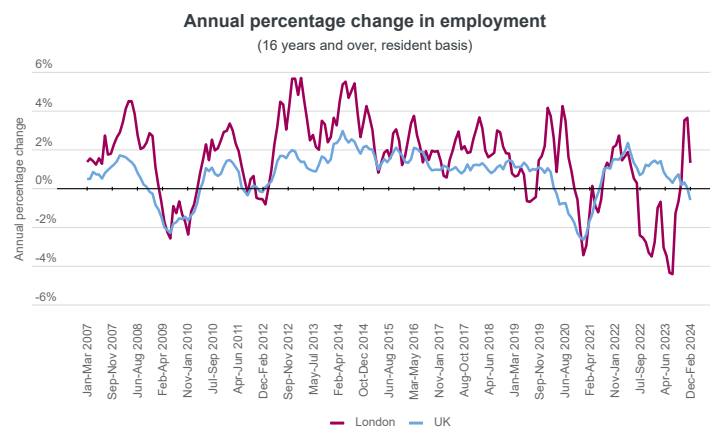


## London's year-on-year employment growth rate rose in the quarter to February 2024

- Around 4.8 million London residents aged 16 and over were in employment during the three-month period from December 2023 to February 2024.
- London's annual change in employment rose by 1.3% in the year to this quarter, compared with a 0.4% increase in the quarter leading up to November 2023.
- The most recent annual employment growth rate in London significantly exceeded the UK's figure of -0.6% in the latest quarter, which was a decrease from 0.2% in the previous quarter.
- The Office for National Statistics cautions that significant volatility has been observed in recent periods, and short-term changes should be treated with vigilance and used in conjunction with other indicators.

Source: ONS Labour Force Survey

Latest release: April 2024, Next release: May 2024

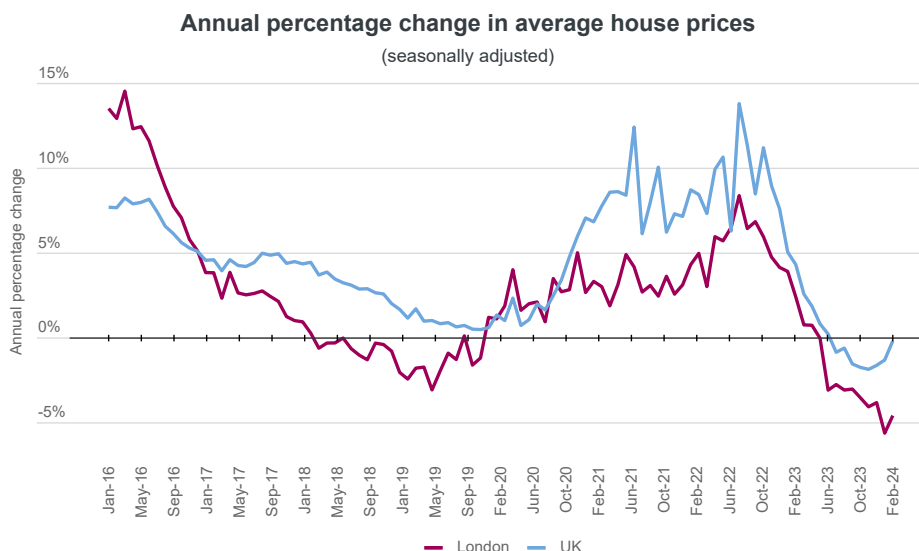


## On an annual basis house prices fell in London in February

- In February 2024, the average house price in London was £504,000 while in the UK it was £281,000.
- Average house prices in London fell by 4.6% year-on-year in February, less than the fall of 5.6% in January.
- Average house prices in the UK fell by 0.2% on an annual basis in February, lower than the decrease of 1.3% in the year to January 2024.

Source: Land Registry and ONS

Latest release: April 2024, Next release: May 2024

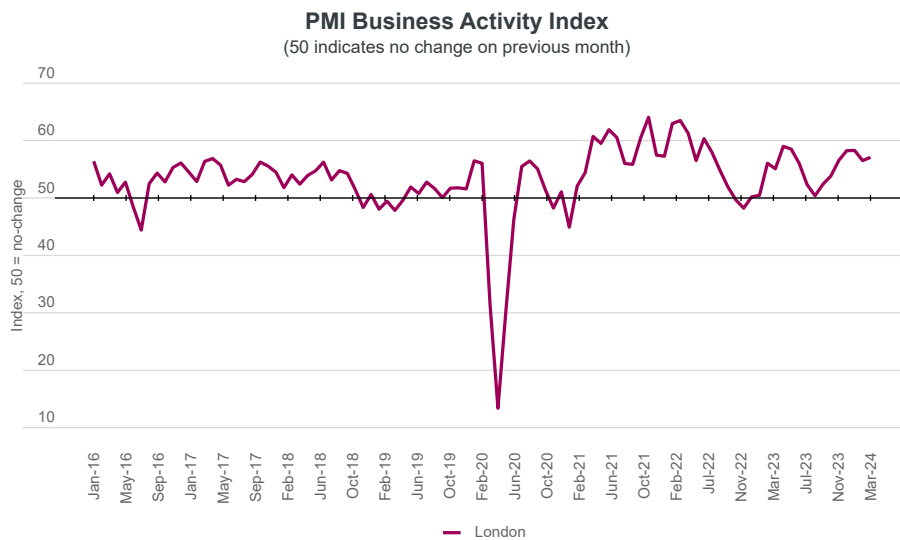


### In March, the sentiment of London's PMI business activity index remained positive and increased slightly

- The business activity PMI index for London private firms increased from 56.5 in February to 57.1 in March.
- 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.

Source: IHS Markit for NatWest

Latest release: April 2024, Next release: May 2024

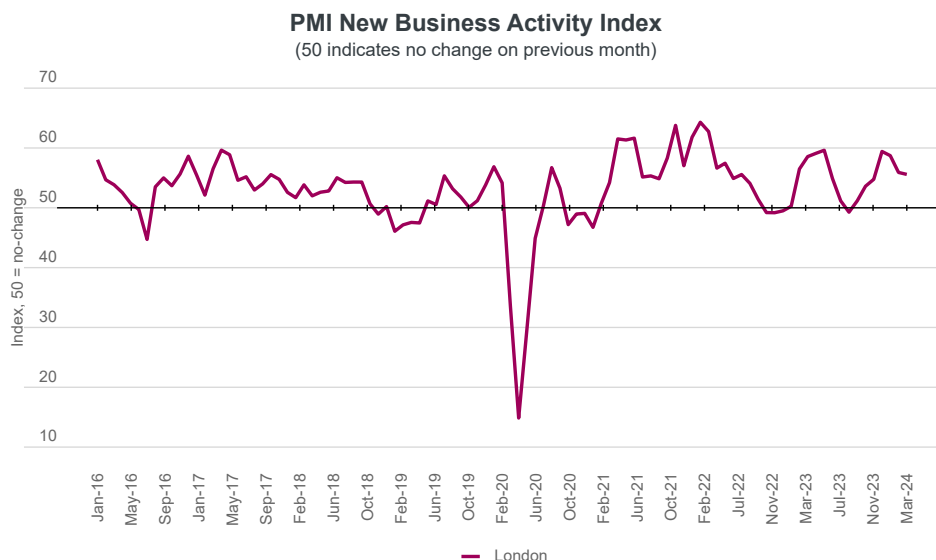


### In March, the sentiment of London's PMI new business activity remained positive but decreased slightly

- The PMI new business index in London decreased slightly from 55.9 in February to 55.6 in March.
- An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.

Source: IHS Markit for NatWest

Latest release: April 2024, Next release: May 2024

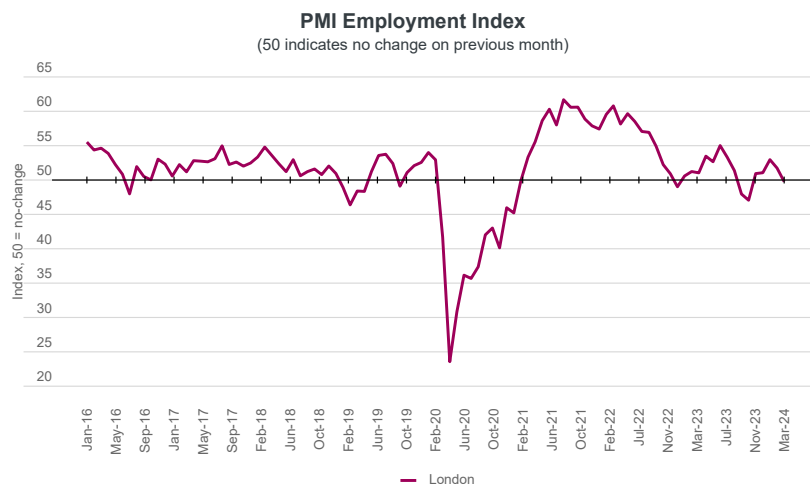


### In March, the sentiment of the PMI employment index in London turned marginally negative

- The Employment Index for London decreased from 51.7 in February to 49.8 in March.
- The PMI Employment Index shows the net balance of private sector firms of the monthly change in employment prospects. Readings above 50.0 suggests an increase, whereas a reading below 50.0 indicates a decrease in employment prospects from the previous month.

Source: IHS Markit for NatWest

Latest release: April 2024, Next release: May 2024

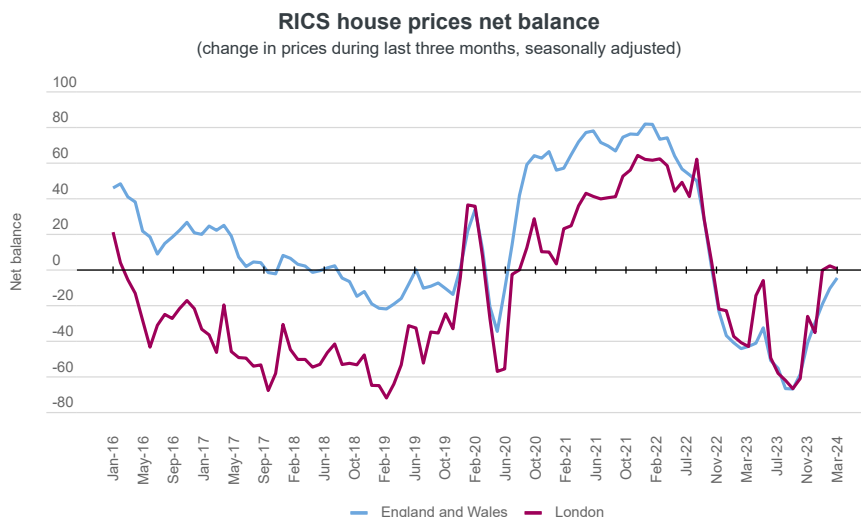


### Just over half of property surveyors in London reported house price increases in March

- In March, slightly more property surveyors in London reported rising prices than falling prices. The net balance index was 1 and it was 2 in February.
- For England and Wales, the RICS house prices net balance index improved from -10 in February to -4 in March.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

Source: Royal Institution of Chartered Surveyors

Latest release: April 2024, Next release: May 2024

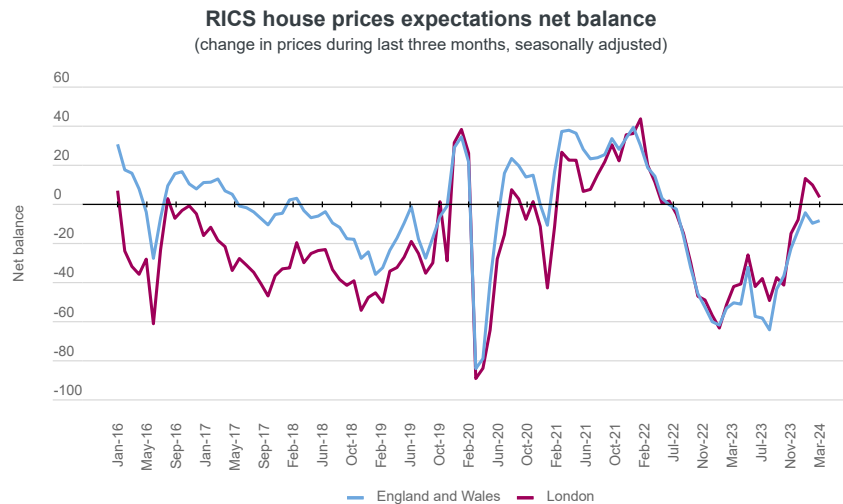




## In March, over half of property surveyors expressed positive expectations for house prices in London over the next three months

- The net balance of house prices expectations in London was 4 in March, down from 10 in February.
- The index for England and Wales was -8 in March, slightly above -10 in February.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

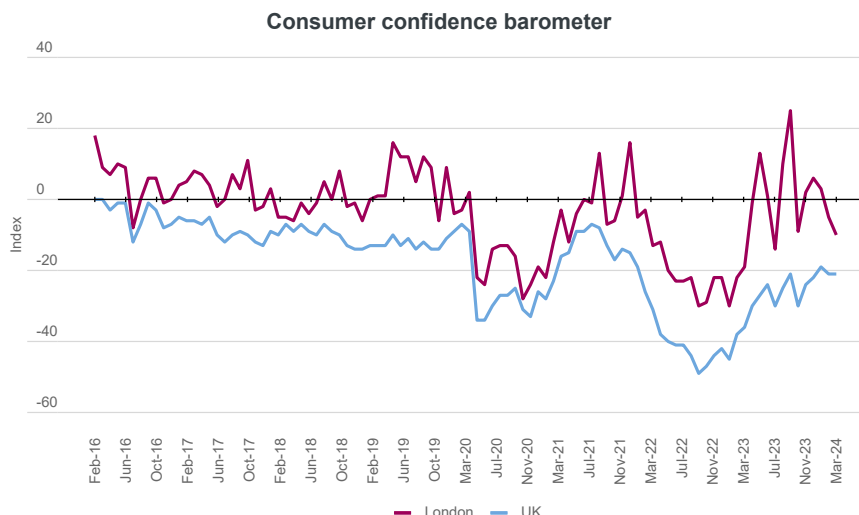
Source: Royal Institution of Chartered Surveyors  
 Latest release: April 2024, Next release: May 2024



## Consumer confidence in London was negative and dropped further in March

- The consumer confidence index in London decreased from -5 in February to -10 in March. It has been volatile month-on-month around zero since Spring 2023.
- The sentiment in the UK remained unchanged in March, staying at -21, the same level as in February. The UK has not seen a positive index score since January 2016.
- 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.

Source: GfK  
 Latest release: March 2024, Next release: May 2024



# Our latest publications

We publish regularly on the state of London's economy, providing the latest economic data for London and interpret how this may affect policy. This includes analysis of recent developments in London's economy and forecasts for the next couple of years.

We provide analysis on sectors of the economy including tourism, retail, housing, health, science, technology and more.

We analyse recent developments in London's labour market, by sector and borough.

View all the GLA Economics publications on our [website](#).



## The State of London - January 2024 update

The fourth edition of the State of London report by City Intelligence brings together a wide range of outcome data relevant to the work of the Mayor, the London Assembly and other stakeholders, and measures how London is performing based on the most recent available data.

[Download](#) the full publication.



## London's Creative Industries – Sector deep dive

This paper provides updated data and analysis on London's creative industries, drawing on a variety of sources to assess performance trends over the past decade. It also reviews the workforce and business characteristics for this sector in London and addresses both present skills gaps and future requirements.

[Download](#) the full publication.



## London's Economic Outlook: Autumn 2023

London's real Gross Value Added (GVA) growth rate is forecast to be 0.9% in 2023 as rising interest rates and the cost of living crisis slows down the post-pandemic economic rebound. Growth is expected to improve slightly to 1.0% in 2024 and 1.6% in 2025..

[Download](#) the full publication.

City Hall  
Kamal Chunchie Way  
London E16 1ZE

**Email** [glaeconomics@london.gov.uk](mailto:glaeconomics@london.gov.uk)

**Internet** [www.london.gov.uk](http://www.london.gov.uk)

© Greater London Authority  
April 2024

ISSN 1740-9136 (print)

ISSN 1740-9195 (online)

ISSN 1740-9144 (email)

*London's Economy Today* is published towards the end of every month. It provides an overview of the current state of the London economy, and a selection of the most up-to-date data available. It tracks cyclical economic conditions to ensure they are not moving outside the parameters of the underlying assumptions of the GLA group.

## Images

© Shutterstock

## Subscribe

Subscribe online at <https://www.london.gov.uk/what-we-do/research-and-analysis/join-our-mailing-list-research-and-analysis>

## Disclaimer

GLA Economics uses a wide range of information and data sourced from third party suppliers within its analysis and reports. GLA Economics cannot be held responsible for the accuracy or timeliness of this information and data.

GLA Economics, Transport for London and the Greater London Authority will not be liable for any losses suffered or liabilities incurred by a party as a result of that party relying in any way on the information contained in this publication.

## About GLA Economics

GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics provide a sound basis for the policy and investment decisions facing the Mayor of London and the GLA group. The unit was set up in May 2002.