

London's economy: A local authority-level analysis





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INTRODUCTION

While London's economy is performing relatively well in comparison with the rest of the UK, parts of the capital are not doing as well as other parts. There are important economic disparities between boroughs and within boroughs, with pockets of unemployment and deprivation spread across the capital. London's economic disparities can be partly explained by the distribution of jobs and economic sectors across the capital, with the most productive being concentrated in a few boroughs. Housing and transport connectivity are other important dimensions to understand these disparities. Local planning and land use are also parts of the story when it comes to explain spatial economic inequalities, with large areas being used for industrial and commercial purposes and other for residential purposes. However, all these dimensions are intimately intertwined and need to be considered together to fully grasp why some parts of London are falling behind and why others are thriving economically.

Each borough has its own economic history, and each borough faces its own set of challenges and opportunities when it comes to economic development. In this report, we have reviewed ten dimensions of London's economy to tell the story of London's economic successes and inequalities. This summary of London's economy precedes a borough-by-borough analysis, that provides further insight into some of these economic indicators.

This report was produced by Centre for London on behalf of London Chamber of Commerce and Industry, and was written by **Zarin Mahmud**, **Oriane Nermond**, and **Claire Harding**.



FOREWORDS

Across many metrics, London is an exceptionally successful city. £4 out of every £10 the Treasury receives is from London, despite only 13 per cent of its population living here.

It hosts a number of world leading industries, and welcomes some 200,000 new inhabitants each year. But for London to be truly successful, we know it must provide a good quality of life for all those proud to call it home. Unfortunately, we know that for too many Londoners, the capital is falling short in its offer. Alongside its success, London holds the regions with the highest levels of child poverty, air pollution and wealth inequality in the country, to name but a few of its failings. It is clear that London does not work fairly for everyone.

This paper shines an important light on what it means for a region to be successful. It shows that when we look at London through both traditional and inclusive economic metrics, the boroughs of London are a mixed picture. At Centre for London, we believe that this shows the need for bespoke solutions enabled by strong devolved governance. As we have seen through the impact of recent economic events such as Brexit and Covid, local economies are uniquely constituted, and their ability to mitigate and withstand shocks are different. As we look towards the economic challenges to come in the 21st century, it is clear from work like this that we will need bespoke solutions, to maximise on the business and social opportunities that arise from our changing economy.

The London Chamber of Commerce and Industry has a foundational role in supporting and encouraging London's business community, and leading the development of what the blueprint for successful and responsible business practice is in the capital. We are delighted to have worked on this piece in partnership with the Chamber, and look forward to future-proofing London's success together.

Antonia Jennings, Chief Executive, Centre for London



London is the engine of the UK economy. If that engine stutters, the national economy stalls.

That does not mean, however, that all Londoners are enjoying the wealth that is created in our city. With high levels of child poverty and food bank usage across the capital, many areas of the capital need to see economic growth as much as the rest of the country.

That is why London Chamber of Commerce and Industry made the decision to publish this new report, analysing the different economies of our capital city's boroughs. We need solutions to address deprivation and to ensure that all communities benefit from entrepreneurialism and business growth. However, we also need the data and analysis for these solutions to be found. This report is a vital part of that evidence base.

LCCI were also keen to commission this work at a time when the levelling up agenda remained at the forefront of politics. Whilst it may have edged back slightly from the front pages, levelling up is still a key issue for Government, and there is no doubt that it will be for future governments, no matter what name is given to the policy.

Within the levelling up debate, the Government and other commentators have rightly pointed out that London is an enormous generator of wealth in the UK, and that it has outpaced all other regions in the country in several metrics. Our new report shows however that policymakers must not view London as a single entity, where wealth and opportunity are spread evenly. From deprivation to housing costs, access to transport and the levels of benefits claimants, it is clear from our report that not all London boroughs are equal. This work is needed as it shows that London is in need of levelling up too. We cannot overlook the capital when considering measures to boost economic growth in the UK.

Our report also shows the levels of dynamism across London, and why there is a need to keep investing in the capital and ensure London remains a global city. London's leading financial services, technology, and life sciences sectors – to name but a few – can all continue to grow and generate economic growth in the UK. This report should also show policymakers of the need to spread these opportunities across London, and level up the city. We are grateful to Centre for London for producing the report for us.

James Watkins, Head of Policy and Public Impact, London Chamber of Commerce and Industry

I. LONDON'S POPULATION AND DEPRIVATION

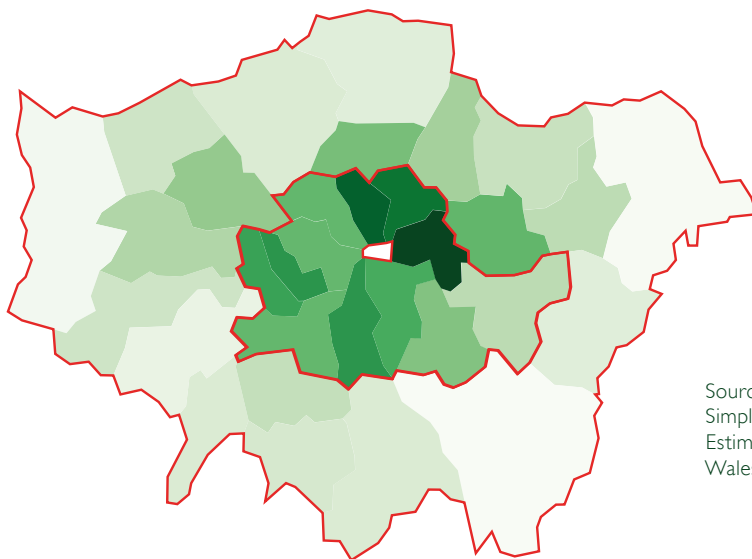
London's population was estimated to be around 8.8 million people in 2021. Between 2011 and 2021, London's population grew by 7 per cent. The GLA estimates that London's population could rise to between 9.1m and 9.5m by 2030, and to between 9.1m and 10.3m by 2050, with lower estimates a result of a slowing in London's population growth in recent years due to a range of factors including falling net international migration, the COVID-19 pandemic, and declining birth rates.¹

Figure I: Inner London's residential density is two times higher than Outer London's one

POPULATION DENSITY IN LONDON

Number of people per square km, 2021

2000  16,000



Source: Office for National Statistics (Boundaries), Simple maps (Points), Office for National Statistics, Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland

More than half of its population live in Inner London, despite it representing only 20 per cent of the capital's area. Inner London is more densely populated than Outer London, with 10,000 inhabitants per sq km compared to 4,500 in Outer London.

Croydon has the biggest population in London, with over 390,000 residents. The least populated borough in London is Kensington and Chelsea, with around 140,000 residents.

However, Tower Hamlets is the most densely populated in London, and the most densely populated local authority across England. The borough has over 15,000 people per square km, almost three times London's average density. Other boroughs with a density of over 10,000 per square km include the Inner London boroughs of Islington, Hackney and Kensington and Chelsea. Many outer London boroughs have a population density of less than 5,000 people per square km. The least densely populated borough in London is Bromley, with around 2,000 people per square km.

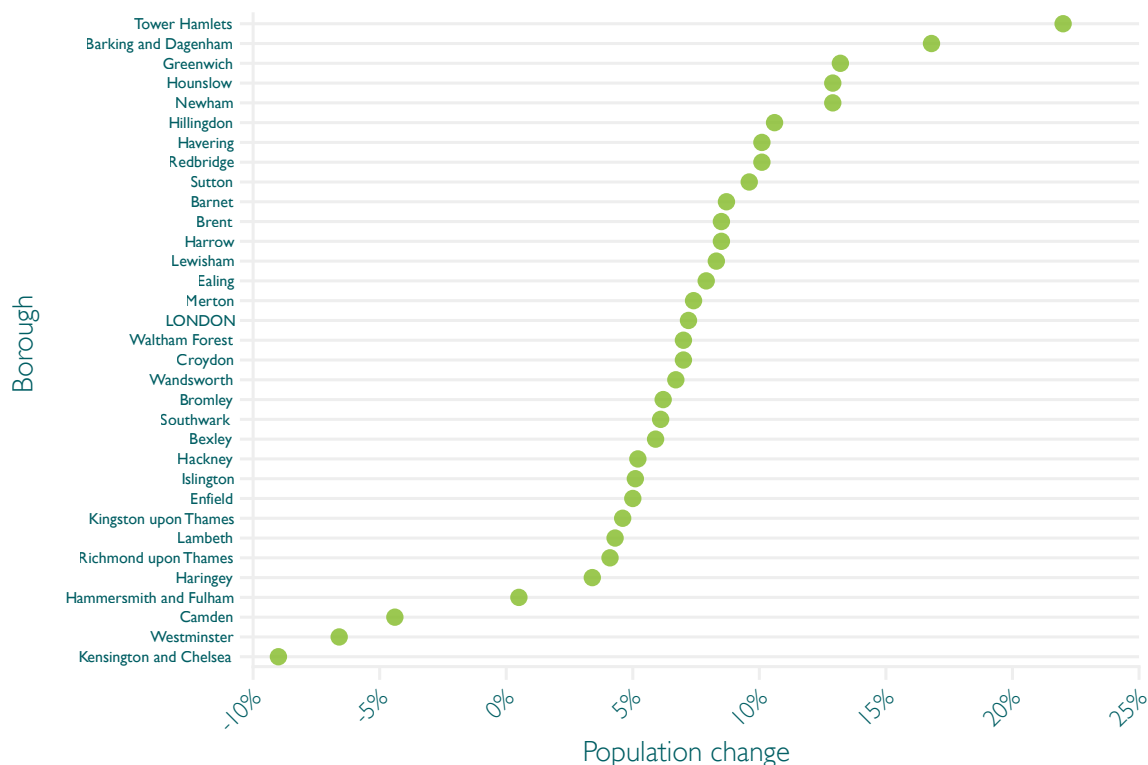
Kensington and Chelsea is one of only three local authorities in London to have seen its population decline between 2011 and 2021, alongside Westminster and Camden.²

However, these estimates are based on data taken for the 2021 Census, which was taken at a time when some people who are more likely to live in these boroughs were more likely to be elsewhere: groups such as students, young professionals, and second home owners. Kensington and Chelsea, which experienced the largest population decline (9 per cent), may have actually experienced a fall in population, having seen a fall in the previous decade. If it did, this is likely to be associated with Kensington and Chelsea having among the highest house prices in the country – a gap that has risen over this decade – increasing the cost of living and resulting in a smaller household sizes.

Figure 1: Inner London’s residential density is two times higher than Outer London

POPULATION CHANGE ACROSS LONDON

Population percentage increase by borough, 2011 to 2021



Source: Office for National Statistics, Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland

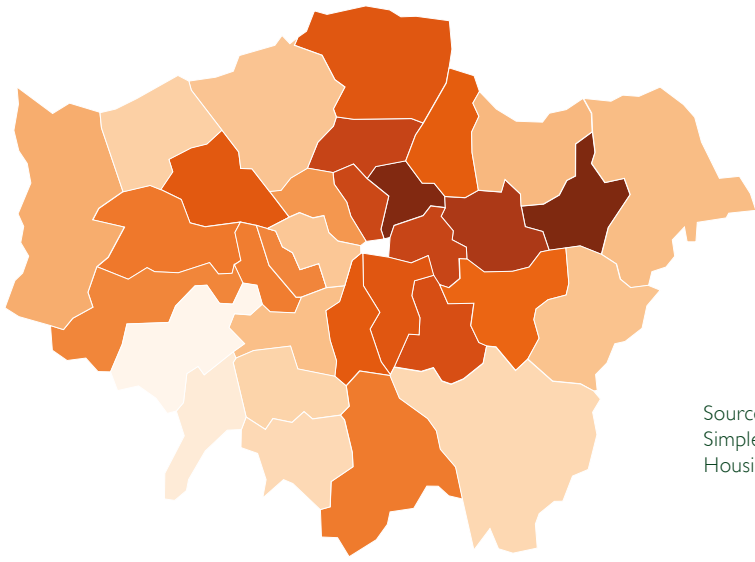
Tower Hamlets witnessed the biggest population increase of all London boroughs between 2011 and 2021, with a 22 per cent increase. This increase was largely driven by international migration, while the borough has had an enormous programme of housebuilding over the period. Other boroughs that had particularly significant increases in their population in this time period were Barking and Dagenham (17 per cent) and Greenwich (13 per cent), which also saw significant housebuilding programmes.³

The Index of Multiple Deprivation (IMD) measures the relative deprivation of one area. In London, there are important disparities between across the boroughs. Figure 3 reveals these important disparities. Furthermore, this distribution follows roughly the distribution of households on Universal Credits, with higher proportion of households on Universal Credits in boroughs with the higher levels of deprivation (see more details in appendix 7).

Figure 3: Barking and Dagenham has the highest level of deprivation across all London boroughs

IMD AVERAGE SCORE FOR ALL LONDON BOROUGHS

9.43% ————— 32.77%



Source: Office for National Statistics (Boundaries), Simple maps (Points), Department for Levelling Up, Housing and Communities



2. THE LABOUR MARKET

Unemployment measures the number of people who are not in employment, have been looking actively for a job and are available to start work. An analysis of the Claimant Count is available in appendix 2.

London's unemployment rate has more than halved between 2012 and 2022 from 9.4 per cent to 4.5 per cent, but it has remained higher than the UK rate by around 0.5 per cent over the last ten years. London's population includes groups that tend to experience a higher rate of unemployment, such as young people and those experiencing deprivation, while movements between jobs – termed frictional unemployment – is higher in London than on average across the UK.⁴

London's unemployment rate steadily declined between 2012 and 2019. But in 2020, the economic impact of the COVID-19 pandemic led to a sharp increase in unemployment. In 2022, unemployment declined again to pre-pandemic levels after a sharp increase.⁵

For those who are in work, average earnings in London are higher than the English average – median full time earnings in London in 2023 were £41,200, compared to £35,100 for England as a whole.⁶ However, this gap is considerably reduced by the higher cost of living, particularly the cost of housing (see Chapter 10). Indeed, a higher proportion of jobs in London pay less than the living wage (defined by the Living Wage Foundation) than across England as a whole. 13.6 per cent of jobs in London pay below the living wage, compared to 12.5 per cent across England.⁷ This could be due to a variety of factors, such as the sectoral or occupational make up of London's job market. One reason might be that London's working population is made up of a greater share of younger workers than England's as a whole, and younger workers are more likely to be relatively low-paid. A considerably greater share of jobs in Outer London pay below the living wage – 21.2 per cent compared to 9.4 per cent in Inner London. This may be due to the greater prevalence in Outer London of some sectors that see a higher proportion of low-paid jobs, such as wholesale and retail trade and construction.⁸ Meanwhile, a lower proportion of jobs in Outer London are in the sectors with the greatest proportion of highly paid jobs, such as financial and insurance activities, information and communication, and professional, scientific and technical activities.

People who work are eligible for Universal Credit, which applies a taper rate to their allowance so that every £1 they earn reduces their Universal Credit by 55p. Approximately two in five people on Universal Credit in England are in employment (the same is true in London).⁹

Another way to look at this is that 6 per cent of working age Londoners were in receipt of Universal Credit and in employment in June 2023 – similar to the average across England (5.6 per cent). The proportion of people in work and claiming Universal Credit varies considerably across London's boroughs, from 3.1 per cent in Richmond upon Thames to 8.8 per cent in Barking and Dagenham. This figure varies according to a number of factors, from the employment rate to eligibility for and take up of a variety of benefits, but may be partly indicative of the proportion of working age people who need support in addition to their earnings to make ends meet. In 2022, 20 per cent of London's working age population was economically inactive, meaning that they are not in work and are unable to work or are not looking for a job. The number of economically inactive people is mainly driven by people who are either students or looking after their family or home (57 per cent of the inactive population). The proportion of people who are economically inactive was lower in London (20 per cent) than across the UK in 2022 (22 per cent). Between 2012 and 2022, London's inactivity rate has decreased by almost 5 percentage points.

Over the same period, the level of inactivity in the UK has decreased by 2 percentage points with more people finding work. However, there was an increased number of inactive people throughout the pandemic, mainly due to ill-health and people retiring early.¹⁰

Figure 4: London's inactivity rate fell below UK levels in 2020

LONDON AND UK INACTIVITY RATES, 2012-2022

Population of working age population (16-64 years old) with 95 per cent confidence interval

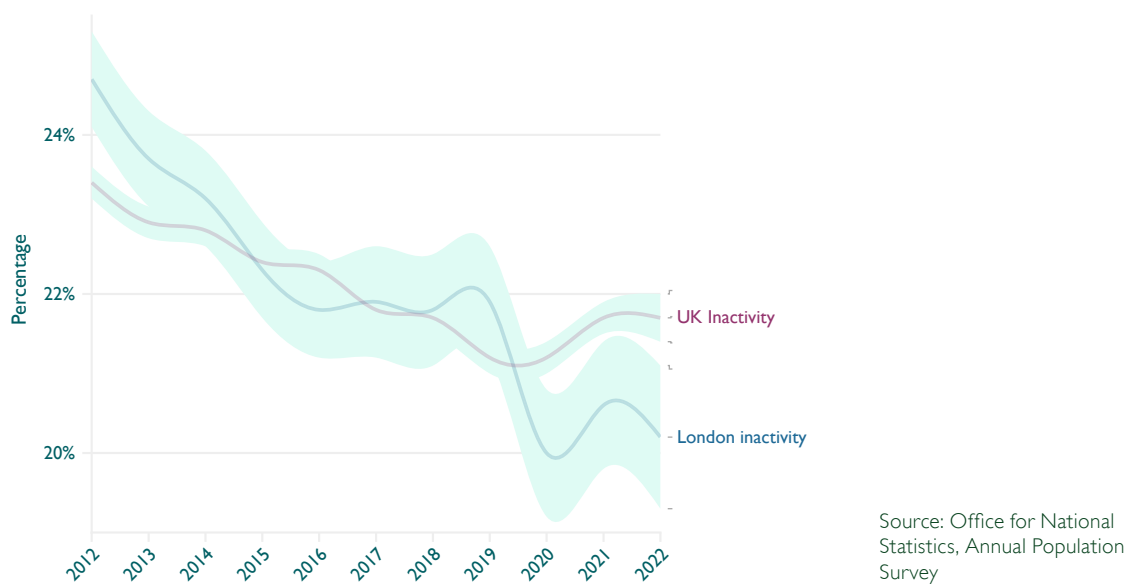
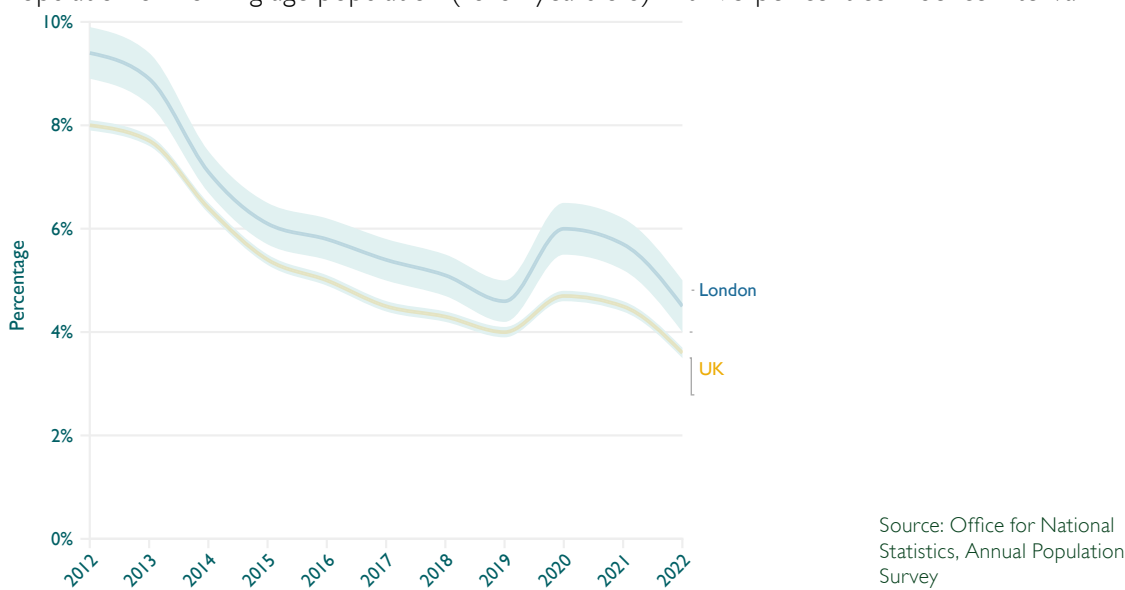


Figure 5: London's unemployment rate halved between 2012 and 2022

LONDON AND UK UNEMPLOYMENT RATE RATES, 2012-2022

Population of working age population (16-64 years old) with 95 per cent confidence interval




Unemployment and inactivity rates vary quite a lot between boroughs. Boroughs in the North and West of the capital tend to have higher rates of unemployment and inactivity than boroughs in the South. In 2022, Brent had the highest unemployment rate and Kingston upon Thames had the lowest. Aside from Brent and Hackney, all London boroughs had unemployment rates under 6 per cent, with the majority having less than 5 per cent of the working age population unemployed.

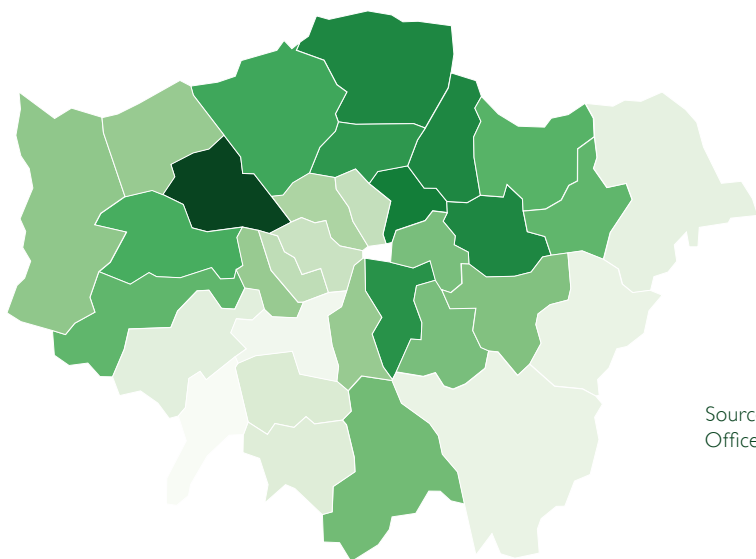
Kensington and Chelsea had the highest levels of economic inactivity of all London boroughs, with 28 per cent of 16-64 year olds not active in the labour market in 2022. Other boroughs with particularly high levels of inactivity are Westminster (27 per cent), Camden (25 per cent) and Waltham Forest (25 per cent). The borough with the lowest level of inactivity is Wandsworth, with only 9 per cent of 16-64 year olds economically inactive.

The low rate of economic inactivity in Wandsworth may be related to it being the borough with the lowest proportion of people with no qualifications. Compared to Camden and Westminster, Wandsworth also has a much smaller student population and slightly fewer people who are economically inactive due to being long-term sick or disabled, as a proportion of the borough's population.¹¹ Some people who are economically inactive want a job and others are happy not working. The ONS collects some information on this.¹²

Figure 6: Unemployment rates vary between boroughs

UNEMPLOYMENT RATE BY BOROUGH IN 2022


Population of working age population (16-64 years old) who are unemployed
2.8%  7%

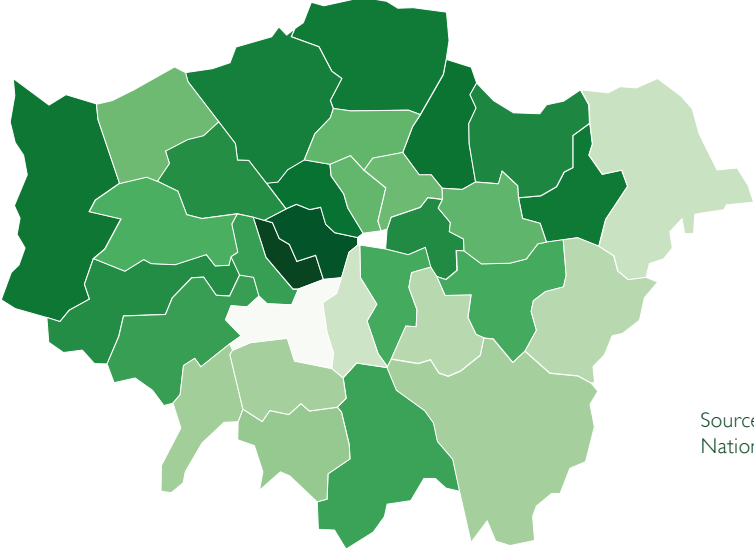


Source: Model based estimates of unemployment, Office for National Statistics

Figure 7: Inactivity rates vary a lot between boroughs

INACTIVITY RATE BOROUGH IN 2022

Population of working age population (16-64 years old) who are inactive
8.8%  28.2%



Source: Annual Population Survey, Office for National Statistics

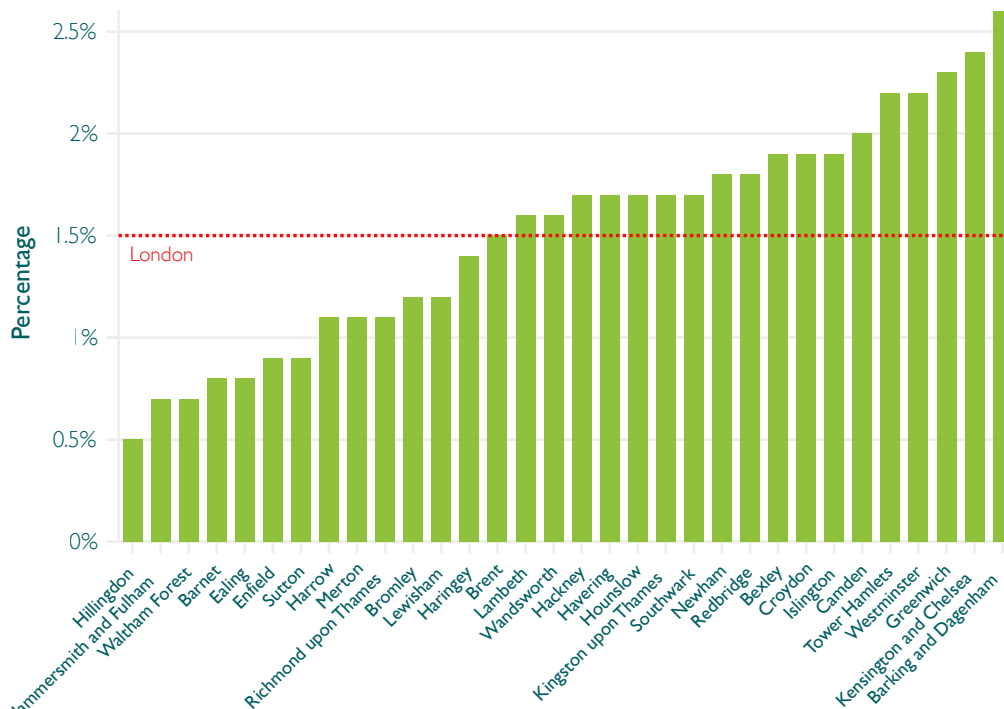


3. SKILLS AND QUALIFICATIONS

In 2022, the proportion of young people not in education, employment or training was lower in London (1.5 per cent) than in England (2.6 per cent). However, there are important disparities between boroughs. The boroughs with the highest proportion of 16 and 17-year-olds not in education, employment and training higher are Barking and Dagenham (2.6 per cent), Kensington and Chelsea (2.4 per cent), and Greenwich (2.3 per cent). Boroughs with relatively low proportions of young people not in education, employment and training are Waltham Forest (0.7 per cent), Hammersmith and Fulham (0.7 per cent), and Hillingdon (0.5 per cent).

Figure 8: The proportion of young people not in education, employment or training in each borough ranged between 0.5 and 2.6 per cent

PROPORTION OF 16 AND 17 YEAR OLDS NOT IN EDUCATION, EMPLOYMENT OR TRAINING, 2022



Source: Department for Education, Participation in education, training and NEET age 16 to 17 by local authority

In 2022, the proportion of London's working age population (5.5 per cent) with no qualifications was lower than that of the UK (6.7 per cent). Barking and Dagenham has the highest proportion of people without any formal qualifications – just over 1 in 10 working age people had no qualifications in 2021. This may be related to the relatively high rate of child poverty in Barking and Dagenham (42 per cent vs 33 per cent

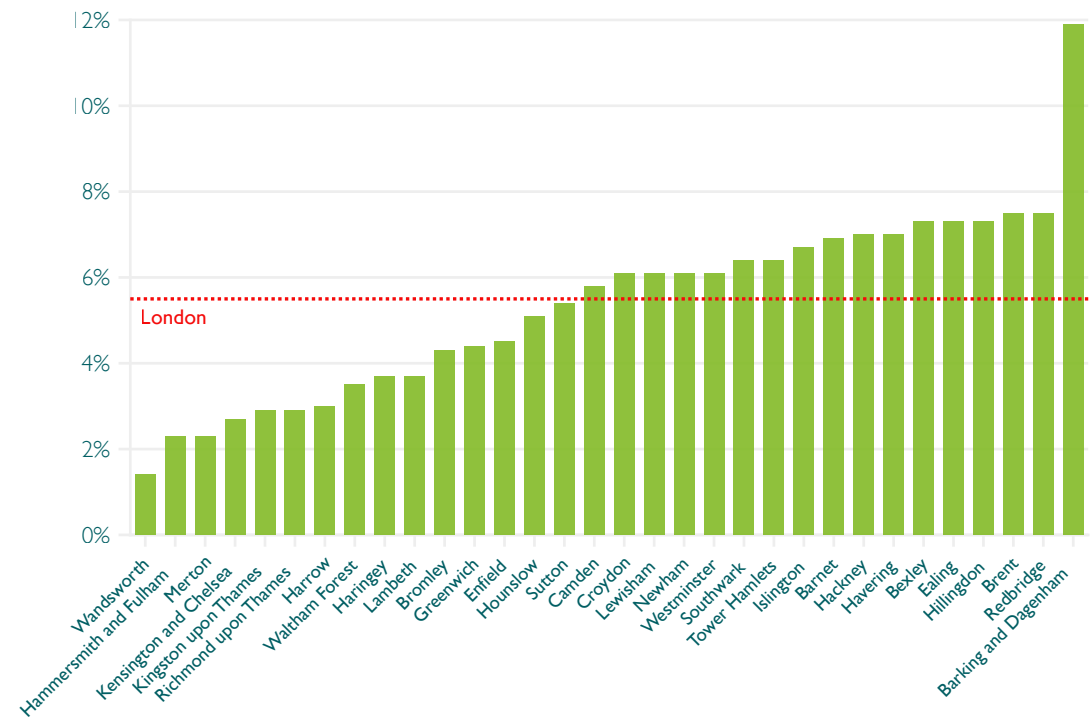
across London) and the high proportion of residents' jobs that are low paid (20 per cent vs 16 per cent across London).¹³ Meanwhile, the sector employing the most people in Barking and Dagenham is “Wholesale and retail trade; repair of motor vehicles and motorcycles” (19 per cent of jobs vs 12 per cent across London) – this sector tends to offer a higher proportion of jobs which do not require formal qualifications.

Other boroughs in Outer East London also have high proportions of people without any qualifications, including Redbridge (7.5 per cent), Bexley (7.3 per cent), and Havering (7 per cent). The boroughs with the lowest proportions of people with no formal qualifications are Hammersmith and Fulham (2.3 per cent), Merton (2.3 per cent) and Wandsworth (1.4 per cent).

Figure 9: The proportion of working age population with no qualification in each borough ranged between 11.9 and 1.4 per cent

POPULATION WITH NO QUALIFICATION IN EACH BOROUGH

Population 16-64 year olds with no qualifications, 2021



Source: Office for National Statistics, Qualifications of Working Age Population (NVQ), Borough

4. ECONOMIC OUTPUT

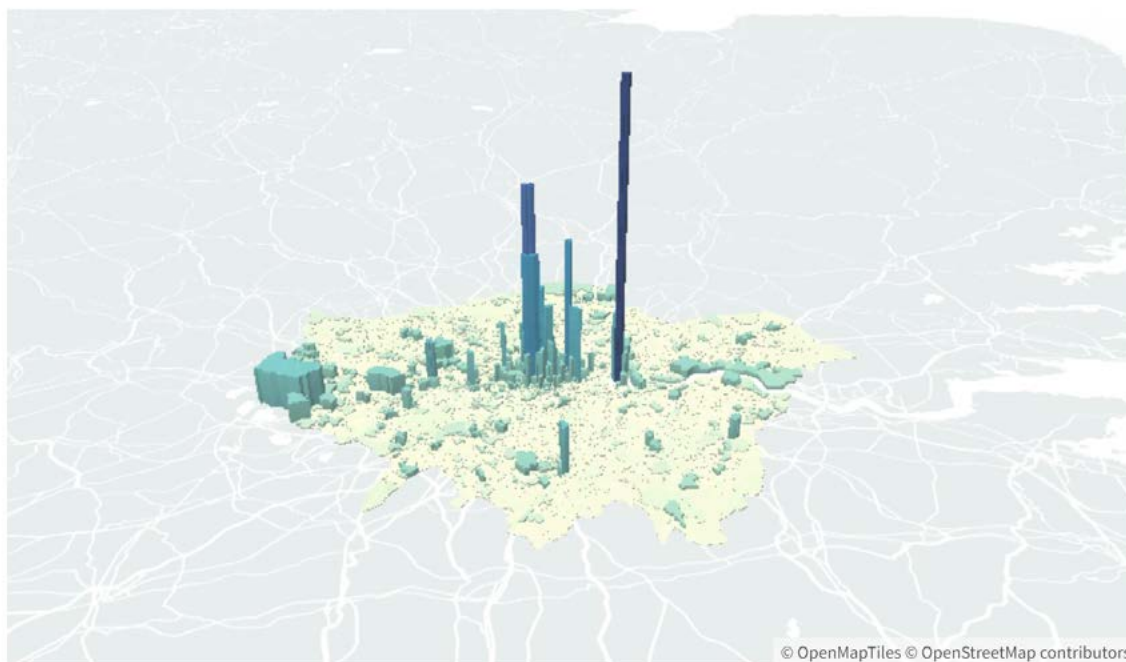
The economic output of a local authority is measured using the Gross Value Added (GVA).¹⁴ In 2021, Inner London boroughs generated 66 per cent of London's total GVA. Westminster, Tower Hamlets, and Camden were the largest contributors in 2021, producing more than a third of London's total economic output between them (38 per cent). Hounslow generated the most GVA out of all Outer London boroughs. The borough ranked 6th among all boroughs when ordered by GVA – 4 per cent of London's GVA was generated in the borough.

All the other Outer London boroughs produced less than 3 per cent of London's GVA. Barking and Dagenham was the smallest contributor to London's GVA with only 0.7 per cent of the capital's economic output being produced within the borough in 2021 (see graph in appendix 1). However, an analysis at lower levels of geography reveals that there are important disparities within individual boroughs. When looking at Lower Layer Super Output Areas (LSOAs)¹⁵, a small area in Tower Hamlets which sits within Canary Wharf generated the highest amount of GVA across London in 2020. This is followed by LSOAs in Westminster and Islington.

Figure 10: Economic output is concentrated in central London, Canary Wharf, Heathrow and other town centers

Estimated GVA per LSOA, 2020

GVA £0.11  £18,612.85



ONS, Open Geography Portal, UK small area gross value added estimates

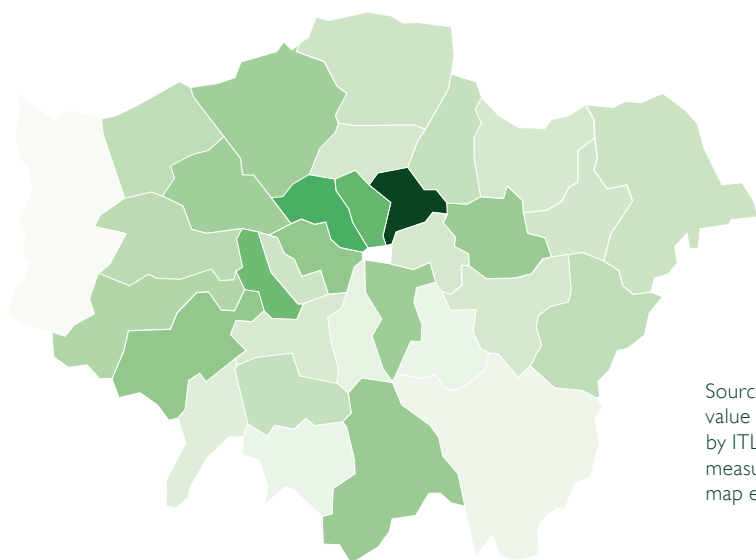
Note: This map excludes City of London

Many inner London boroughs have seen considerable economic growth over the past ten years. Hackney has witnessed by far the highest economic growth between 2011 and 2021, with output increasing by 70 per cent. This is followed by Camden (37 per cent growth), Islington (32 per cent) and Hammersmith and Fulham (30 per cent). Some boroughs have seen a decline in output over the past 10 years, with Hillingdon, Bromley and Sutton seeing particularly significant decreases in GVA.

Figure II: Most London boroughs have experienced economic growth over the past ten years, except six boroughs

GVA GROWTH, 2011-2021

-13 70



Source: Office for National Statistics, Regional gross value added (balanced) by industry: local authorities by ITLI region: TLI London, chained volume measures in 2019 money value, pounds million. This map excludes City of London



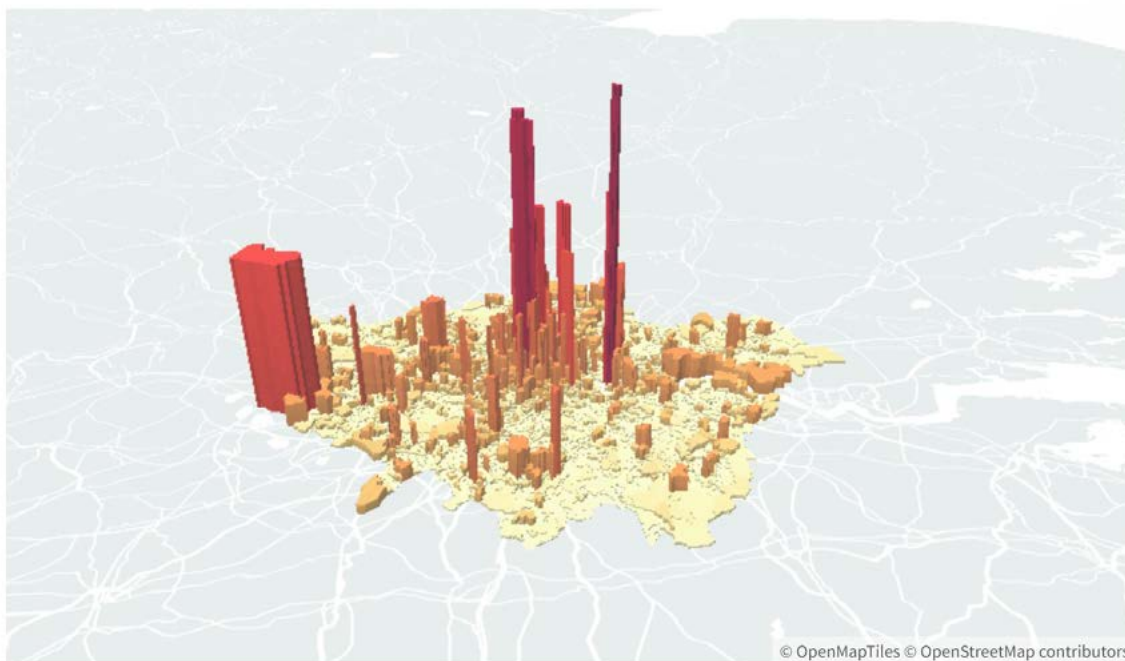
5. WHERE PEOPLE WORK

The five boroughs with the highest numbers of jobs in 2021 were all in inner London – Westminster, Camden, Tower Hamlets, Southwark and Islington. The boroughs with the 6th and 7th highest number of jobs in 2021 were the outer London boroughs of Hillingdon and Hounslow. Heathrow airport has been the key driver of both boroughs' economies. Excluding Lewisham and Greenwich, all the boroughs with fewer than 100,000 jobs are in outer London.

Figure 12: Employment is concentrated in inner London areas and in some outer London such as Heathrow Villages

Number of jobs per LSOA, 2021

Number of jobs 10  74,000

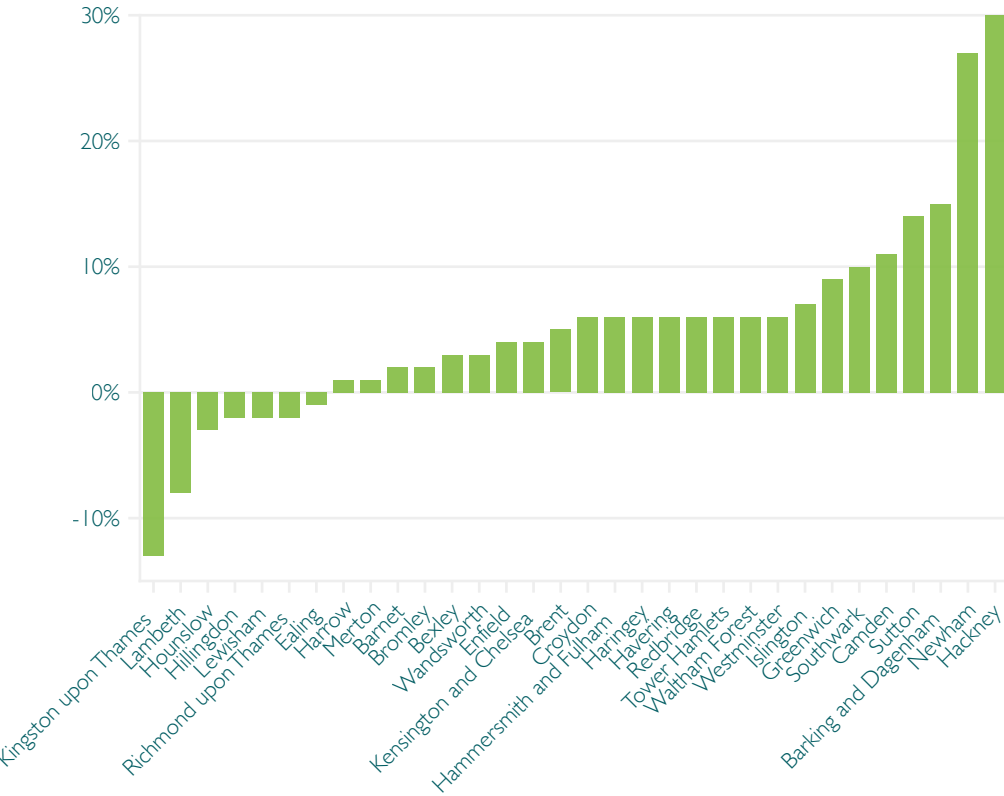


ONS Open Geography Portal, Business Register and Employment Survey

Hackney has seen the biggest growth in the number of jobs between 2015¹⁶ and 2021, increasing by 30 per cent, followed by Newham (27 per cent). Though Barking and Dagenham has seen the third largest increase in jobs over this period (15 per cent), in 2021, it remained the borough with the fewest overall jobs in London. Seven boroughs have seen a decline in the number of jobs between 2015 and 2021, notable examples including Hounslow, Lambeth and Kingston upon Thames. Overall, the number of jobs across London increased by 7 per cent over this period. The sectors with the highest growth in jobs over this period were professional, scientific and technical activities, which accounts for 19 per cent of additional jobs, financial and insurance activities (17 per cent), and human health and social work activities (15 per cent).¹⁷

Figure 13: Between 2015 and 2021, most boroughs experienced an increased in the total number of jobs

GROWTH IN JOBS BY BOROUGH, 2015-2021



Source: Office for National Statistics, Business Register and Employment Survey



6. LABOUR PRODUCTIVITY

London is the most productive place in the UK, but this position hides deep geographical disparities. Furthermore, whilst London's productivity has increased since 2007, growth has slowed compared with the period before 2007. Between 1998 and 2007, average productivity growth was 3.2 per cent per year. Since 2007, it has been around 0.2 per cent.¹⁸

Productivity varies considerably across boroughs. In 2021, Tower Hamlets was the most productive borough with £66.50 generated per hour worked. Hounslow was the second most productive borough (£57.80 per hour worked). Lewisham and Haringey were the least productive, with £28 and £30 generated per hour worked.

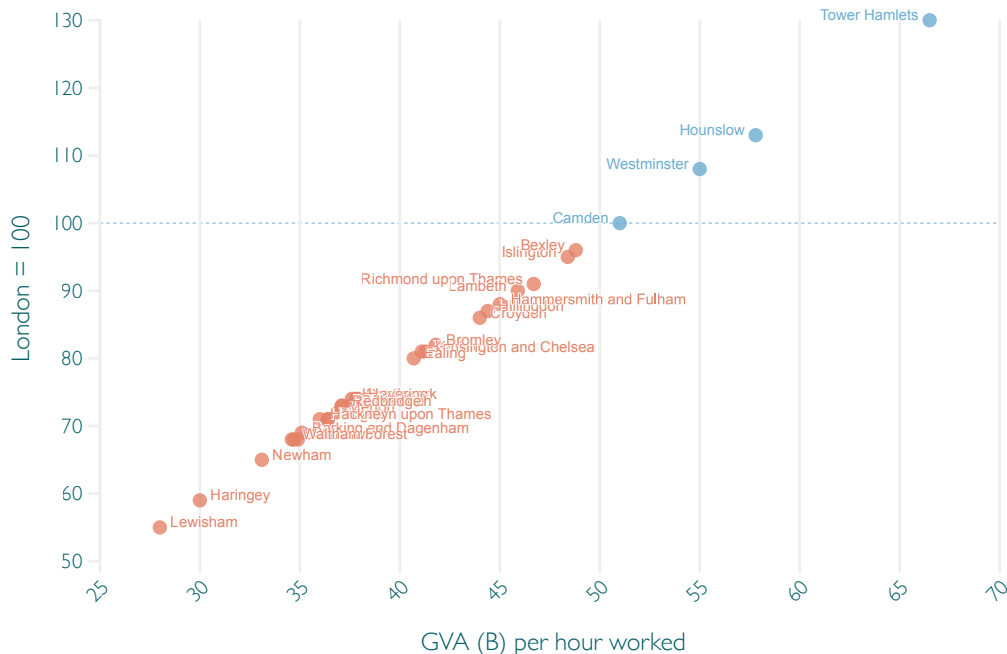
The most productive boroughs were those producing the largest share of London's economic output (see figure 15 for comparison). But there are exceptions: Southwark is the 5th largest contributor to London's output, but it only ranks 17th when ordered by productivity. Its labour productivity was also lower than London's average in 2021.

Figure 14: Only four boroughs have higher labour productivity levels than London's average

BOROUGH'S' PRODUCTIVITY IN 2021 INDEXED TO LONDON AVERAGE

Productivity is measured with the GVA per hour worked

London = 100



Source: ONS, Subregional productivity: labour productivity indices by local authority district, ONS, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions

Looking at the trends since 2004, Inner London has remained consistently more productive than Outer London. Since 2004, Inner West London¹⁹ has been the most productive sub-region with a GVA per hour worked between 9 and 14 per cent higher than London's average.²⁰ This is mainly driven by Camden, the City of London and Westminster. While Inner East London used to have a productivity equal or higher than London's average, its productivity levels have been below London's average since 2014. This is mainly due to the decreasing contribution of Tower Hamlets to the capital's productivity (see Tower Hamlets analysis for more detail). However, in 2021 Tower Hamlets' productivity remained 30 per cent higher than London's average. Outer London areas have been below London's average with Outer East and North areas contributing more to London's productivity than other Outer sub-regions.

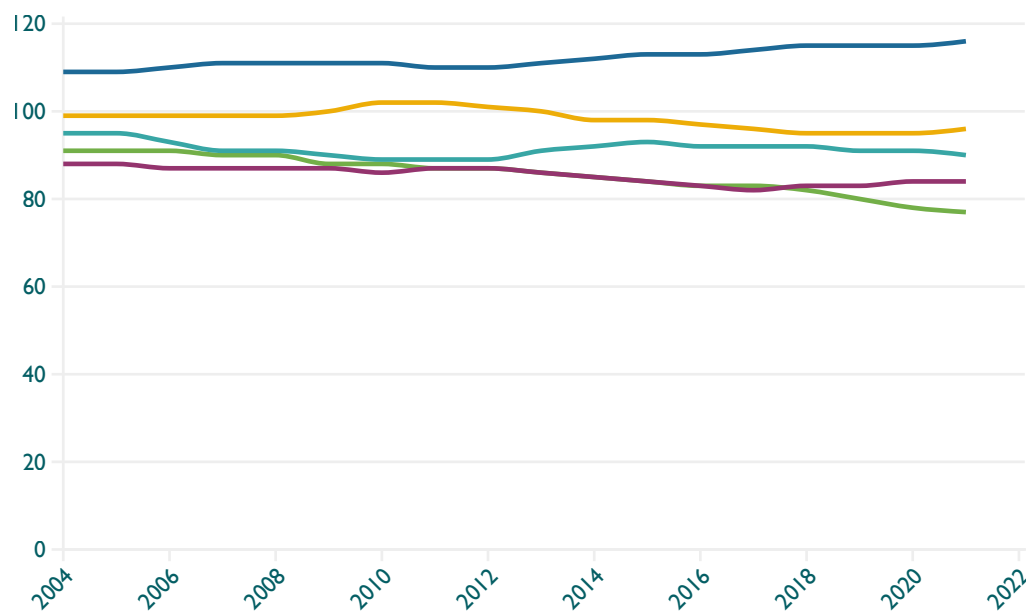
Figure 15: Productivity levels in Inner West London have consistently been higher than the London average since 2004

PRODUCTIVITY LONDON SUB-REGIONS, INDEXED TO LONDON PRODUCTIVITY

Productivity is measured with the GVA per hour worked

London = 100

■ Inner West ■ Inner East ■ Outer East and North East ■ Outer South ■ Outer West and North West



Source: Subregional productivity: labour productivity indices by local authority district, ONS

7. SECTORAL ANALYSIS

This geographical disparity in productivity can be explained partly by the geographical distribution of industries in London. Not all sectors contribute equally to London's productivity with some, such as finance and insurance, being more productive than others, such as accommodation and food service activities (See table 2 in appendix 2 for more information on the most productive boroughs).

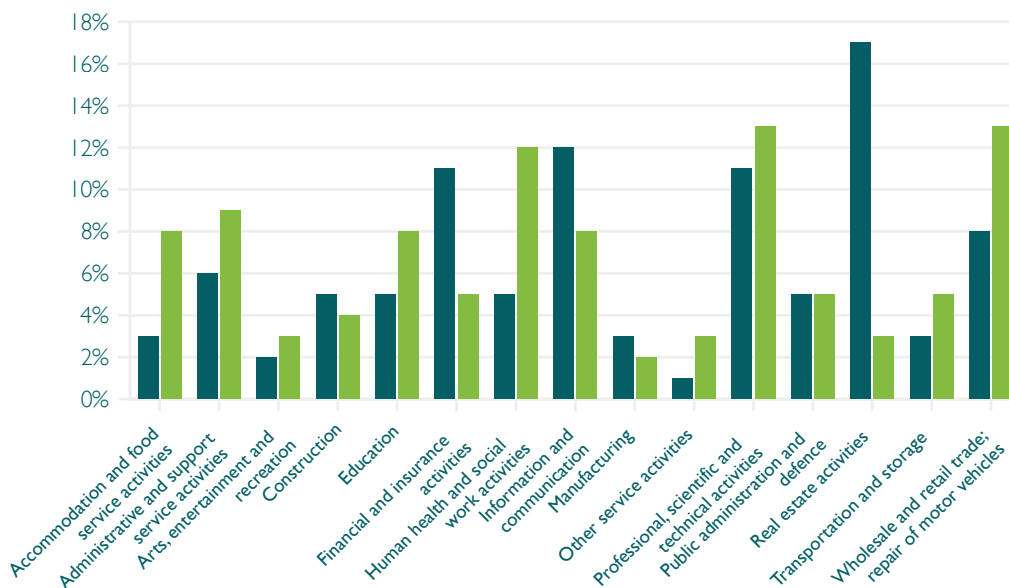
In 2021, real estate activities were the biggest contributors to London's economy, generating almost 17 per cent of London's total GVA (excluding the City of London). Information and communication activities were the next biggest contributors to the capital's economic output – 12 per cent of London's GVA was produced by these activities. Professional, scientific and technical activities generated 11 per cent of London's GVA in 2021 – financial and insurance activities generated a similar economic output. Whilst these industries produced more than half of the total GVA generated in London, they only contributed 28 per cent of London's total employment. In 2021, the activities with the largest number of jobs were wholesale and retail trade, professional, scientific and technical, human health and social work.

Figure 16: Labour intensity by sector

CONTRIBUTION OF EACH INDUSTRY TO LONDON'S ECONOMIC OUTPUT AND EMPLOYMENT IN 2021

Share of London's Gross Value Added and Employment by industry

■ Economic Output (GVA) ■ Employment



Source: Subregional productivity: labour productivity indices by local authority district, ONS

Sectors are not spread equally in London – the relative concentration of employment by borough reveals how sectors are distributed across the capital. In our analysis, for each sector, all boroughs were attributed a score calculated as the sectoral share of employment in the borough divided by the sectoral share of employment in London (see appendix 6 for methodology and analysis). This analysis shows that some sectors are more geographically concentrated than others. For instance, financial and insurance activities are highly concentrated in Tower Hamlets, while real estate activities are distributed more equally across London.

Figure 17: Whilst financial and insurance activities are highly concentrated in central London, real estate activities are spread across London, especially in the north of the capital

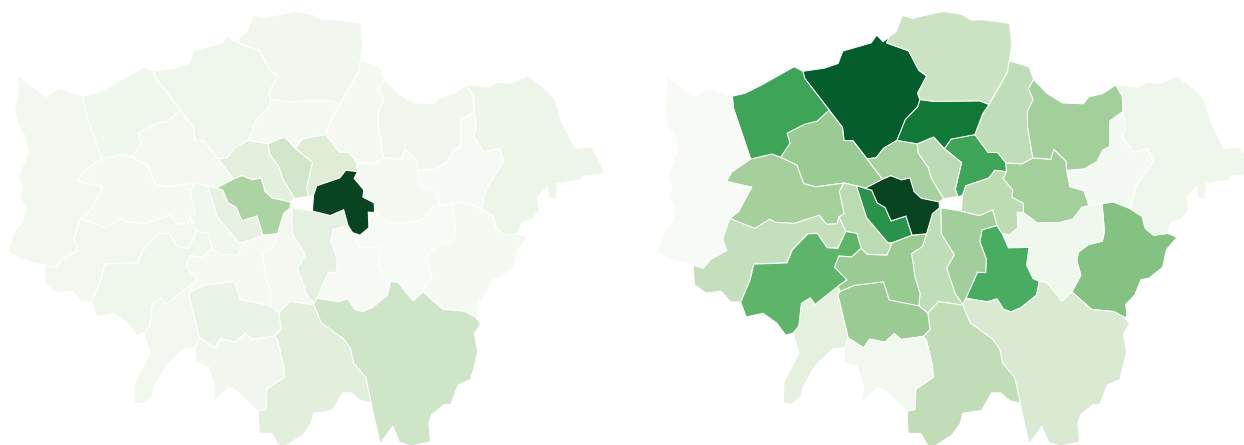
BOROUGH'S SPECIALISATION IN FINANCIAL AND INSURANCE ACTIVITIES

Location quotient of employment in financial and insurance activities in 2021

0 corresponds to the lowest concentration of employment and 5 corresponds to the highest level.

0  5

0  5



Source: Business Register and Employment Survey, 2021, Employment by Industry



Employment in manufacturing is highly concentrated within Ealing, Barking and Dagenham, Brent and Bexley. Boroughs in central and south London have the lowest concentration of manufacturing employment. Unsurprisingly, the largest relative concentrations of employment in manufacturing activities mirror the density of industrial land in local areas (figure 17). See Appendix 2 for more detail on other sectors of activities. The following section focuses on land usage in London and how it has evolved.

Figure 18: Manufacturing activities are concentrated in a few boroughs

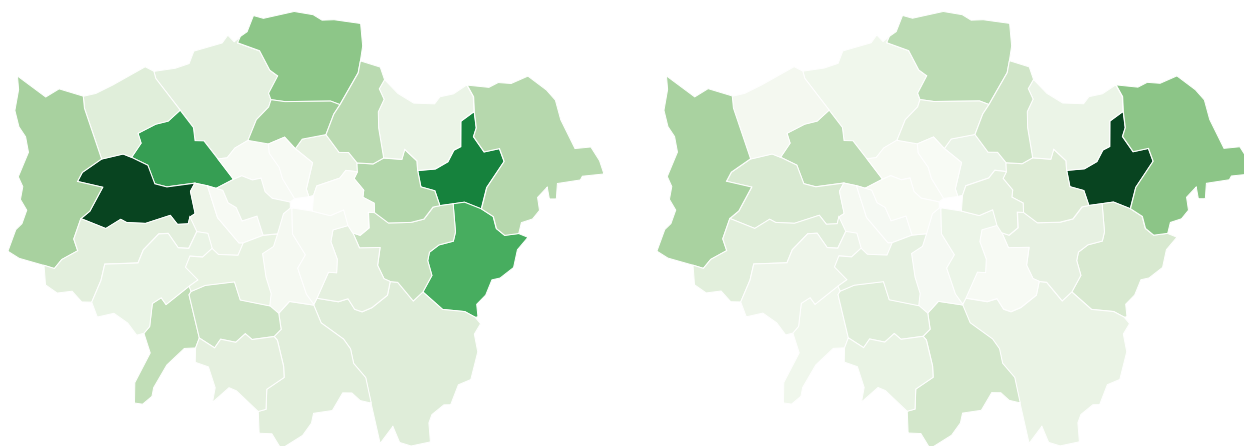
BOROUGH'S SPECIALISATION IN MANUFACTURING ACTIVITIES

Location quotient of employment in financial and insurance activities in 2021

0 corresponds to the lowest concentration of employment and 5 corresponds to the highest level.

0  5

0  5



Source: Office for National Statistics (Boundaries), Simple maps (Points), Office for National Statistics

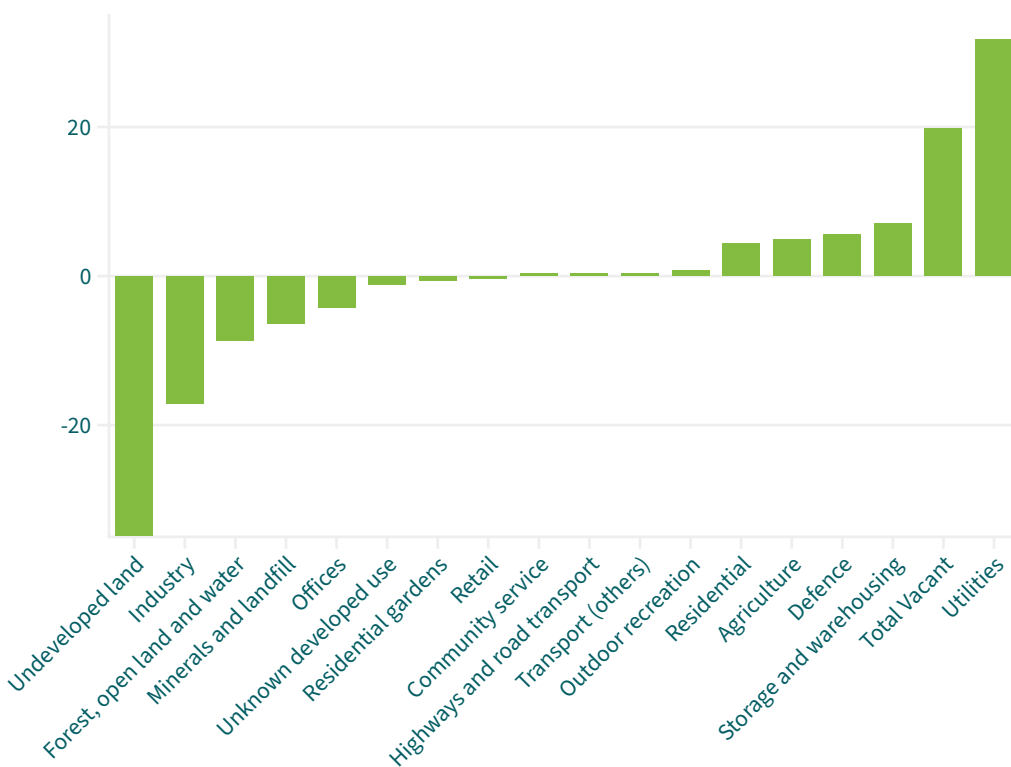


8. LAND USE

Since 2018, the area of land used for industrial purposes in London has decreased by 17 per cent. Over the years, London has experienced a significant loss of industrial land.²¹ Since 2018 the areas dedicated to residential purposes has increased by 4.4 per cent. The area used for storage and warehousing has also increased over the same period. The largest change in land use between 2018 and 2022 was the fall in the amount of land that is undeveloped. Land used for utilities has also increased by 32 per cent. The total area of vacant land, which is land that was previously used and is now vacant, increased by almost 20 per cent between 2018 and 2022.

Figure 19: Between 2018 and 2022, the total number of hectares of undeveloped land and land use for industry has decreased

PERCENTAGE CHANGE IN THE TOTAL NUMBER OF HECTARES BY LAND SINCE 2018



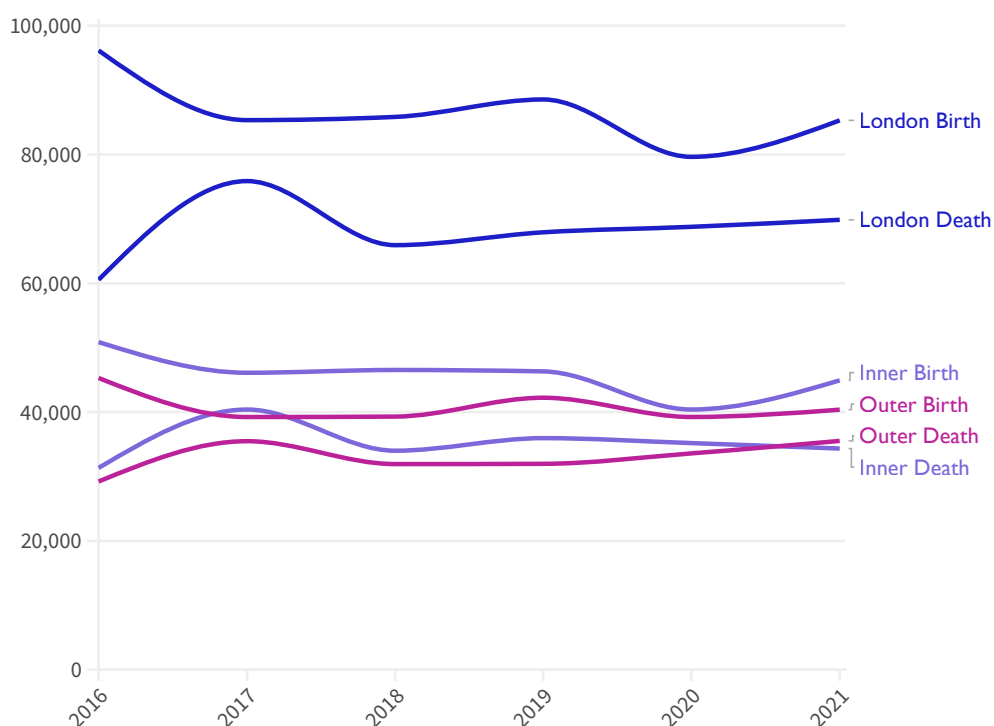
9. BUSINESSES ANALYSIS

Business creation matters for economic growth and innovation²². The business demography of an area, namely the number of business births and deaths, indicates the economic dynamism of an area. In London the number of business births has consistently exceeded the number of business deaths. The number of businesses created per year in Inner London boroughs have generally exceeded the number in Outer London. But in 2020, the number of births were almost equivalent in inner London boroughs and outer London boroughs.

Figure 20: The number of businesses created has been consistently higher than the number of businesses closed per year in London since 2016

BUSINESS BIRTH AND CLOSURE

Number of businesses birth and death a year



Businesses in London are highly concentrated in Westminster. In 2022, 10 per cent of the businesses were here. Camden and Barnet had shares of total London businesses higher than 5 per cent.

Small and medium-sized enterprises (SMEs), defined as any businesses with fewer than 250 employees, accounted for 99.6 per cent of all the businesses in London in 2022. This share is slightly lower than that of the national level (99.9 per cent of the businesses were SMEs). 91 per cent had less than 9 employees and 7 per cent had between 10 and 49 employees.

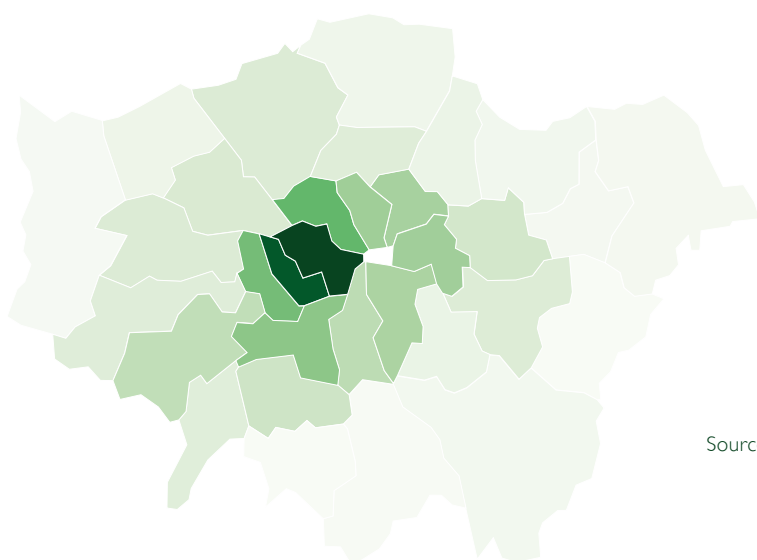
Westminster, Southwark, Tower Hamlets, Hillingdon, Hammersmith and Fulham, Camden, Islington and Hounslow had the largest share of big enterprises with more than 250 employees.

10. HOUSING

Westminster, Kensington and Chelsea, and Camden are the three most expensive boroughs in London to rent – the average monthly rent for all type of properties ranges from £2,800 to £4,017 in these boroughs. Sutton, Bexley and Croydon are the least expensive boroughs to rent – the average monthly rent for all type of properties ranges from £1,493 to £1,514. This ranking varies depending on what metric we use to define ‘affordability’. For instance, when comparing the average rents with average household income, Newham, Brent and Hackney are the three least affordable boroughs and Bromley, Kingston upon Thames and Richmond upon Thames are the most affordable (See table 3 in appendix 2).

MONTHLY RENTS BY BOROUGH

12-month average asking rents over the period of June 2022 and May 2023 for all categories of housing.
1500  4070



Source: Data provided by Avison Young



- 1 GLA (2023). Interim 2021-based Population Projection Results. Retrieved from: <https://data.london.gov.uk/blog/new-population-projections-for-london-building-on-the-2021-census/>
- 2 Some London Councils have argued these figures are due to population being undercounted because of the pandemic.
- 3 GLA (2023). Housing in London. Retrieved from: <https://data.london.gov.uk/housing/housing-in-london/>
- 4 Age profile: ONS (2022) Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland. Retrieved from: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesandnorthernireland>; Deprivation: Ministry of Housing, Communities & Local Government (2019) English indices of deprivation 2019. Retrieved from: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>; Job changes: ONS (2019). Analysis of job changers and stayers. Retrieved from: <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/compendium/economicreview/april2019/analysisofjobchangersandstayers>.
- 5 https://airdrive-secure.s3-eu-west-1.amazonaws.com/london/dataset/state-of-london/2023-06-26TI0%3A20%3A47/The%20State%20of%20London%20June%202023.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIAJJDIMAIVZJDICKHA%2F20230628%2F-eu-west-1%2Fs3%2Faws4_request&X-Amz-Date=20230628T152115Z&X-Amz-Expires=300&X-Amz-Signature=a4995289994999601b094cb5657689e2c26a7bb3836219ad039099c77f6a170&X-Amz-SignedHeaders=host
- 6 ONS (2023). Earnings and hours worked, place of residence by local authority: ASHE Table 8. Retrieved from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityashetable8>
- 7 ONS (2022). Number and proportion of employee jobs with hourly pay below the living wage. Retrieved from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/numberandproportionofemployeejobswithhourlypaybelowthelivingwage>
- 8 Low pay by sector across the UK is available from: ONS (2023). Low and high pay in the UK: 2023. Retrieved from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowandhighpayuk/2023>. Jobs by sector in London is available from: ONS (2022). Business Register and Employment Survey. Retrieved from: <https://www.nomisweb.co.uk/datasets/newbres6pub>.
- 9 38 per cent of people claiming Universal Credit were in employment in September 2023. Department for Work and Pensions (2023). Universal Credit statistics, 29 April 2013 to 12 October 2023. Retrieved from: <https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-12-october-2023/universal-credit-statistics-29-april-2013-to-12-october-2023>
- 10 Burn-Murdoch, J. (2022) Half a million missing workers show modern Britain’s failings, Financial Times. Retrieved from: <https://www.ft.com/content/b197e9e0-dd53-4d77-a84f-a94824100ed5>
- 11 This pattern holds in 2011 and 2021. ONS (2023). Census 2021: Economic activity status. Retrieved from: <https://www.ons.gov.uk/datasets/TS066/editions/2021/versions/5>
- 12 See ONS (2019) “Despite record employment, nearly 10% of adults have never done paid work.” Retrieved from: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/despiterecordemploymentnearly10ofadultshaveneverdonepaidwork/2019-02-28>
- 13 Trust for London (2023) London’s Poverty Profile: Barking and Dagenham. Retrieved from: <https://trustforlondon.org.uk/data/boroughs/barking-and-dagenham-poverty-and-inequality-indicators/>
- 14 GVA is defined as the value of the amount of good and services that have been produced, minus the total costs to produce these goods or deliver these services.
- 15 Output Areas (OAs) are the smallest level of geography that data is published at. Lower layer Super Output Areas (LSOAs) are made up of groups of OAs, usually four or five. They comprise between 400 and 1,200 households and have a usual resident population between 1000 and 3000 persons. More information can be found at: <https://www.ons.gov.uk/methodology/geography/ukgeographies/censusgeographies/census2021geographies>
- 16 Comparable data for number of jobs was not available pre-2015.
- 17 Percentages represent the proportion of gross additional jobs between 2021 and 2015 across London. ONS (2022) Business Register and Employment Survey. See data by industry for 2015 and 2021. Retrieved from: <https://www.nomisweb.co.uk/datasets/newbres6pub>
- 18 Rodrigues, G. Bridgett, S. (2023) Capital Losses, The role of London in the productivity puzzle. Retrieved from: <https://www.centreforcities.org/wp-content/uploads/2023/03/London-productivity-March-2023.pdf>
- 19 Using the International Territorial Level 2 regions to define the sub-region. See more detail in appendix I.
- 20 City of London was included in this analysis because the lowest level of geography available was International Territorial Level 3 which comprised both Camden and City of London.
- 21 Greater London Authority (2023) London Industrial Land Supply Study 2020, Executive Summary. Retrieved from: <https://data.london.gov.uk/dataset/london-industrial-land-supply-study-2020>
- 22 OECD (2017), The Geography of Firm Dynamics: Measuring Business Demography for Regional Development, OECD Regional Development Studies, OECD Publishing, Paris. Retrieved from: <https://doi.org/10.1787/9789264286764-en>.







City of London