Global Cities Barometer

March 2026

London Property Alliance
WPA | CPA
Westminster Property Association | City Property Association

Contents

London: winning investment, but losing space for growth

Foreword

Our biannual Global Cities Barometer provides a comparative assessment of London's performance against its global peers, tracking how leading cities are performing across key economic, labour market, real estate and infrastructure indicators. In doing so, it highlights both the opportunities facing the UK capital and the risks that could undermine its long-term competitiveness.

Demand for high-quality office space in central London remains exceptionally strong, with vacancy rates among the lowest of any global city. At a time of heightened geopolitical uncertainty, the capital also continues to lead the world on foreign direct investment, attracting more than double the number of projects secured by its closest competitor.

However, this success is increasingly at risk, undermined by a critical shortage of modern workspace, rising development costs and a planning system that is constraining supply. London cannot afford to win the global race for investment while failing to provide the workspaces, homes and infrastructure needed to support growth. Offices are critical economic infrastructure. By improving viability and enabling development, local and national government can unlock investment, create jobs and ensure London remains globally competitive in an increasingly uncertain world.

This latest edition also points to a more challenging environment for global cities overall. Economic growth is slowing, labour markets are cooling and housing delivery remains weak, with London recording its lowest level of completions in over a decade. Inflation remains elevated in some jurisdictions, adding pressure on households and businesses, while investment and employment growth is becoming increasingly concentrated in a narrower set of technology enabled sectors. Against this backdrop, the research underlines that ensuring the delivery of modern office space as critical economic infrastructure will be central to sustaining London's growth and global position.

Charles Begley
Chief Executive, London Property Alliance

Executive Summary

Global cities continue to operate against a challenging economic backdrop, shaped by geopolitical uncertainty, uneven growth and subdued investor confidence. While headline indicators point to a broad slowdown in economic growth, localised resilience and sectoral divergence are cushioning the impact across our global cities.

Economic Output: Slowing growth amid sectoral divergence

All comparator cities are expected to have recorded growth in 2025, though momentum weakens into 2026. London's GDP growth slowed from 1.9% in 2025 to a projected 1.2% in 2026. Hong Kong leads the group, followed by New York, while Paris and Berlin lag amid weaker domestic conditions and political uncertainty. Growth is increasingly concentrated in information and communication activities, driven by investment in AI and data infrastructure.

Labour Market: Cooling demand and rising unemployment

Labour markets have softened across all cities as falling job vacancies feed through into higher unemployment. London's unemployment rose to 6.5% in Q3 2025 and has continued to deteriorate, widening the gap with the national average. Berlin retains the highest unemployment rate despite persistent skills shortages, while Hong Kong maintains the lowest headline rate but faces rising underemployment. Employment recovery remains uneven, with only New York showing sustained improvement.

Real Estate: Supply constraints underpin prime markets

London continues to lead prime office market recovery. Vacancy rates are falling, particularly in the West End, while prime rents rose sharply in 2025, reflecting constrained supply and limited occupier mobility. Manhattan and Hong Kong retain the highest vacancy rates but are gradually improving. Paris and Berlin have reached record vacancy levels, driven by ageing stock and a mismatch with modern occupier requirements.

Infrastructure: Gradual recovery with persistent gaps

Infrastructure recovery remains uneven. Paris and Hong Kong have surpassed pre-pandemic public transport usage, while London and New York continue to lag. Digital connectivity continues to improve, led by Hong Kong, though London and Berlin remain towards the bottom of the pack. Aviation recovery is mixed, with London and New York reaching or exceeding pre-pandemic passenger volumes.

Housing: Delivery shortfalls persist

Housing delivery remains a significant weakness. London recorded its lowest level of new home completions since 2014 in 2025, with similar declines in Hong Kong. Policy interventions have been introduced in the UK and Germany, though their impact is yet to be seen. New York stands out as the only city to record a substantial increase in completions.

Introduction

This is the thirteenth *Global Cities Barometer* commissioned by the London Property Alliance, with research conducted by Centre for London and data provided by Oxford Economics. The biannual report compares London's performance with four global peers – New York, Paris, Berlin and Hong Kong – across key indicators including economic output, labour markets, real estate, infrastructure and housing delivery.

The previous edition (October 2025) captured a period of modest growth amid persistent economic and political uncertainty. While all comparator cities were expected to record positive output, momentum was uneven. Elevated inflation in some cities, cooling labour markets and weakening housing delivery weighed on confidence, even as growth became increasingly concentrated in technology-enabled sectors.

London now faces a particularly challenging backdrop. Economic growth is slowing, unemployment has risen sharply and job vacancies have fallen well below pre-pandemic levels. High inflation through much of 2025 has compounded these pressures, despite strong performance in information and communication activities linked to AI and data infrastructure. The office market remains a relative bright spot, with falling vacancy rates and rapid rental growth in prime locations, although constrained supply of prime space remains.

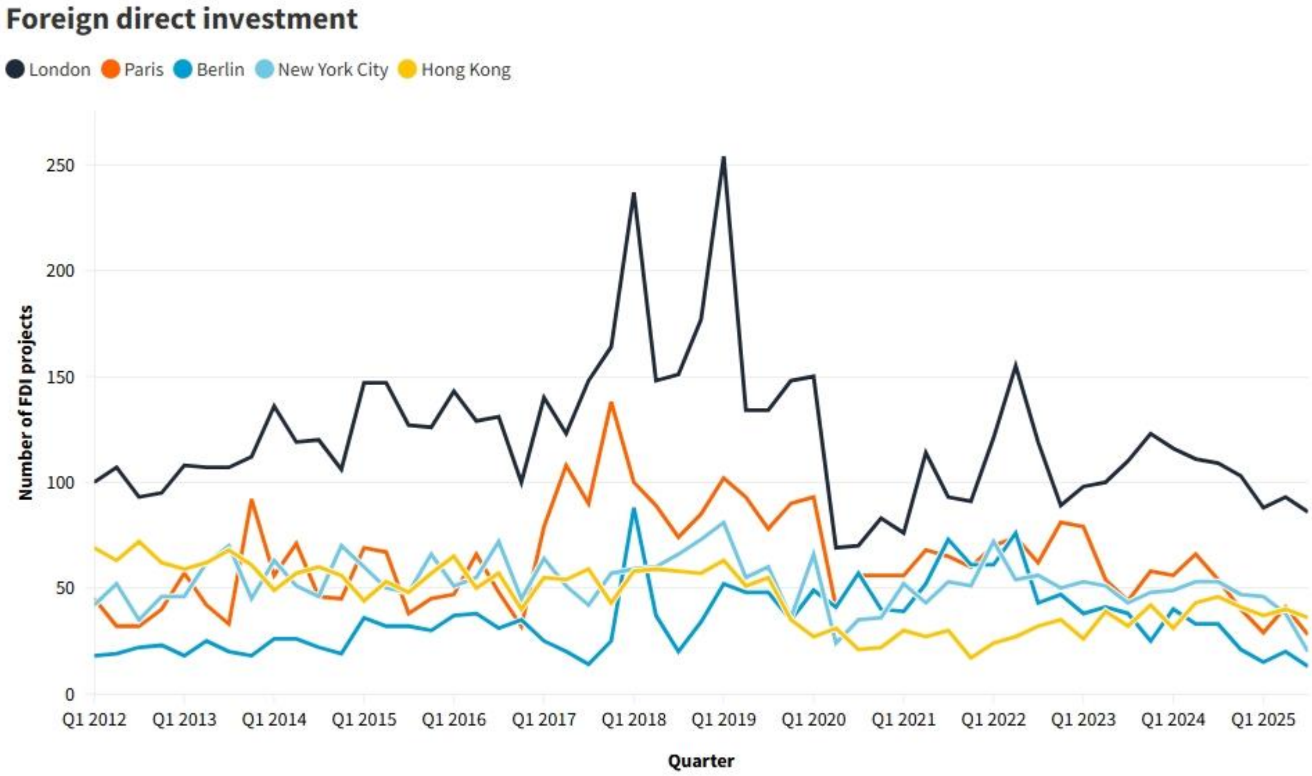
Mainland European cities present a mixed picture. Paris and Berlin are expected to deliver only modest growth in the near term, reflecting weak domestic demand and structural challenges. While easing inflation has provided some macroeconomic stability, both cities face growing pressure in their office markets as rising vacancy rates highlight a mismatch between available stock and modern occupier requirements.

New York continues to demonstrate economic resilience despite political turbulence and a cooling labour market. It is forecast to record the second-strongest economic growth among the comparator cities in 2025, supported by finance, professional services and information and communication activities. Although office vacancy rates remain high, employment trends and housing delivery are comparatively strong.

Hong Kong is expected to post the strongest economic growth of the five cities for last year. Inflation remains exceptionally low and continued investment in digital infrastructure supports competitiveness. However, the city faces clear headwinds, including historically high office vacancy rates, falling job vacancies and slow recovery in employment compared with pre-pandemic levels.

Taken together, the findings underline both resilience and challenges for global cities. While global uncertainty and national economic conditions continue to constrain growth, these cities remain critical drivers of employment, investment and productivity. Their ability to adapt to shifting economic structures, infrastructure demands and policy environments will be central to their future competitiveness.

Foreign Direct Investment



Source: Data sourced from fDi Markets by London & Partners • 2025 Q1-Q2 data revised

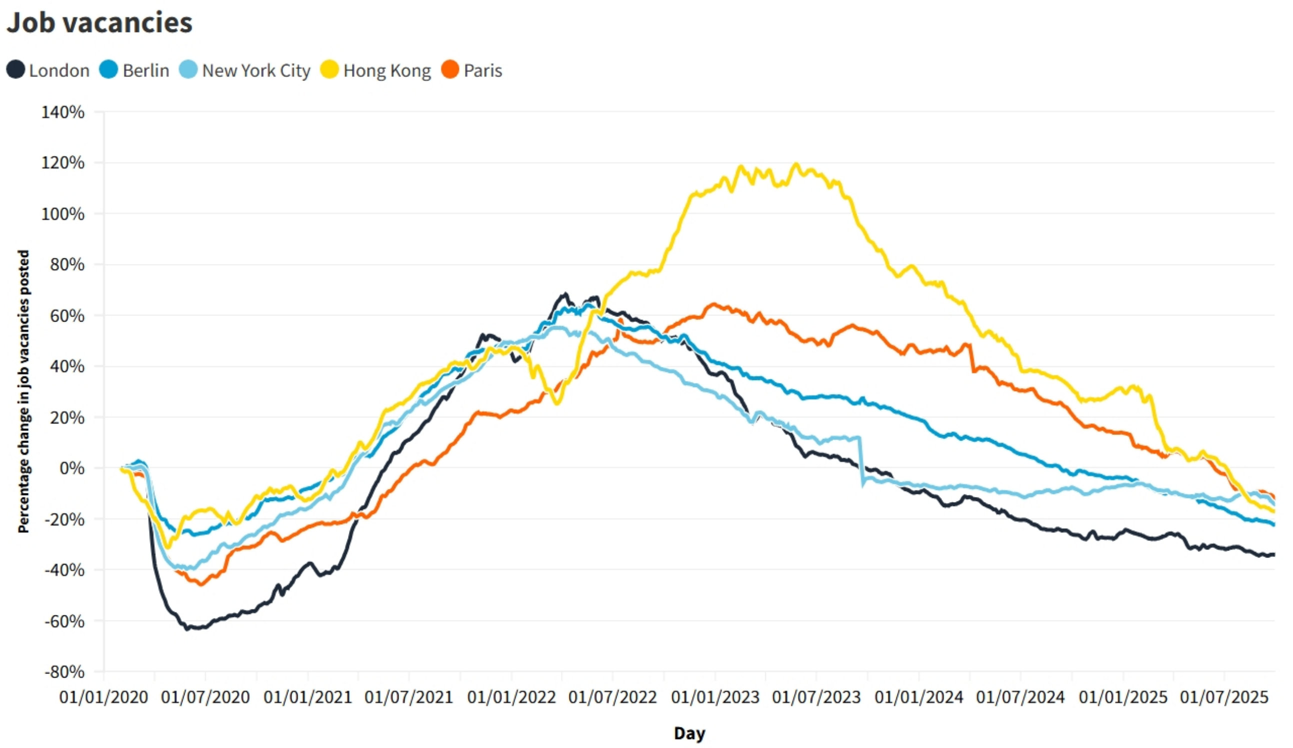
Global FDI rose by 14% in 2025, to $1.6 trillion, a welcome rebound following a two-year decline. This growth is however, partially due to a sharp increase in investment in higher flows through global financial centres as well as military technologies, as global conflicts persist. Investment in data centres was also a driver, accounting for more than one-fifth of global greenfield investment in 2025 - the result of a growing global appetite for AI technologies. While France, the US and South Korea were the main recipients of these investments, growth in information and communications activity across our cities speaks to the broader knock-on effects of data centre growth.

On a project basis, London remains the most attractive city for FDI, widening its lead and now attracting up to seven times more projects than some other cities (latest data for Q3 2025), despite recording its lowest number since Q1 2021. London's leadership is reinforced by fact that its closest competitor, Hong Kong, attracted 36 projects in Q3 - less than half of London's 86.

Western Europe's relatively low economic growth and productivity, rigid labour market, post-inflationary environment, and required infrastructure improvements have arguably acted as drags on FDI activity. In Q3 2025, Paris attracted 28 projects while Berlin recorded just 13 – the lowest of our cities.

New York saw the largest drop in FDI project numbers out of our cities, recording an historically low number of just 20 projects in 2025 Q3. This decline was predominantly driven by reduced investment from EU countries. This trend is not mirrored across the US however, as investors continue to inject money into projects that are less prevalent in New York, such as semiconductor manufacturing.

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, and New York metro area.

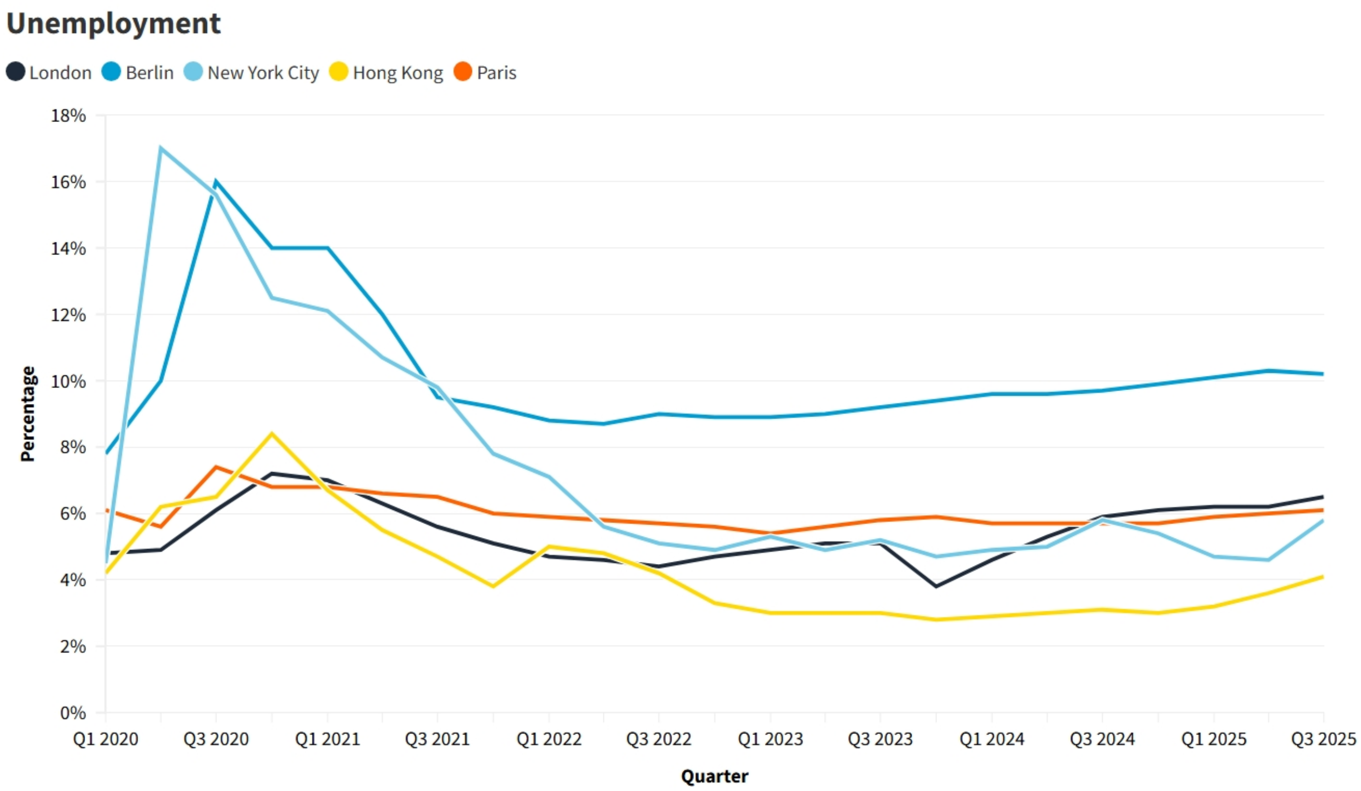
The number of job vacancies is now below pre-pandemic levels across our global cities. The decline was particularly stark in Hong Kong, which went from being the only city with vacancy numbers above pre-pandemic levels in Q2 2025 to being as much as 17% below pre-pandemic levels in Q3. Additionally in Hong Kong, from 18 January 2026 a new employment rule called the ‘468’ rule has replaced the ‘418’ rule. By reducing the weekly working-hour threshold and providing stricter rules around what counts as a continuous contract, the rule aims to prevent the exploitation of part-time, temporary and casual workers. GENIE speculates that this could adversely impact industries with high demand for part-time staff, such as hospitality and retail, by increasing their operational costs. Whether this feeds into further challenges with job vacancies and unemployment will be seen in future months.

Paris’ decline in job vacancies is similarly significant. At the end of Q3 2024, job vacancies were at a promising 21% above pre-pandemic levels but plummeted to -12% at the end of Q3 2025. According to Hello Workplace, this decline is driven by a decrease in permanent contracts and apprenticeships while temporary and fixed-term contracts have also declined albeit more moderately. A reduction in the availability of ‘secure work’ could pose challenges for workers who rely on stable, long-term contracts.

In the UK, persistent declines in job vacancies reflect a lack of employer confidence in the economic outlook coupled with ongoing effects of increases to national insurance contributions (NICs) and a reduction to the threshold at which employers start paying NICs. This decline is felt particularly hard in London with job vacancies now as much as 34% below pre-pandemic levels.

For the first time since 2020 the US has seen a national decline in the number of job openings – and New York is no exception with job vacancies at 14% below their pre-pandemic levels in Q3. The decline has been linked to the political uncertainty following the introduction of US tariffs alongside federal budget cuts that have led to reductions in public-sector jobs. Berlin sits middle of the pack with a 6.31% decline in the number of job vacancies versus pre-pandemic from end of Q2 2025 to end of Q3 2025.

Unemployment



Source: Office for National Statistics, INSEE, New York State Department of Labor • The Government of The Hong Kong SAR , Arbeits Agentur Deutschland

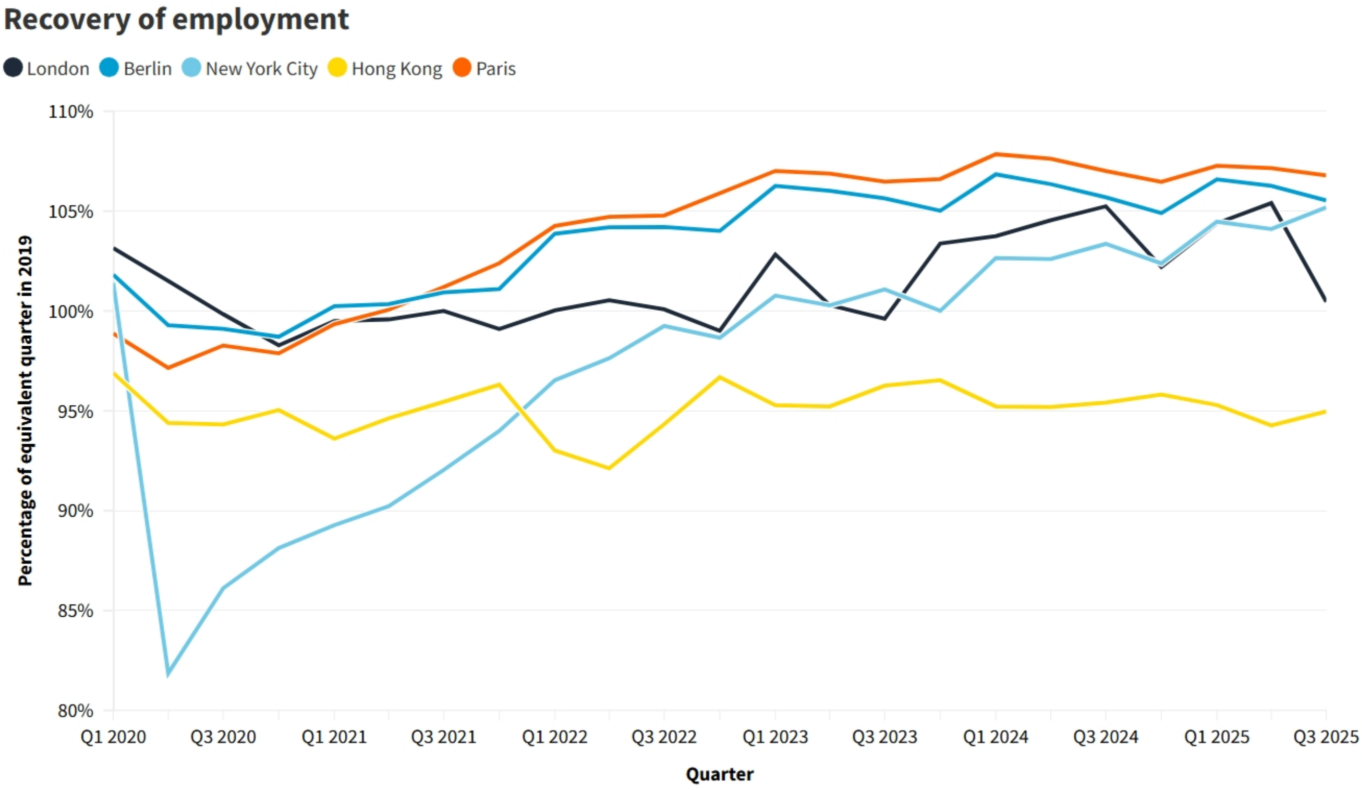
A sustained rise in unemployment threatens to adversely impact growth and inflation as consumer spending may weaken with fewer people in work. The decline in job vacancies has fed through to an increase in unemployment across our global cities, bar Berlin where it remained essentially unchanged. However, Berlin retains its position as our global city with the highest levels of unemployment – currently standing at 10.2%. Greater investment into training and skills development could help to reduce rates as, despite high unemployment, Berlin and Germany more broadly faces a shortage of skilled workers, particularly in the health care, education and technology sectors. An estimated additional 300,000 skilled workers are needed each year in Germany to maintain current staffing levels.

Hong Kong has the lowest unemployment rate of our cities at 4.1%. The city does however face labour market pressures as Hong Kong Business reports a slight increase in underemployment to 1.7% particularly in the transportation and information and communications sectors. Similarly to Berlin, plugging skills gaps within these sectors could help to reduce unemployment while having the dual benefit of supporting sectors which are of growing global importance.

In the US, rising unemployment triggered the Federal Reserve to cut interest rates for the first time since December 2024 reflecting increasing concerns over labour market cooling and its potential impacts on the wider economy.

London's unemployment for Q3 2025 was 6.5%, the highest it has been since the pandemic. Official date released since then suggests a deteriorating picture with unemployment in the capital standing at 7.6% in the three months to the end of December. This was a full 2.4 percentage points above the UK level of 5.2%.

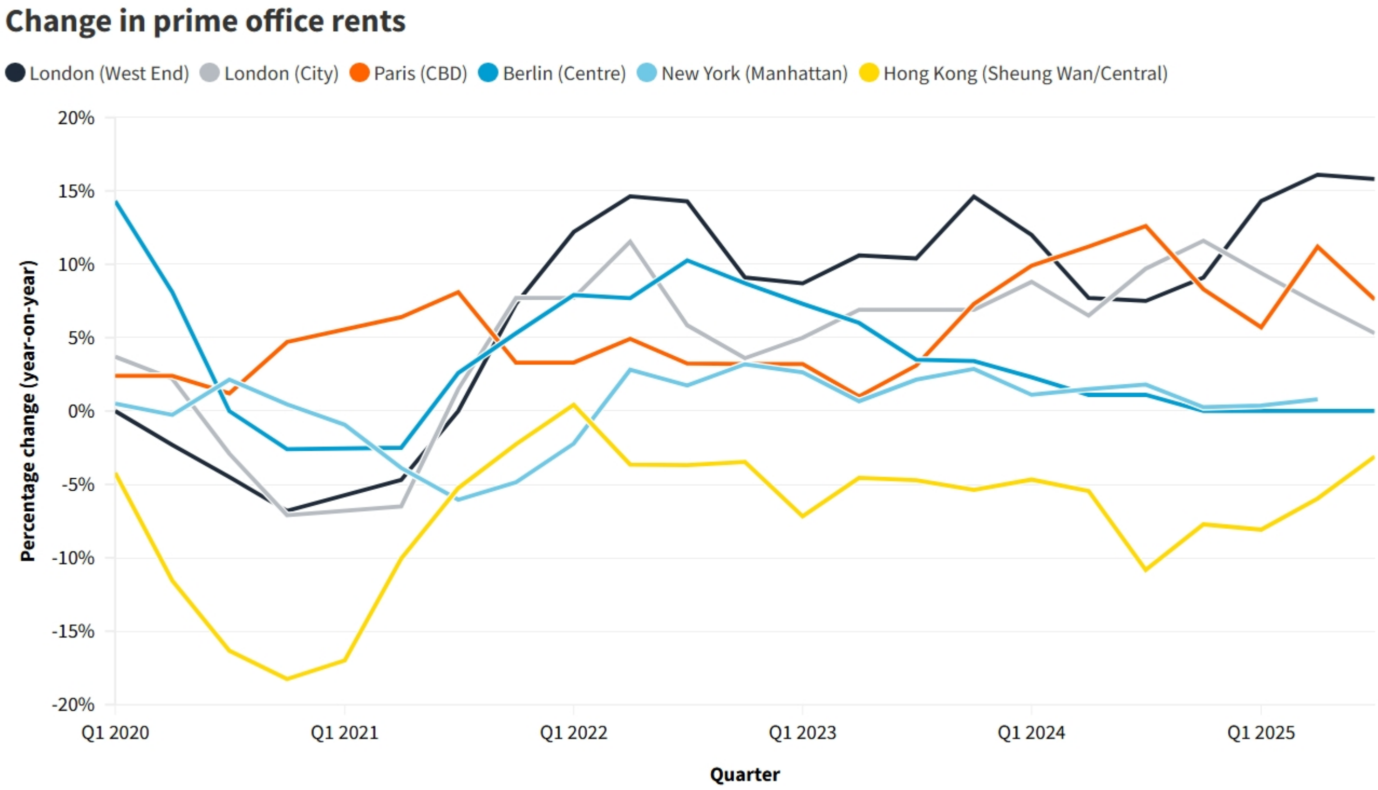
Employment



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

Hong Kong's employment rate remains below both its pre-pandemic levels and its performance over the past two years. London follows closely behind, with a notable drop in employment rates versus pre-pandemic in Q3 2025. The drop in employment has translated to a marginal increase in economic inactivity with the rate rising from 20.1% in Q2 to 20.2% in Q3. Policy efforts, including the 'Get Britain Working Economic Inactivity and Youth Trailblazers' initiative, under which the Greater London Authority is set to receive up to £30 million to tackle economic inactivity, aim to improve employment outcomes later in 2026. Paris and Berlin also saw declines in employment rates compared to equivalent quarters in 2019 but to a modest extent. New York stands out as the only city with an increasingly positive employment trend increasing as a result of higher labour force participation.

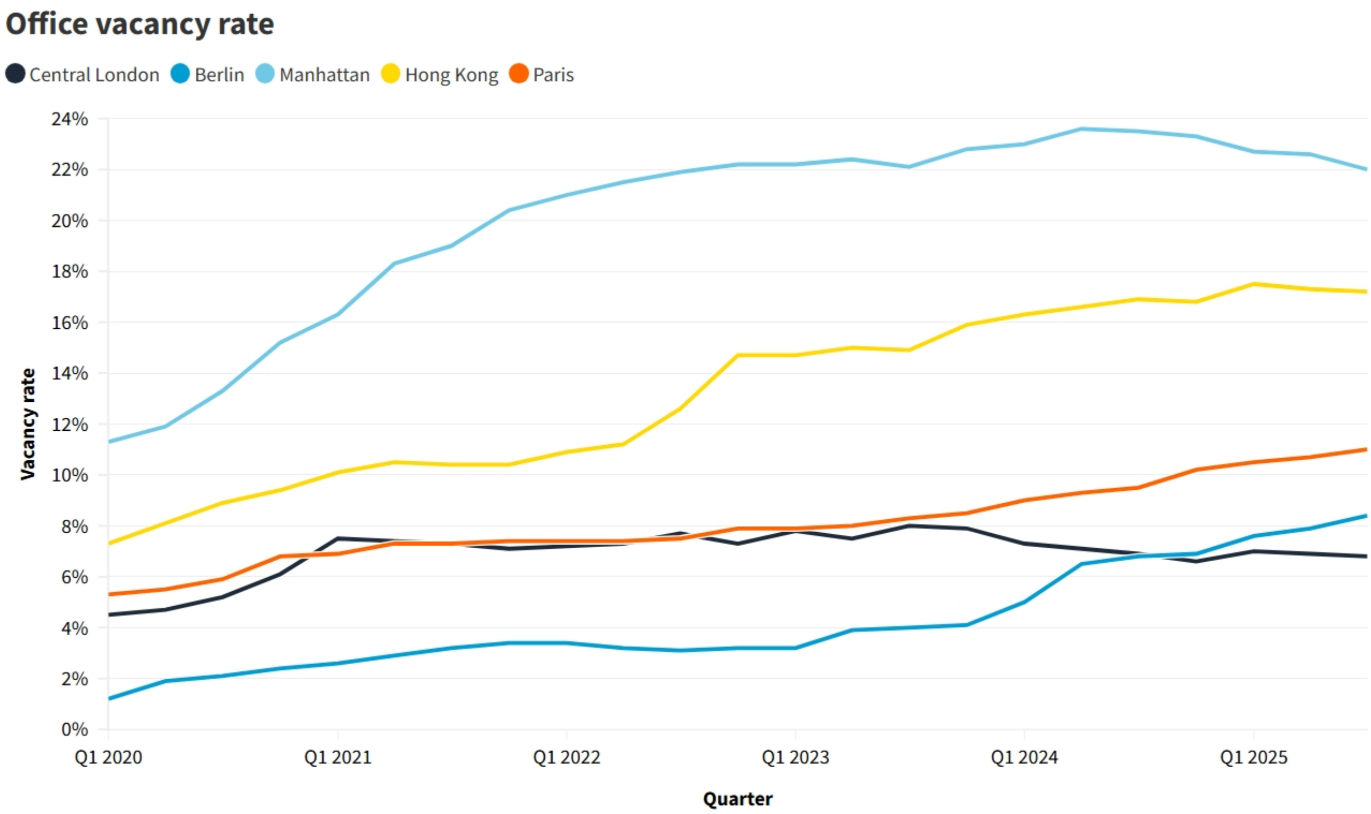
Prime office rents



Source: Avison Young (London), Knight Frank (Paris), BNP Paribas (Berlin) • Cushman Wakefield (Manhattan) • Colliers (Hong Kong)
New York 2025 Q3 data unavailable

Hong Kong is the only city where prime office rents have been cheaper than in the previous corresponding year for an extended period of time. The rate of decline in prime rents has however slowed since Q3 2024. London's West End and Paris continue to hold their spot as the cities with the largest prime office rent increases with London once again leading the pack at a 15.8% increase, making Q3 2025 the second highest growth quarter since the pandemic, down from a record previous quarter price growth of 16.1%. Our other European city – Berlin – is now in its fourth quarter of unchanged office rent prices.

Office Vacancy Rate



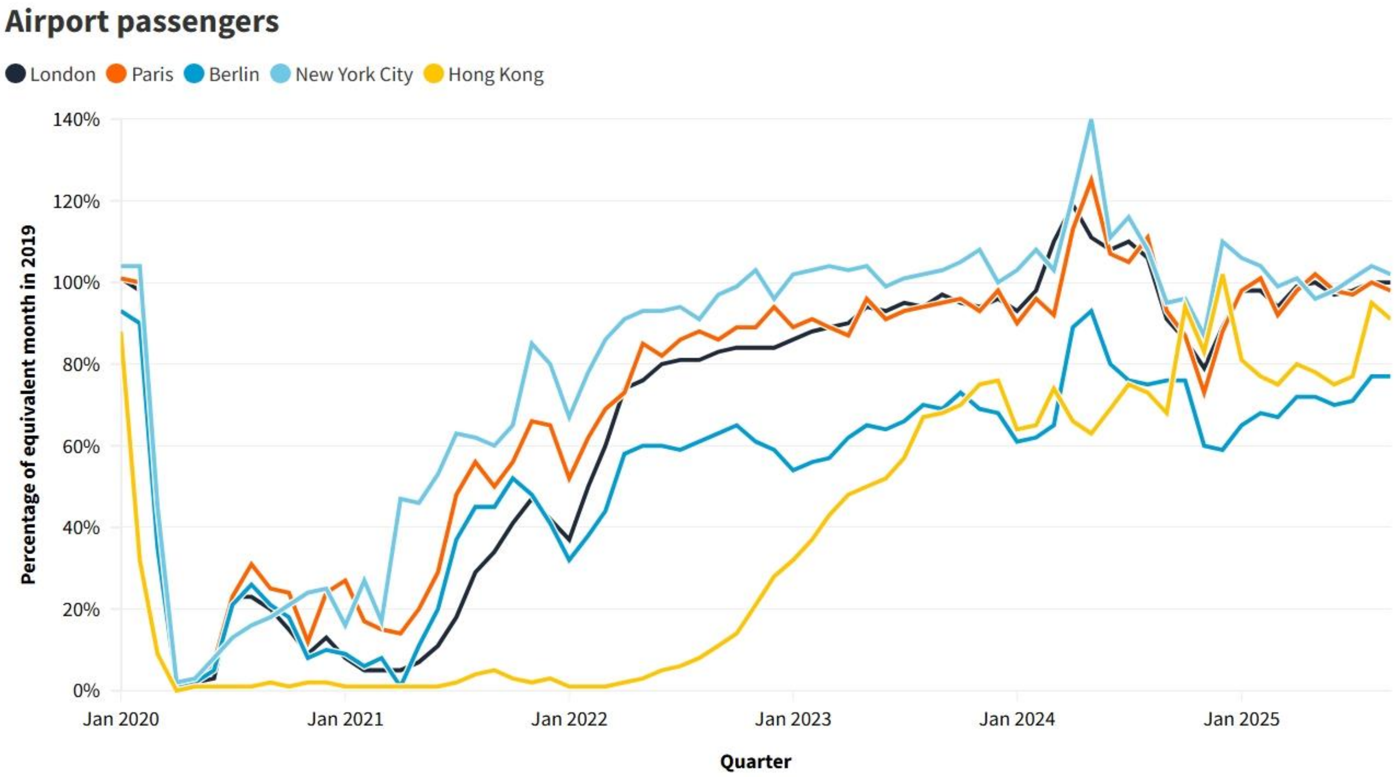
Source: Avison Young (London), Knight Frank (Paris), BNP Paribas (Berlin) • Cushman Wakefield (Manhattan) • Colliers (Hong Kong)

London's office vacancy rate continues trending downwards - a welcome sign of high demand for office space in the capital but also an indicator of constrained supply. As seen in the previous chart, this imbalance has pushed up prime office rents as demand for space outpaces availability. At the same time, occupiers are increasingly choosing to renew leases rather than relocate, reflecting both limited availability and heightened cost pressures. In Q4 2025, there were only 17 office moves in the West End – the lowest level recorded since 2020. Additionally, 60% of all tenant decisions in 2025 were renewals – a high proportion for the city.

Vacancy rates in Manhattan and Hong Kong remain the highest of our cities, at 22.0% and 17.2% respectively, but are on the decline albeit slowly. In Hong Kong, this decline in vacancies is partially driven by a flight-to-quality as tenants look to upgrade their offices. Banking and finance is the primary sector driving down vacancy rates, making up 62% of all quarterly take-up on Hong Kong Island.

Berlin and Paris both reached record high vacancy rates; however they are still way below those of Manhattan and Hong Kong. Berlin's rate of 8.4% in Q3 2025 is partially due to there being a lack of large deals suggesting businesses are not in need of large, prime office space. Paris' rate of 11% is partially attributed to the quality of available spaces. Fortune argues that available spaces are not meeting 'current thermal, acoustic, or air quality requirements' with 80% of office space in France being over 20 years old and 50% over 45 years old.

Airport Passengers



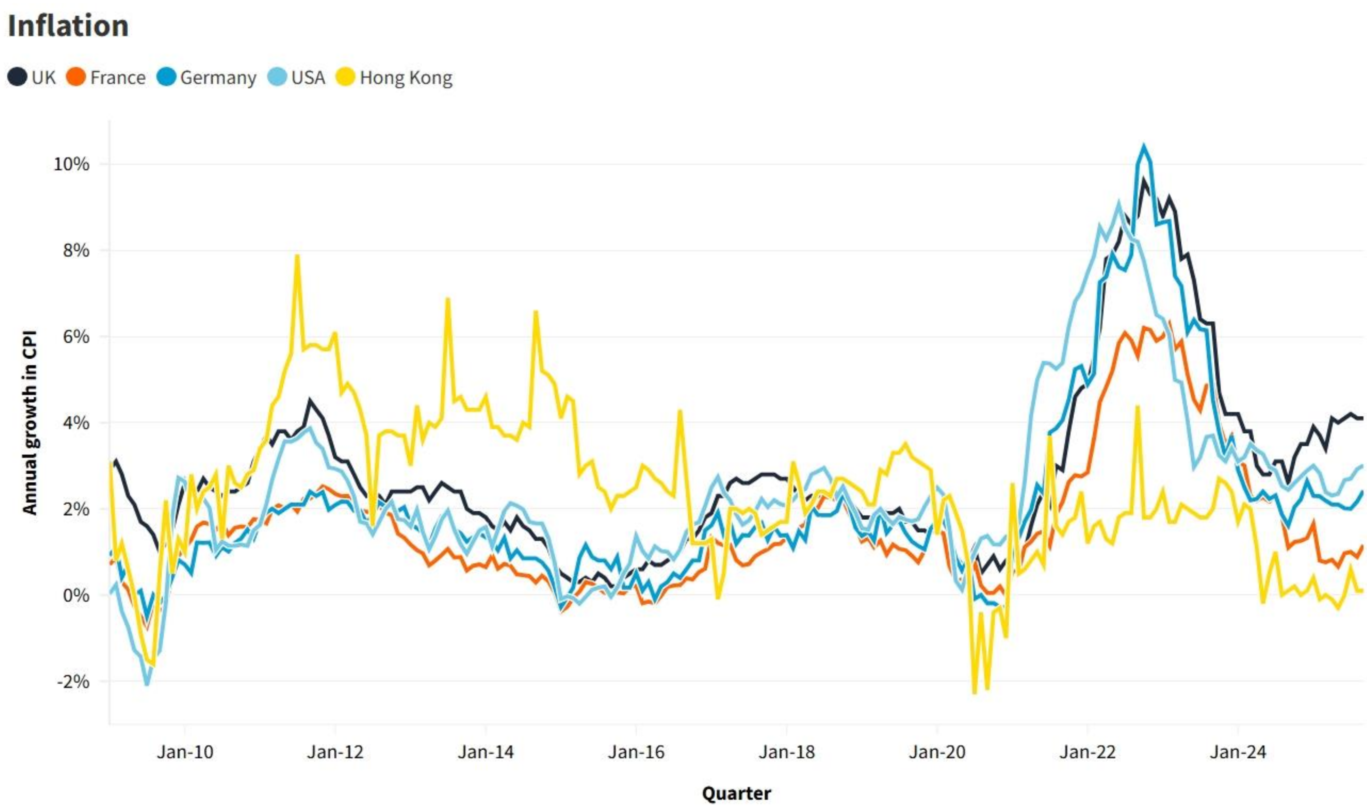
Source: Civil Aviation Authority, Paris Aeroport, Berlin Brandenburg Airport • Port Authority of NY and NJ • HK International Airport
London Airports are defined here as Heathrow, Gatwick, Stansted, Luton, Southend, and London City. Paris Airports are defined as CDG and Orly. Berlin Airports was defined 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.

In Hong Kong and Berlin, airport passenger numbers continue to struggle to reach their pre-pandemic levels at respective averages of 88% and 75% in Q3 2025. After a year of struggling to return to pre-pandemic levels, London experienced two consecutive months at 100% of pre-pandemic airport passenger numbers, when comparing the same month in 2019. New York had the highest number of airport passengers versus pre-pandemic at 102% however the government shut-down led to fewer flights than usual, limiting the city's potential figures.

Airline Ryanair is set to cut routes to Germany in 2026. As Europe's largest airline, this could worsen Berlin's prospects of returning to pre-pandemic levels of airport traffic.

In hopeful news for European travellers, the European Parliament has backed changes to improve passenger rights including additional support for disabled travellers and allowing passengers a free personal bag and on-board hand luggage. The latter of these measures could reduce costs for outbound passengers in both Berlin and Paris assuming ticket prices don't rise in response to the change.

Inflation

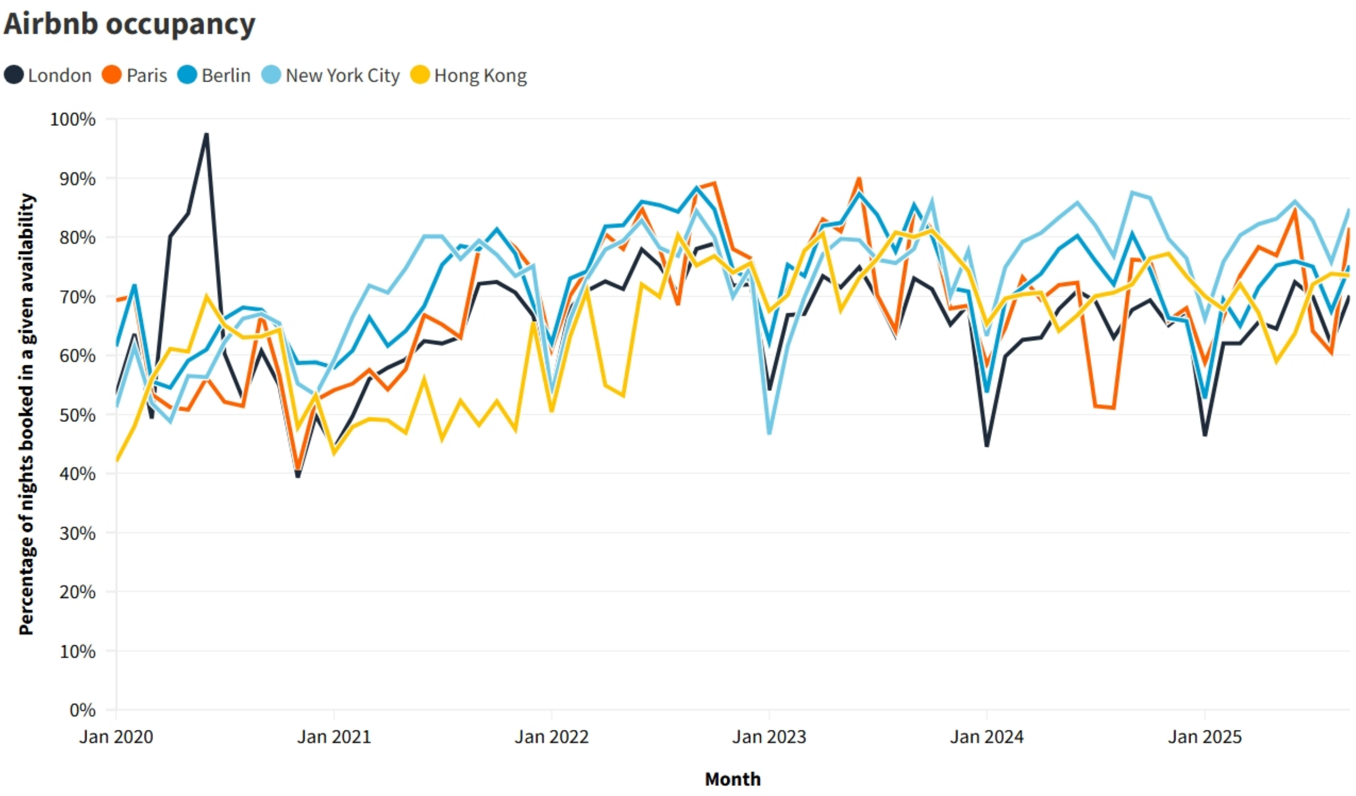


Source: OECD, HK Census and Statistics Department • France, Germany and USA August data have been revised

Inflation in the UK remained stubbornly high with an average annual growth rate of 4.1% in September 2025 – the last month for which comparable data is available across or sample. This was the highest of all our comparator countries. This high inflation was attributed to rising motor fuel prices, food costs, tobacco duty and air fares. 2026 promises to be a more positive year for the UK as inflation is forecast to fall to 2.2% - a low it has not witnessed since July 2021. At the other end of the spectrum is Hong Kong which, once again, had the lowest inflation rate at 0.1%. This marks the 16th consecutive month where inflation in Hong Kong has been below 1%.

Both Germany and France saw hikes in inflation largely driven by rising food prices, while energy prices have declined slightly. Germany's rise is however significantly steeper at 2.4% compared to France's 1.2%. Inflation is also on the rise in the US with rates making a slow climb to a 15-month high in September 2025 at 3.0% - said to be an ongoing effect of trade tariffs the policy of which is now in total disarray. The increase is however tamer than forecast as some businesses apparently hadn't passed on new border taxes onto consumers by raising prices, although that analysis has been disputed. The US's rise in inflation coupled with a rise in unemployment has left the Federal Reserve with a dual challenge: cut interest rates to improve unemployment or raise rates to improve inflation? Having opted for the former, time will tell whether the rate cuts will further bolster inflation.

Airbnb Occupancy

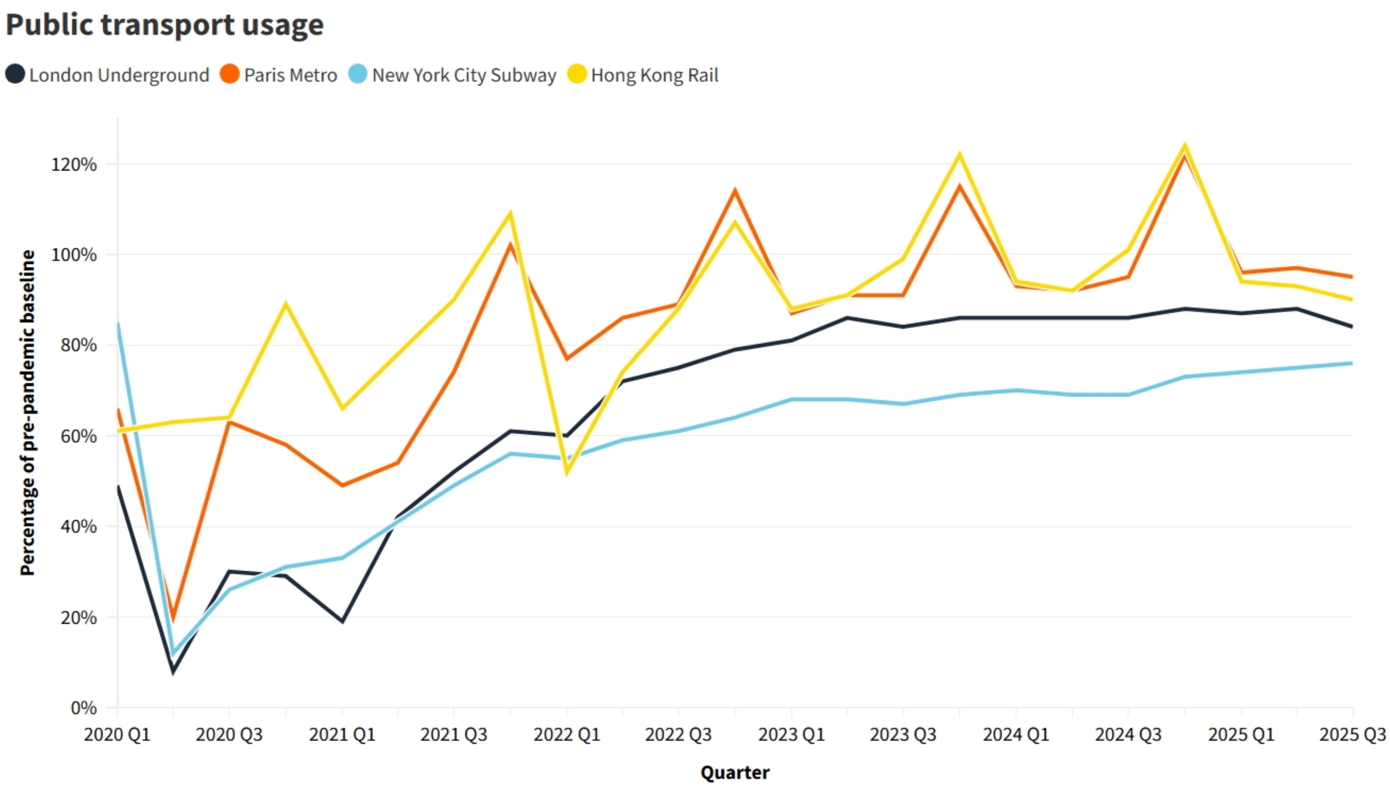


Source: AirDNA

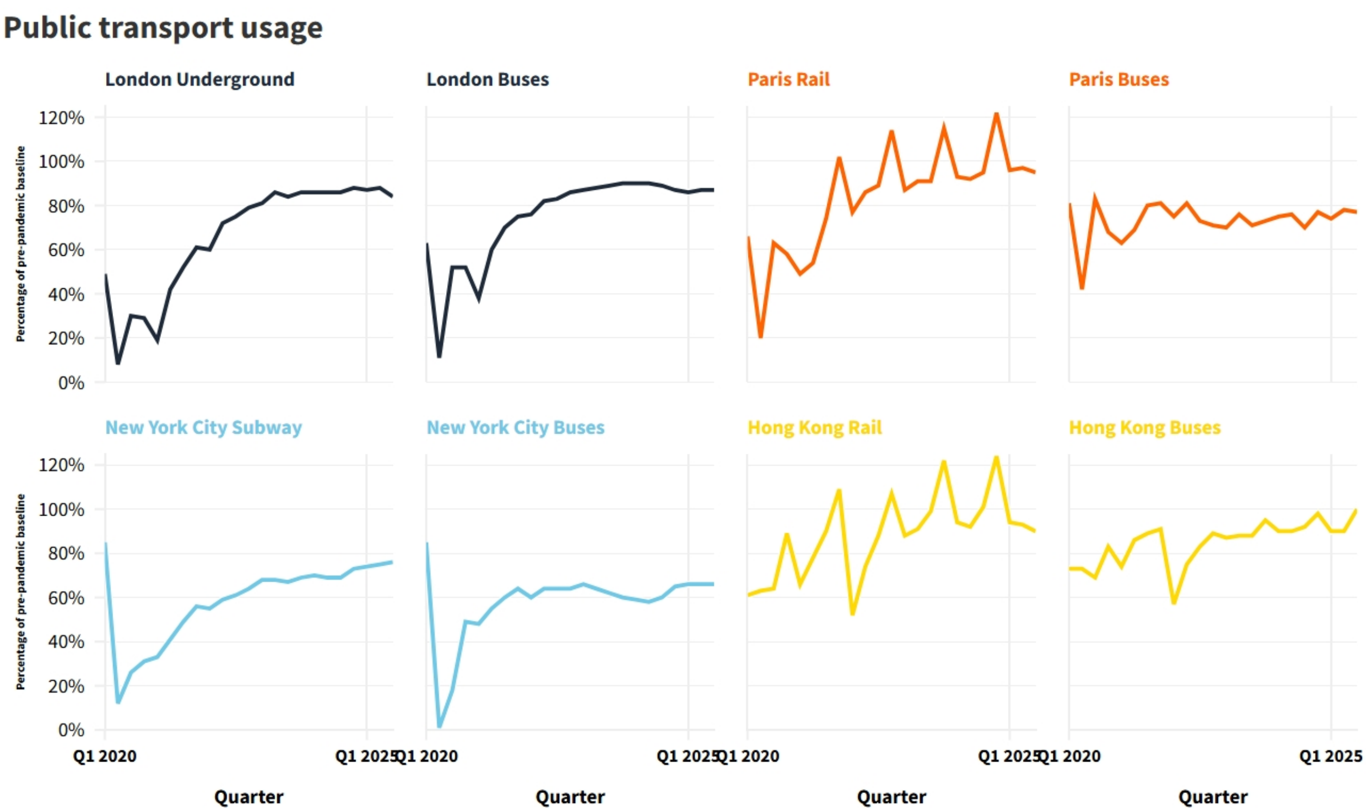
In this edition we report higher than previously stated figures for Airbnb occupancy as AirDNA's new model, which includes five distinct sub-models and matching and reservation algorithm, has led to an uplift in the baseline. New York experienced the highest occupancy rates at 84.8% in September 2025 and trailing at the bottom of the group was London at 70.1%.

Despite not having the highest occupancy rate of our competitor cities, Paris saw the largest increase in its peak season average with a 9% increase from 2024 to 2025. This average was pulled up by its peak of 84.3% in June - the month where it hosted its annual music celebration 'Fête de la musique' whose popularity is growing year on year. Next year could however spell a different story for Paris as France has introduced what is being dubbed the 'anti-Airbnb law'. These regulations introduce controls for short-term rentals including reduced tax benefits, shorter rental limits and municipality-power to set local restrictions. This move is reflective of a growing dissent towards short-term lets across global cities as some residents argue that short-term lets are reducing the availability of long-term rental units and driving up prices.

Public transport usage



Source: Department for Transport, Open Data Paris, MTA • HKTDT
Paris data for 2025 Q2 unavailable.

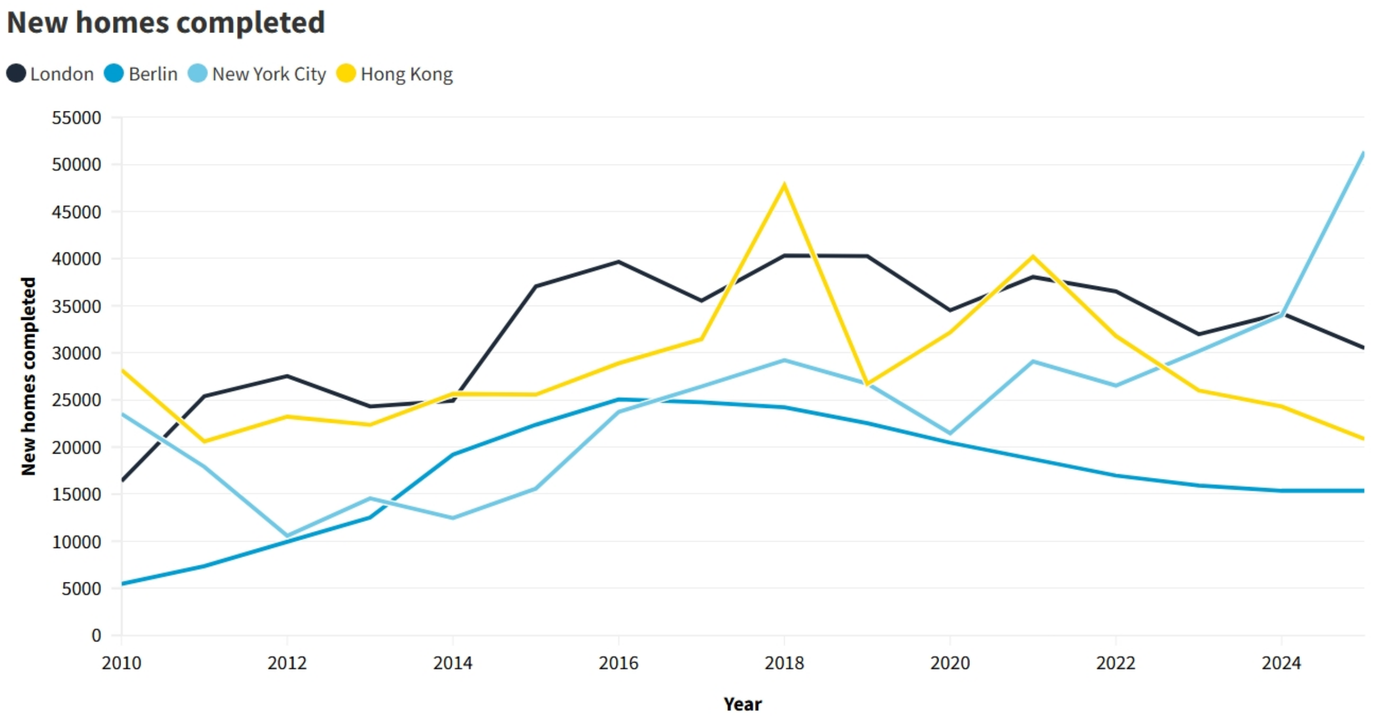


Source: Department for Transport, Open Data Paris, MTA • HKTDT

London saw a significant and worrying drop in its Underground usage – down four percentage points in Q3 2025 compared to the previous quarter. Despite New York boasting the highest public transport usage of any US city, it continues to lag behind our other cities with subway usage at 76% of pre-pandemic levels and bus usage at a weaker 66%. Heading into Q4, it is likely that Paris rail usage will experience an end-of-year spike in line with the trend that has been occurring since 2022. Paris rail has remained the best performer out of our cities. In Hong Kong bus usage climbed from 90% to 100% of the pre-pandemic baseline – the highest in our sample and the best performance since the pandemic.

Battling against inflationary impacts elsewhere, London travellers will enjoy fare freezes with the price of fare caps and travelcards frozen until March 2027 and bus fares frozen until July 2027. This should provide relief for those dealing with the effects of an ongoing affordability crisis in the capital. Additional good news for passengers includes the full rollout of 4G and 5G mobile coverage across the London underground by the end of 2026 – a move which exemplifies the growing importance of technology, data, and communication activities.

New Home Completions



Source: HM Government, JLL, 6sqft • Government of Rating and Valuation Department Hong Kong
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.

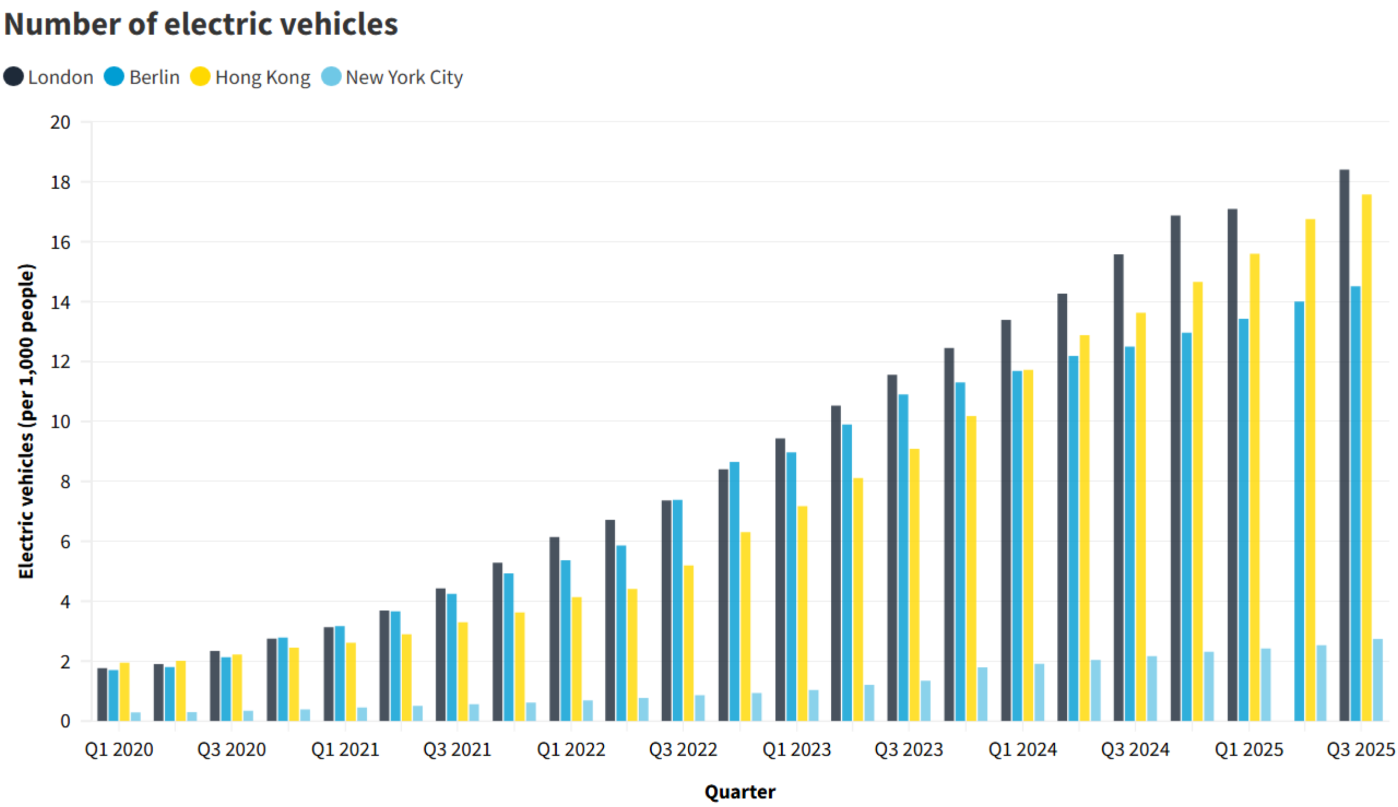
Berlin 2025 forecast not available so flat rate assumed. New York City data pro-rated from half year figures. Hong Kong figures show Hong Kong Rating and Valuation Department forecast

2025 saw a drop in housing completes for both London and Hong Kong. London fell from 34,192 in 2024 to 30,508 marking the lowest level of completions since 2014. Hong Kong has an estimated fall from 24,300 in 2024 to 20,860 – it's lowest level since 2011. In October 2025 the UK government and the Mayor of London announced emergency measures to promote housebuilding in the capital amidst a deepening housing and affordability crisis. The measures centre around relaxing standards but whether they will successfully kick-start construction will become clearer in the coming year.

A similar measure was introduced in Germany – called 'construction turbo' or 'Bau-Turbo' in German. Facing a lack of affordable new homes the legislation was introduced to allow housing projects to divert from existing planning law, helping to overcome planning blockages. Cities and municipalities are however granted autonomy to decide whether they accept the housing project plans presented to them, raising questions around whether they will accept plans that include diversions from planning law.

New York City shows a promising outlook, with a 51% increase in new home completions from 33,974 in 2024 to an estimated 51,348 in 2025.

EV Ownership

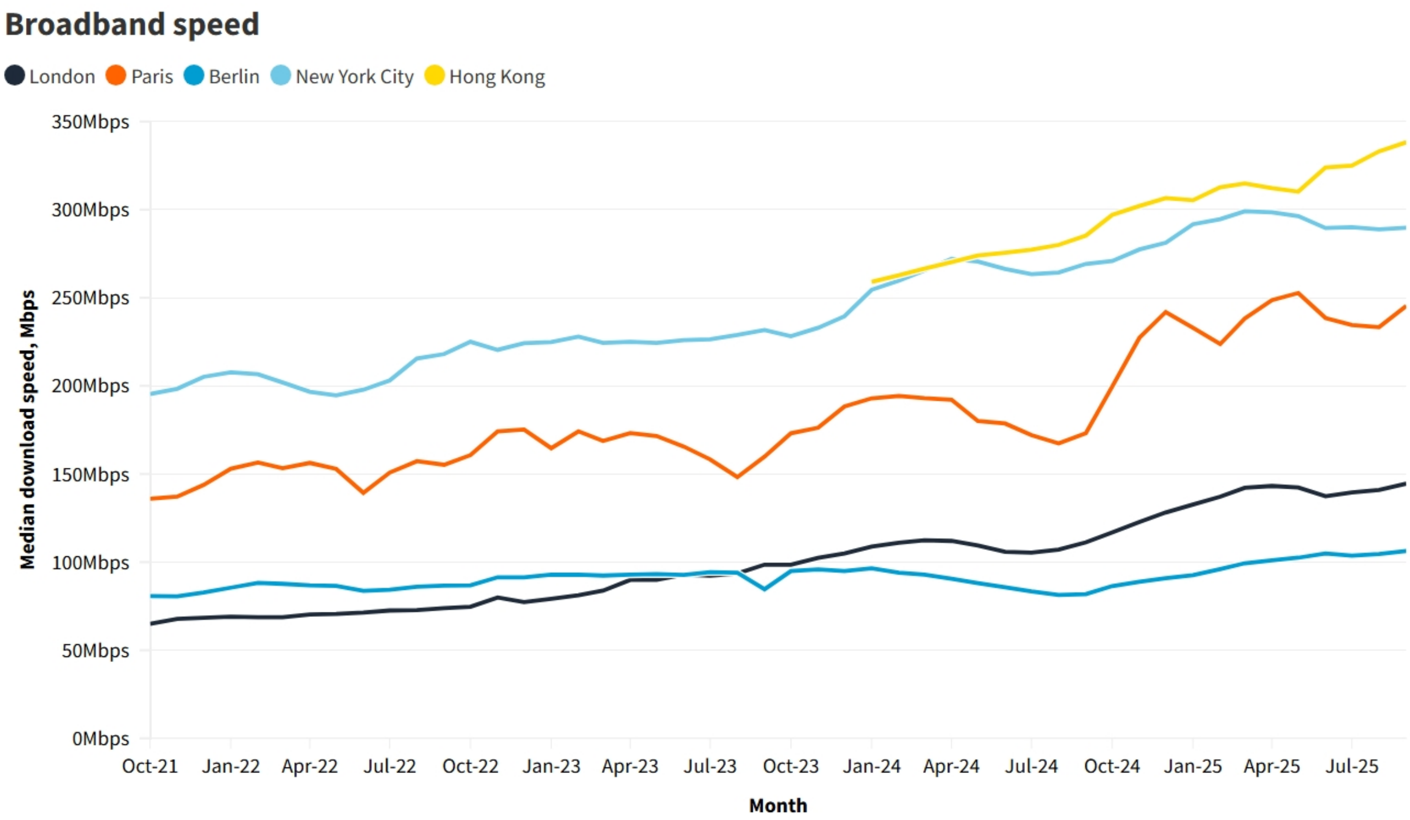


Source: DfT and DVLA, KBA Vehicle Stock, HK TD • NYSERDA EvaluateNY
Population data from ONS, Eurostat, HK Census & Statistics Department. Q2 2025 data for London unavailable.

Electric vehicle ownership is high in London, Berlin, and Hong Kong with London leading the pack at 18.41 vehicles per 1,000 people. Fully electric cars now account for almost a quarter of new vehicle registrations in the capital however the introduction of a congestion charge for EVs – which were previously exempt – is causing some to question whether this will disincentivise new buyers of EVs.

New York trails far behind at 2.74 EVs per 1,000 people and progress is slower than our other cities at only a year-on year increase of 0.57 EVs per 1,000 people. New York City does however have a target for 20% of new vehicle registrations to be EVs by 2050 – behind the 24% that London has already achieved but an ambitious figure given current EV stock. The Mayor's Office of Climate and Environmental Justice and the NYC Department of Transportation are partnering to install EV charging stations throughout the city. This may improve uptake by quelling drivers' anxieties around the feasibility of driving an electric vehicle.

Broadband speed



Source: Speedtest Global Index • Since 2024, the Global Index's precision thresholds for measuring speeds has been updated. This graph reflects the latest data following this update. Pre-2024 data for Hong Kong unavailable.

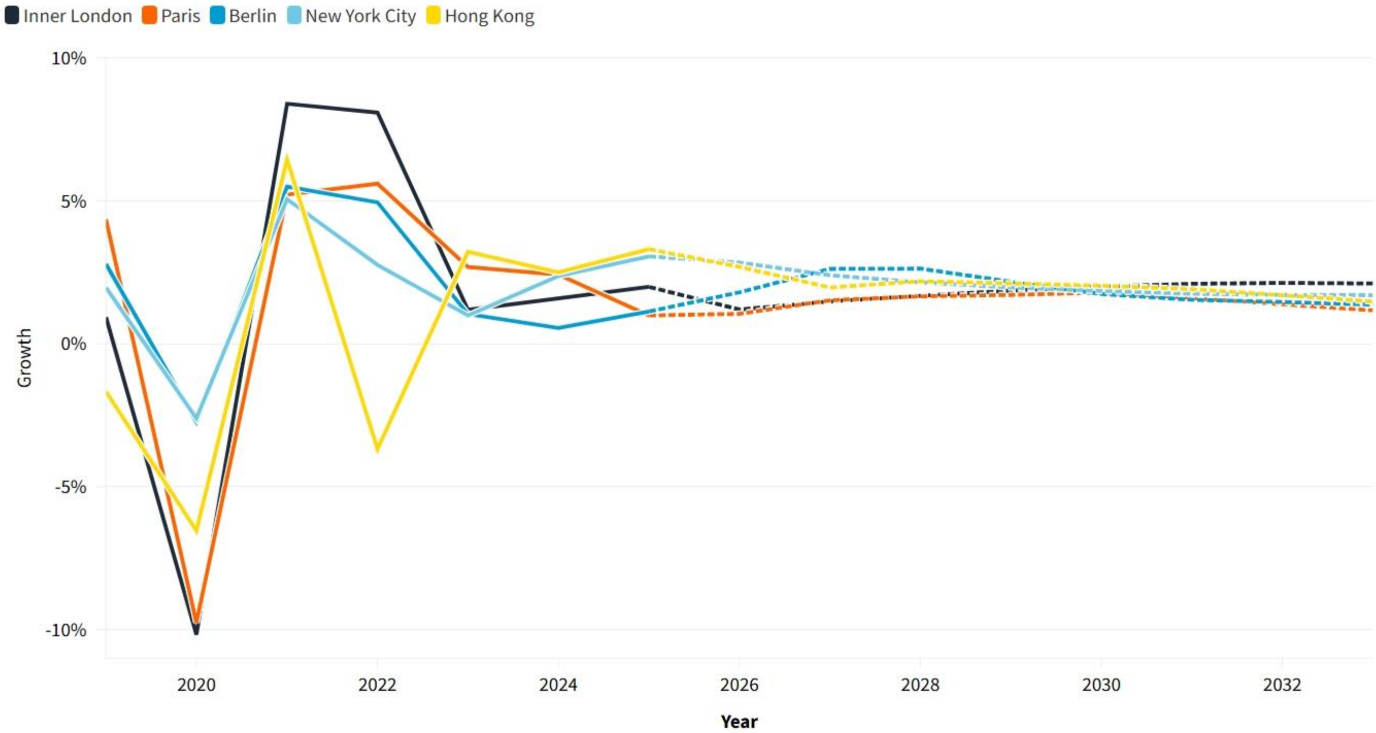
Hong Kong's increase in broadband speed shows no sign of faltering, reaching 338.2 Mbps as of September 2025. As discussed in the last edition of Global Cities Barometer, China Mobile has officially taken control of HKBN promising increased investment that could further Hong Kong's leadership in download speeds. In second place is New York City with a download speed of 289.8 Mbps – a small decline versus its peak in March 2025. Data from the Fiber Broadband Association suggests New York's growth in download speeds may further slow as costs for fibre deployment increase.

Paris has also seen strong improvement with the largest year-on-year growth of any of our cities, accelerating from 173.1 in September 2024 to 245.4 in September 2025. Similarly to New York however, this represents a decline from a peak in May 2025. Berlin remains the slowest of our cities, but this could soon change. In a bid to boost Berlin's international competitiveness the Senate has announced a rapid expansion of its fibre-optic network – a plan that will be prioritised as it is said to be of overriding public interest. Despite being on a continuous incline, London still sits towards the bottom of our cities with a download speed of 144.5 Mbps, only ahead of Berlin at 106.3 Mbps in September 2025.

Economic output

Economic output

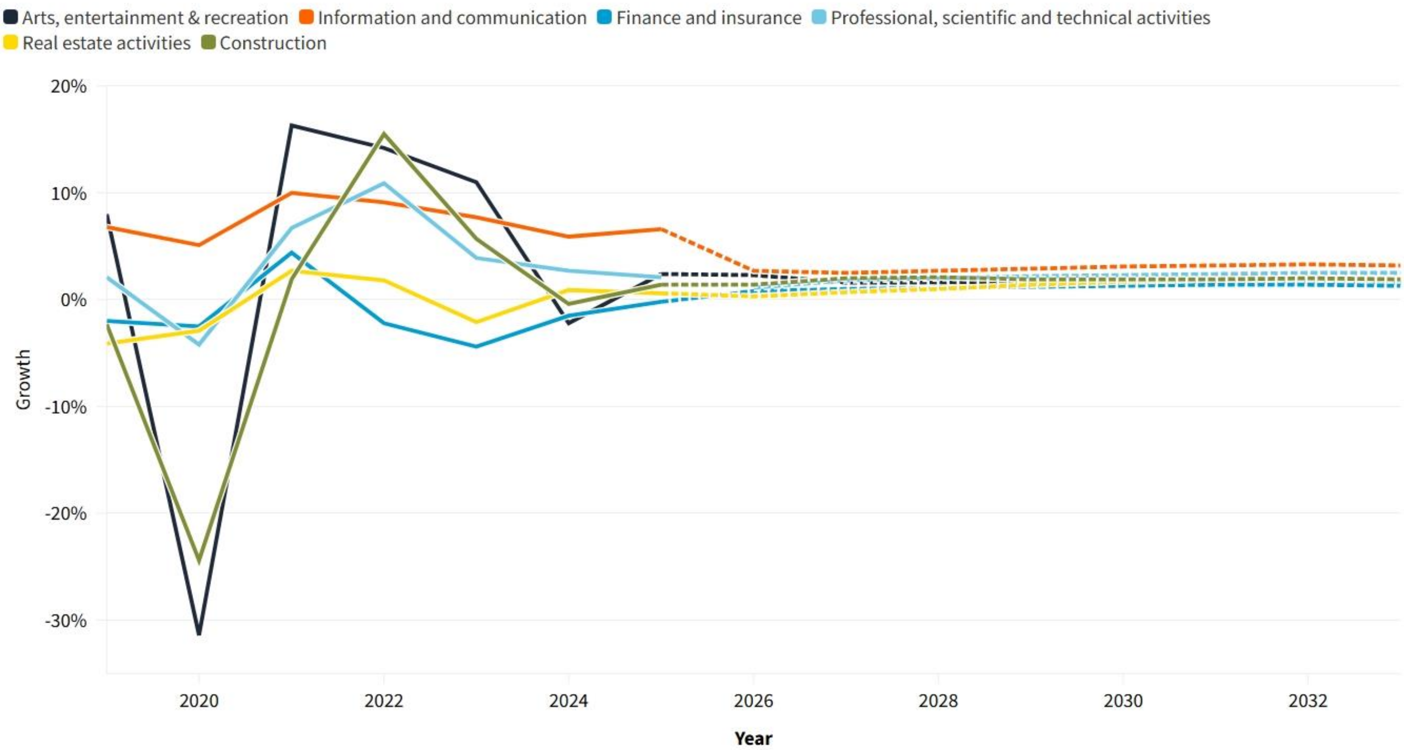
Year-on-year change in output



Source: Oxford Economics • Figures revised since previous edition

Economic output

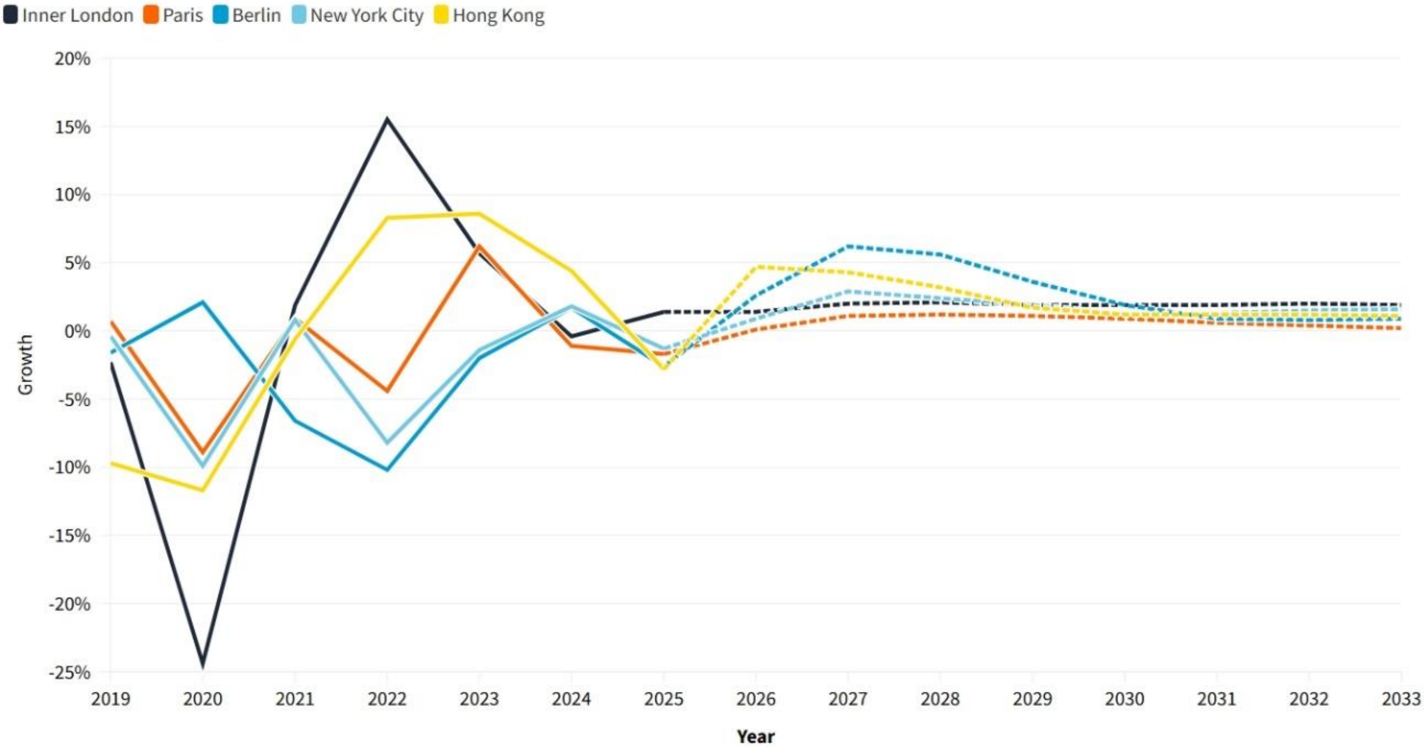
Year-on-year change in output, London



Source: Oxford Economics

Construction

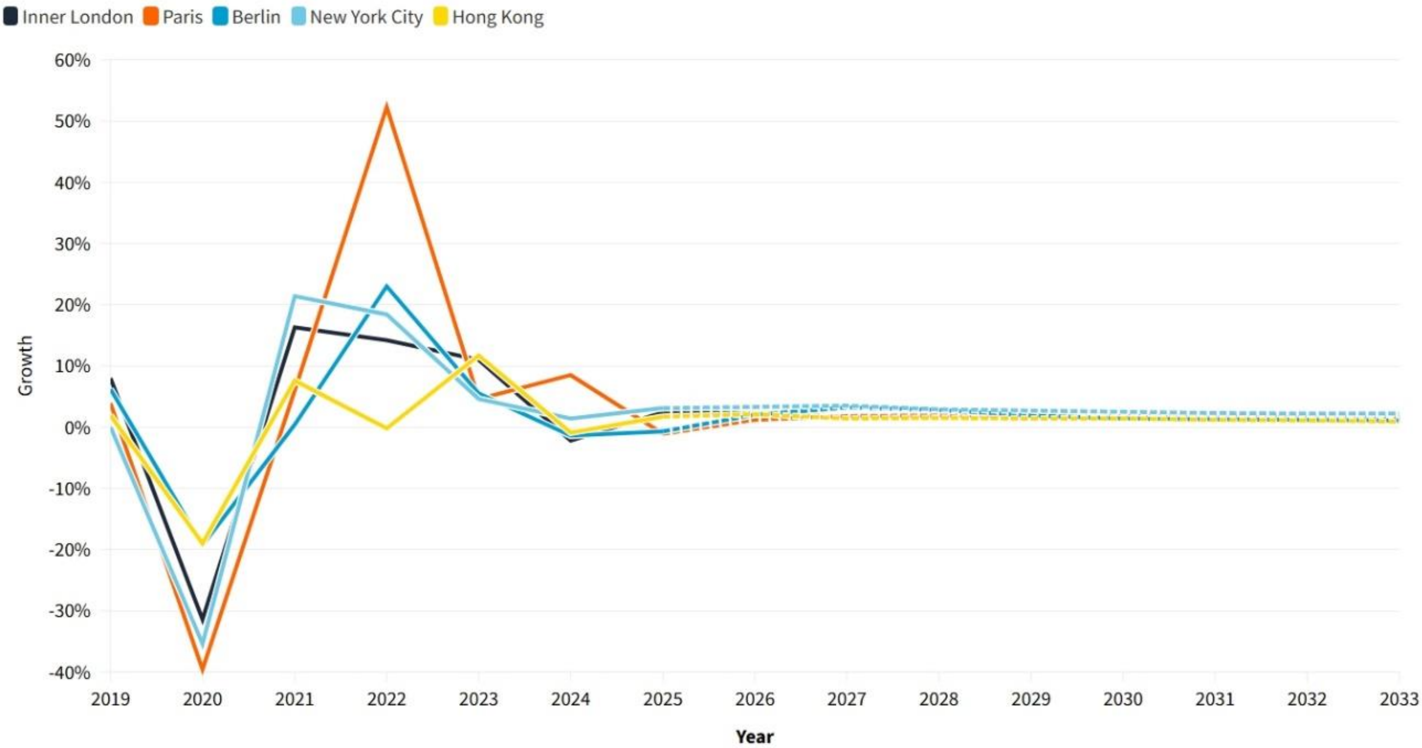
Year-on-year change in output



Source: Oxford Economics

Arts, entertainment & recreation

Year-on-year change in output



Source: Oxford Economics

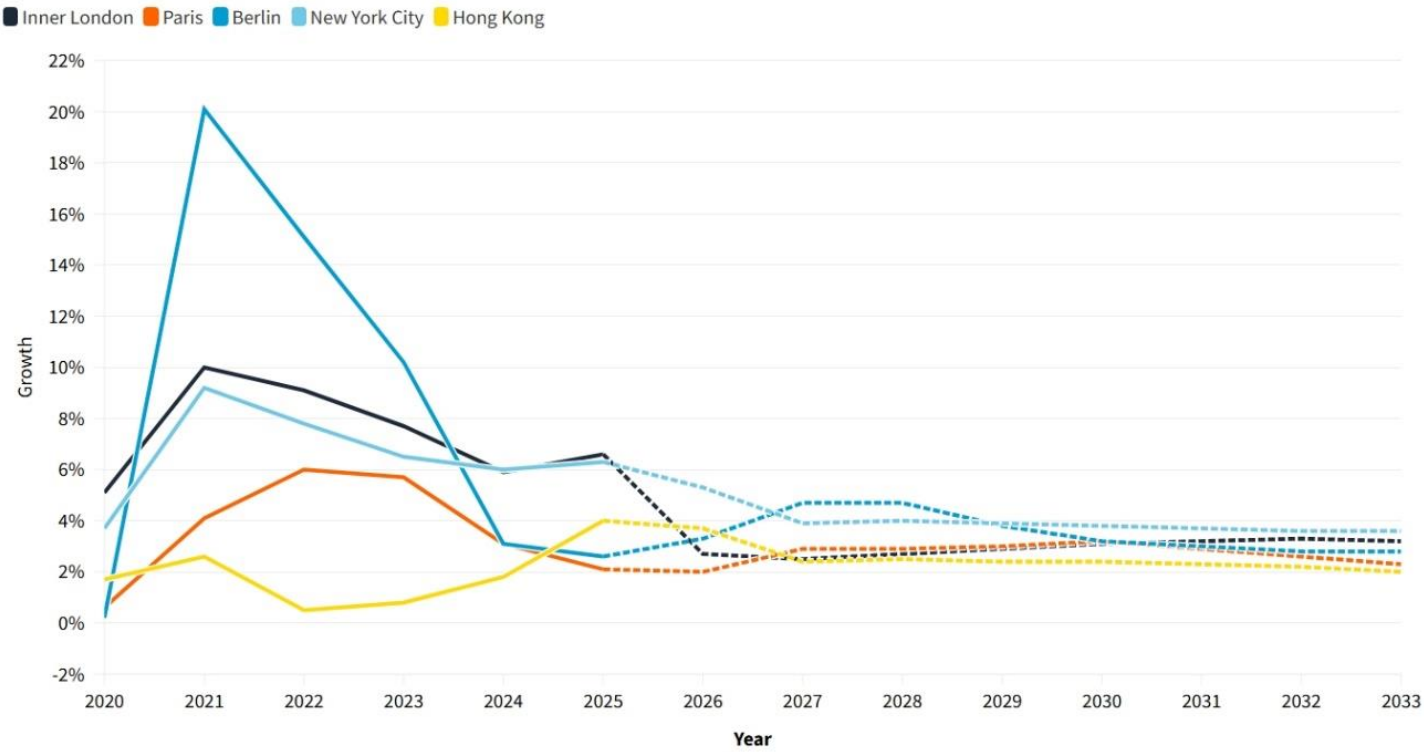
Finance & insurance

Year-on-year change in output

Source: Oxford Economics

Information & communication

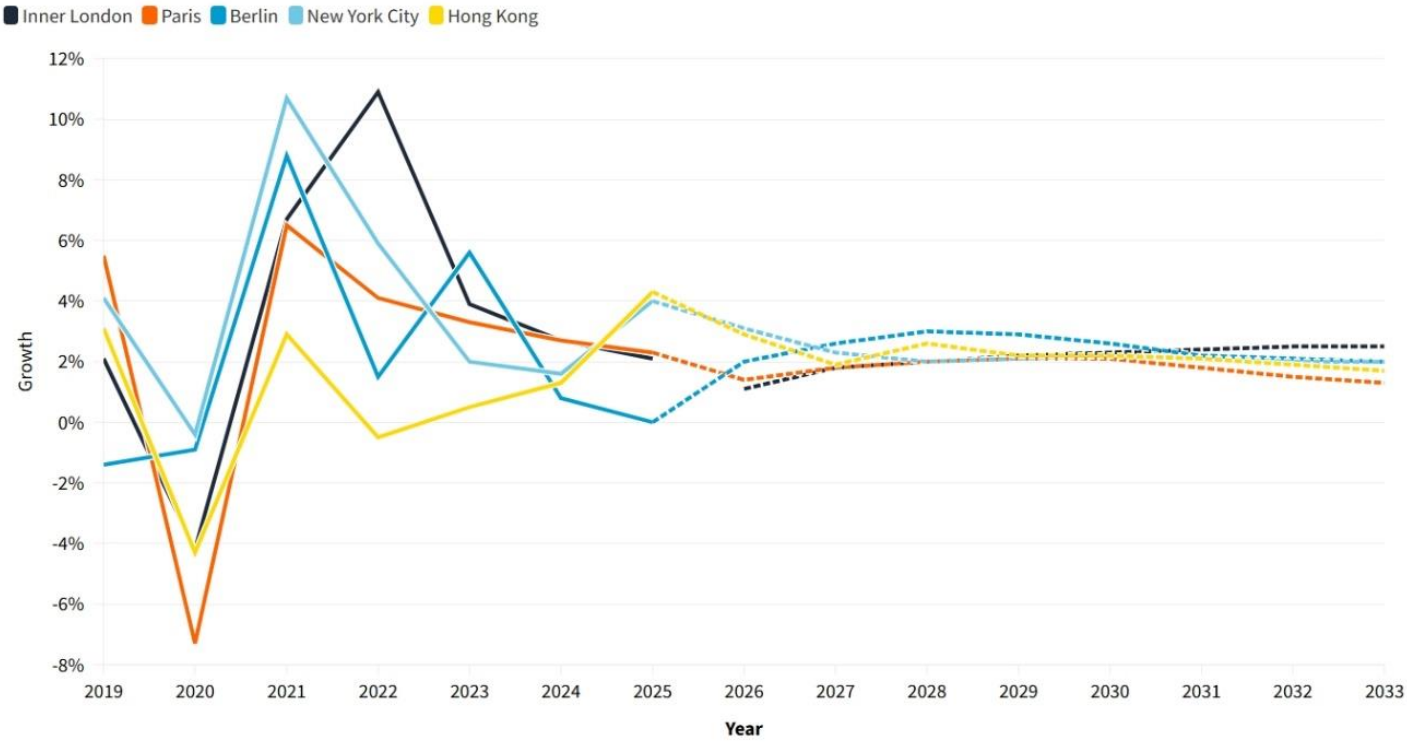
Year-on-year change in output



Source: Oxford Economics

Professional, scientific & technical

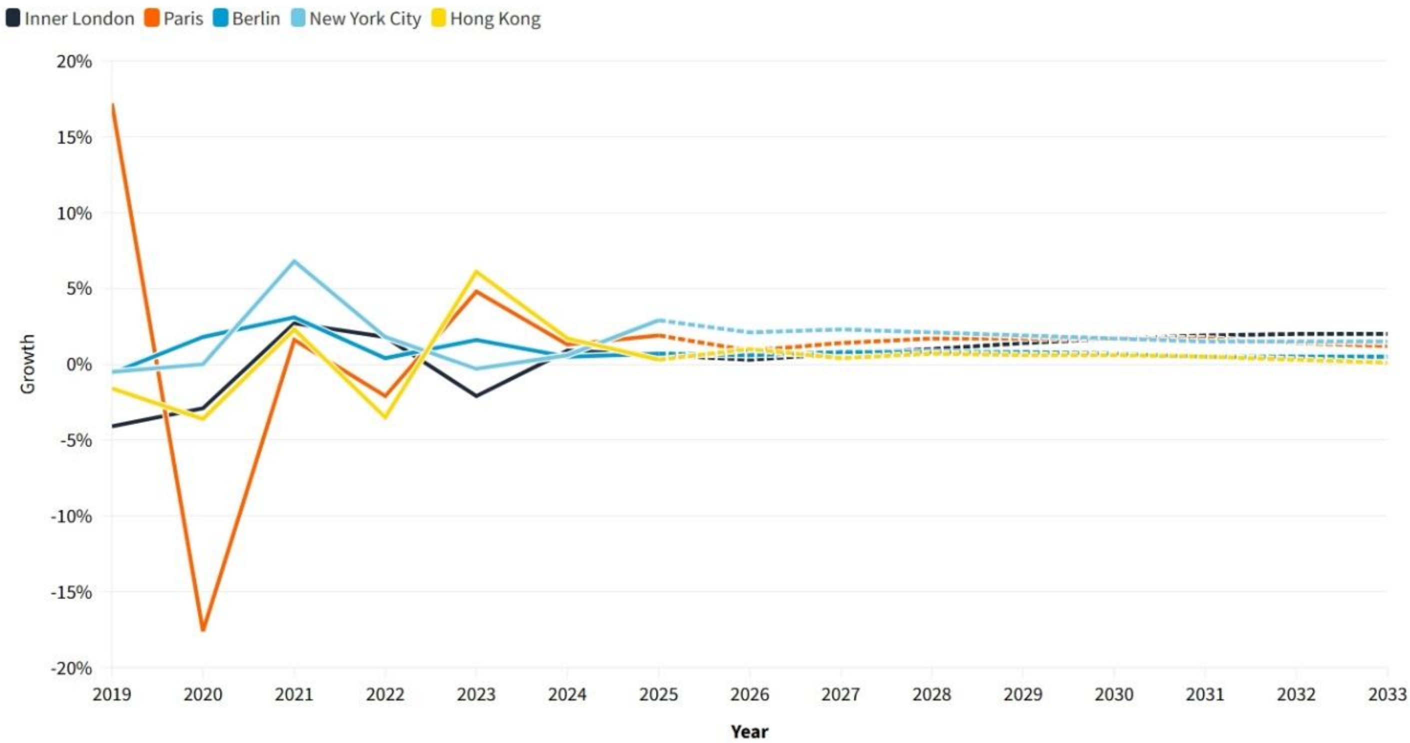
Year-on-year change in output



Source: Oxford Economics

Real estate activities

Year-on-year change in output



Source: Oxford Economics

The latest Oxford Economics analysis shows London's economic output strengthening with a 1.9% increase in GDP expected to have been generated in 2025. This momentum is however set to slow with growth falling to 1.2% in 2026, reflecting the national picture of a UK GDP slow down from 1.3% in 2025 to 0.9% in 2026.

Topping the list of our global cities is Hong Kong with an estimated year end 3.3% increase in GDP for 2025 (2.7% in 2026) followed closely by New York at 3.1% (2.8%, 2026). Berlin is slowly recovering from weak growth in 2024 with output having increased by an estimated 1.1% for the whole of last year (1.8%, 2026). This could suggest a more optimistic outlook for Germany's economy, which is currently the worst performing of the G7 economies by some margin. Across the border, Paris has seen a sharp drop in its growth rates. In 2024, it boasted the second-highest rate among our cities at 2.2%, but Oxford Economics think growth has since declined to just under 1% in 2025 (1.1% 2026) amid heightened political uncertainty and rising unemployment.

Globally, the information and communication sector continues to expand with sectoral growth across our comparator cities. London and New York are leading the pack with growth of more than 6%. While this growth is expected to continue in the coming years, its pace is forecast to wane from levels seen in 2025, with 2026 output growth slowing to 2.7% in London and 5.3% in New York. The sector's performance is largely driven by increasing AI-related activity. S&P Global Research estimated that data centre and AI-related investments accounted for 80% of US private domestic demand growth in the first half of 2025. New York is set to benefit from this trend as AI company Anthropic announced investment into a new data centre in the city, part of a $50 billion investment in computing infrastructure. West London's technology cluster is similarly set for a boost, with a £2.5 billion investment committed to three large data centres and an Innovation Hub. This surge is mirrored in Germany. As a response to rising demand, technology company Infineon plans to increase its investments by around €500 million in 2026, bringing their total investment for the year to €2.7 billion. This could help to boost the sector in Berlin, where output growth is comparatively weaker.

Not quite as strong but still pretty robust, are our cities' professional, scientific and technical activities, with all except Berlin considered to have achieved year-on-year growth in 2025. Berlin's comparatively weaker performance in this industry may not last long, with sector growth forecast to rise to 3.0% annually by 2028. In July 2025 the German government launched an €18 billion 'high-tech agenda' with investment into six key technology areas, positioning the country to capitalise upon the growing importance of this sector globally.

London has perhaps turned the tide on construction sector output. In 2025, it was the only city in our sample to experience growth in the sector. The building of data centres is set to provide further momentum to London's construction activity, along with other cities attracting similar projects. Nationally, the growth in UK construction output for 2025 was largely driven by private housing repairs at 2.9%. Private new housing dropped by 1.9%, reflecting a sharp slowdown in residential construction. Hong Kong's private sector construction site output fell sharply, down 18.1% in Q3 2025 versus the same period last year. The reverse is however true of public sector site output which increased by 7.7% over the same period. The overall effect was a reduction in output for 2025 of 2.8%.

Paris' arts and entertainment industry saw a notable decline after a strong 2024, following 150 million euros in national budget cuts for the ministry of culture and 2.2 billion euros in budget cuts for local government. In contrast, London and New York's equivalent sectors expanded by 2.4% and 3.1% respectively. The cuts are expected to result in up to 1,500 job losses in France, with a disproportionate impact likely in Paris, given the city's significant national share of the industry.

In 2025, London's financial and insurance sector remained in negative growth territory at -0.2% – a real cause for concern given the sector's outsized contribution to the UK economy. It is forecast to creep back up by 0.8% in 2026. Conversely, Oxford Economics estimates that New York recorded an impressive 6.1% growth in 2025. Spanish bank Santander will buy US lender Webster Financial in the first half of 2026, signalling greater confidence in New York's financial sector. Hong Kong also saw a marked turnaround with growth accelerating in Oxford's estimates from 0.9% in 2024 to 4.5% in 2025. In 2026, it is forecast to tale off to 3.5%.

Acknowledgements

The Global Cities Barometer is commissioned by the London Property Alliance and produced in partnership with the Centre for London featuring data from Oxford Economics.

Authors
- Rob Anderson, Centre for London
- Antonia Jennings, Centre for London
- Indi Miller, Centre for London
- Alexander Jan, London Property Alliance

About 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.

London Property Alliance

WPA | CPA

Westminster Property Association | City Property Association

londonpropertyalliance.com