

The Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Parade
London
SW1A 2HQ

By email only

15 October 2025

Dear Chancellor,

I am writing on behalf of the **London Property Alliance**, a not-for-profit membership body representing over 400 companies - comprising the major investors, owners, professional advisors and developers of central London's built environment.

Our members deliver the offices, retail, hospitality and cultural spaces that house businesses and attract visitors to the centre of the UK capital, which in turn sustains a significant share of the national economy. London's Central Activities Zone (CAZ) supports **2.2m jobs**, generates around **11% of the UK's economic output** (GVA) and contributes the lion's share of London's **£40 billion** tax surplus each year to the Exchequer.

Ahead of the Autumn Budget on 26 November, we urge HM Treasury to include measures that will **harness London's global strengths - advancing the Government's growth ambitions and boosting prosperity nationwide**.

1. Unleash London's Growth Potential as a Leading, Global City

Our biannual *Global Cities Barometer*¹ provides a comparative analysis of London's performance against its peer cities of New York, Paris, Berlin and Hong Kong. With analysis by the Centre for London think tank and data provided by Oxford Economics, our forthcoming Barometer highlights the headwinds facing the UK capital, including high inflation, weak growth and productivity in key sectors, and the **lowest level of housing delivery in over a decade**. The under-supply of housing across all tenures is impacting business confidence, with workers in key sectors and public services struggling to afford to live and work in the capital².

However, London continues to demonstrate global strengths: it remains Europe's leading destination for foreign investment (attracting over twice as many investment projects as Paris) and maintains strong demand for workspace in its commercial centres. Vacancy rates in the City and West End – London's core office markets - are the lowest among international peers,

¹ March 2025 edition available: <https://www.londonpropertyalliance.com/global-cities-survey-march-2025/>

² <https://www.standard.co.uk/business/housing-crisis-affordability-inner-london-dolphin-living-b1234794.html>

underscoring the UK capital's enduring competitiveness. Yet, Government action is needed to sustain this momentum.

Further analysis by Knight Frank, a property consultancy (for our forthcoming report *Space for Change: Office dynamics in central London*) shows that **demand for high quality office space continues to outstrip supply**, with active demand for workspace in the CAZ currently 7% above the long-term average. Vacancy levels for best-in-class buildings ("prime" and "Grade A") are just 0.8% and 1.7% respectively.

Meanwhile, central London has suffered a net loss of 14m sq ft of workspace between 2018 and 2023, risking a long-term structural under-supply that could deter businesses wishing to relocate to or expand within the capital.

We urge HM Treasury to work with MHCLG to reduce the planning constraints and cost burdens that currently inhibit development. By improving the financial viability of new housing and workspace projects, we can accelerate the delivery of the homes and commercial spaces that drive productivity and economic growth. While we understand that planning policy lies outside the fiscal remit, it must be recognised that 83% of UK economic output and 84% of jobs rely on the service sector economy - which office space underpins. There is therefore a strong strategic case for offices to be considered a national economic asset.

2. Fair Funding for London's Local Government and its Planning Services

We welcome the principles behind the Government's Fair Funding 2.0 Review and its intention to modernise local government finance. However, analysis by London Councils³ indicates the proposed formula could leave London's boroughs £700m worse off, despite the capital having the highest poverty rate in England once housing costs are considered.

London's local planning departments face chronic under-resourcing, limiting capacity to process complex applications efficiently. This undermines delivery of the commercial buildings that sustain national growth and the homes needed for London's workforce.

Research for the London Property Alliance⁴ shows that a pro-growth planning environment could enable **407,000** new jobs, **50,700** homes and **55.7m sq ft of office floorspace** in central London by 2045 - boosting the UK economy by **£101bn**. Yet planning performance is deteriorating, with major applications determined down 54% over the past decade.

We therefore call for an **urgent review of the Fair Funding formula to better reflect London's needs, and for ring-fenced funding for local authority planning services to attract and retain skilled staff** - ensuring timely, high-quality decisions that support growth.

3. Business Rates Reform to Support London's High Streets

³ <https://www.londoncouncils.gov.uk/news-and-press-releases/2025/london-needs-fair-funding-briefing-local-government-funding-reforms>

⁴ <https://www.londonpropertyalliance.com/good-growth-in-central-london-2/>

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The CAZ is the “golden goose” of the national economy: its ecosystem of office occupiers, retailers, world-class hospitality businesses and cultural institutions attract visitors and investors from across the UK and the globe.

The Government’s proposal to increase the business rates multiplier for properties with a rateable value above £500,000 risks **undermining the viability of these bricks-and-mortar businesses** whose profitability can be modest despite high property values. By burdening larger retail and other high street establishments, the increased multiplier risks damaging flagship institutions upon which other parts of the retail and leisure ‘ecosystem’ depend.

We urge HM Treasury to reconsider the proposed higher multiplier for properties, many of which are in central London, and to commission a comprehensive independent review of business rates to secure long-term reform. In addition to securing local government funding, the review should be aimed at supporting investment and regeneration of high streets across England – including its capital city.

4. Invest in Transport Infrastructure to Unlock Housing Growth

Strategic transport investment remains essential to unlocking new housing and jobs. We urge the Government to **approve and release funding for the Bakerloo line and DLR extension** - projects critical to delivering new homes in key growth corridors, including the new Thamesmead New Town, while connecting workers to central London’s business clusters.

London’s success is Britain’s success. The capital’s property and investment markets are central to national prosperity, supporting hundreds of thousands of jobs and generating billions in tax revenues. A Budget that enables London to thrive as a global city - through fair funding, business-friendly taxation, planning reform and infrastructure investment - will deliver dividends for the entire UK economy.

We would welcome the opportunity to discuss these recommendations further with HM Treasury officials ahead of the Budget.

Yours sincerely,



Charles Begley

Chief Executive, London Property Alliance