

**London Property Alliance**

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# **Global Cities Survey**

**March 2023 MIPIM edition**

**London Property Alliance**

**WPA** | **CPA**  
Westminster Property Association | City Property Association

# Acknowledgements

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London Property Alliance brings together the Westminster Property Association (WPA) and the City Property Association (CPA). The Alliance provides a unified voice for the leading owners, developers, investors and professional advisors of real estate across Central London.

The Global Cities Survey is commissioned by the London Property Alliance and produced in partnership with the Centre for London.

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## About the London Property Alliance

London Property Alliance brings together the Westminster Property Association (WPA) and the City Property Association (CPA). The Alliance provides a unified voice for the leading owners, developers, investors and professional advisors of real estate across Central London.

[www.londonpropertyalliance.com](http://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](http://www.centreforlondon.org)

For further information about this survey, please contact London Property Alliance at [team@cwpa.org.uk](mailto:team@cwpa.org.uk).

## Introduction

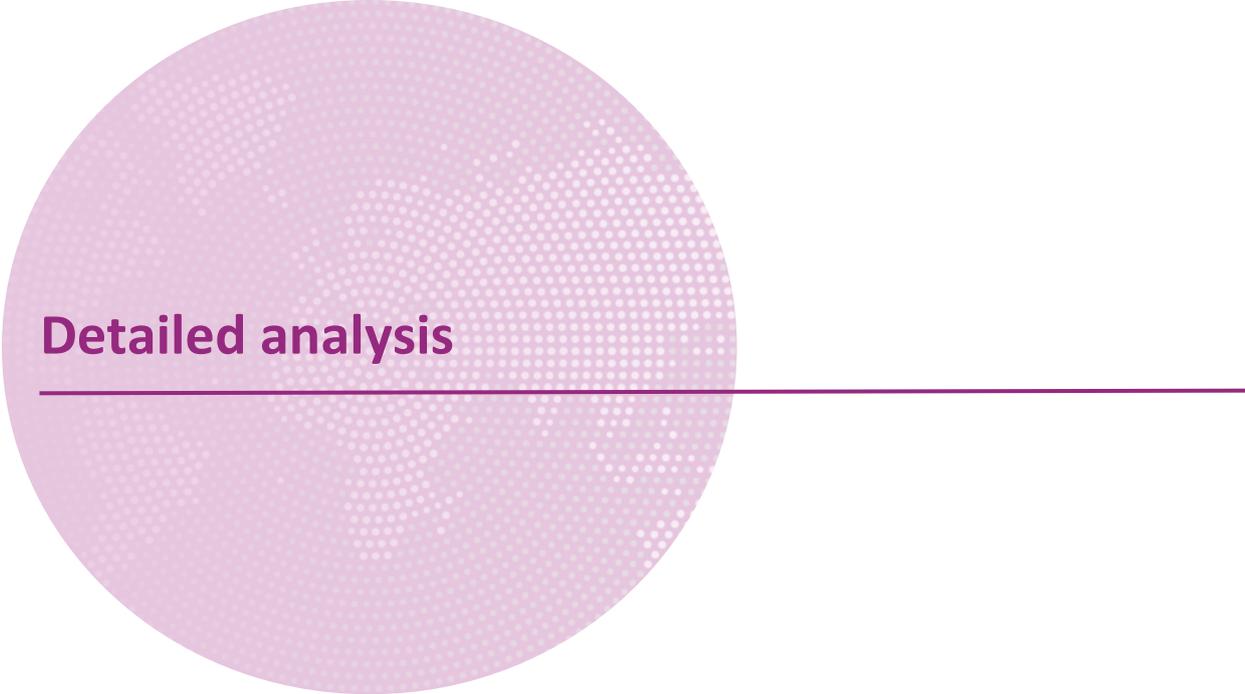
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The London Property Alliance is delighted to release this special edition of its Global Cities Survey for MIPIM). The research is undertaken by Centre for London, an independent urban policy think-tank, using a range of indicators including economic growth data from Oxford Economics. In the survey, London is compared to New York, Paris, Berlin and Hong Kong. As the UK's leading world city, London's quest for talent, private sector investment and visitors is global. The capital acts as a gateway for the rest of the UK especially for business, visitors and investment. Our analysis aims to promote a better understanding of London's economic performance on the world stage post Covid-19. The London Property Alliance considers that London can only play its full role in national recovery when it is succeeding on the international stage.

We hope that this report provides policy makers and business with additional insight and analysis to help make better decisions on many of the issues that affect London's ability to prosper over the short, medium and longer term.



**Charles Begley**  
*Chief Executive*  
**London Property Alliance**

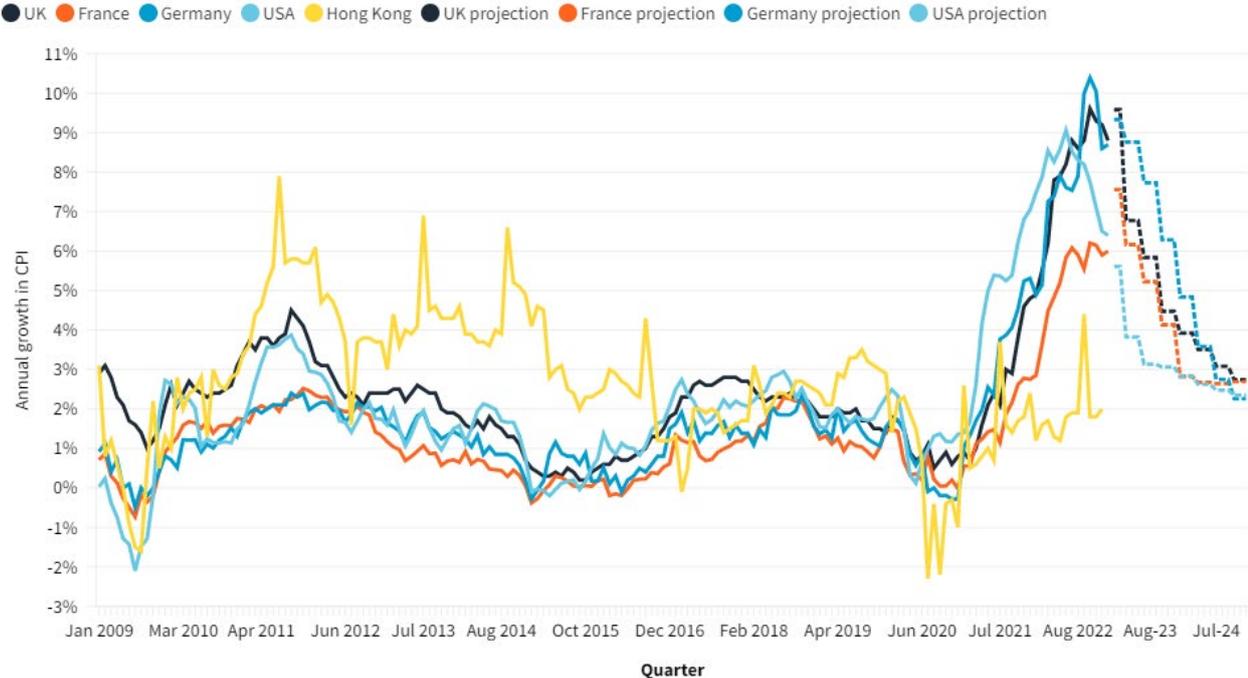


**Detailed analysis**

# Inflation

Since Q4 2022, inflation has begun to fall across the board, with the steepest declines seen in the USA and Hong Kong. Hong Kong continues to show the lowest inflation rates of any of our countries, at only 2% in November 2022. OECD forecasts suggest that the UK, France, Germany, and the USA will all have returned to 2-3% inflation ranges by the end of 2024.

## Inflation



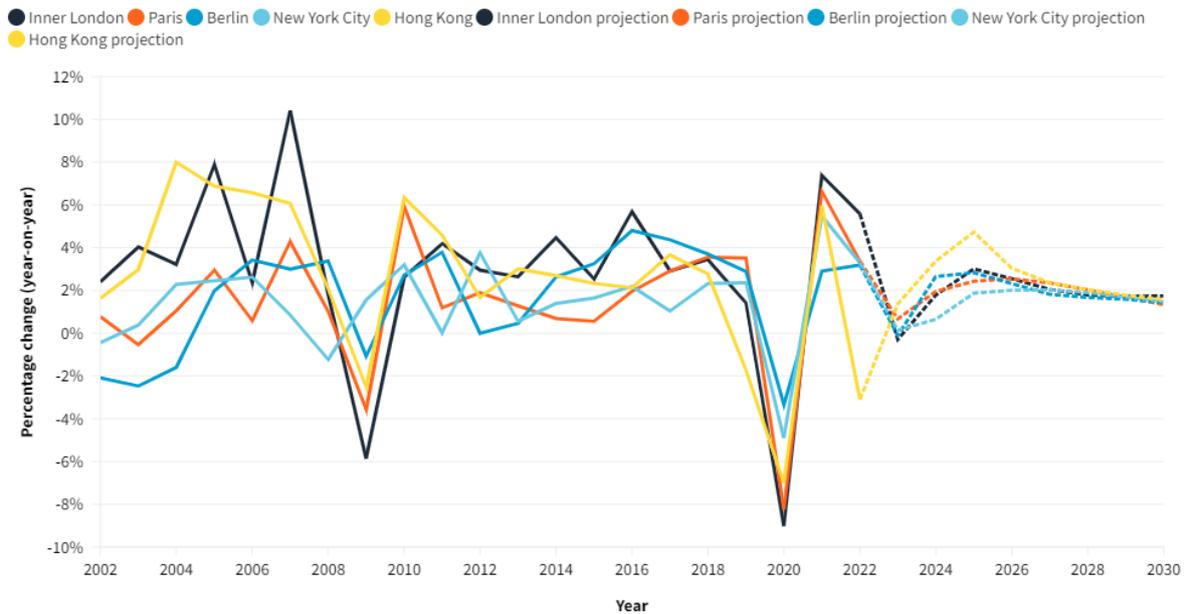
ONS • INSEE • Destatis • BLS OECD CPI, HK Census and Statistics Department, OECD Inflation forecast • 2023 and 2024 data is projected on a quarterly basis.

# Economic output

According to Oxford Economics’ Cities and Regions forecasts, after posting the best results of the sample in 2022, (Inner) London is predicted to experience negative growth in output (albeit marginally) along with Berlin in 2023. As it finally comes out of lock down, Hong Kong is forecast to record a 1.4% increase in growth – the strongest performance among our cities. But this will make up for less than half of the 3.1% decline in output seen 2022, which no other city experienced.

By 2025 those predicting the demise of Hong Kong as an economic power look set to be proven wrong as the Special Administrative Region surges ahead of the pack with a growth rate of 4.7%. Inner London at a very respectable 3% is second. By 2030 Inner London is projected to be the best performer growing at 1.75%, followed closely by Hong Kong. The post Olympics glow of Paris is perhaps fading with the city recording growth of just 1.34%.

## Change in economic output



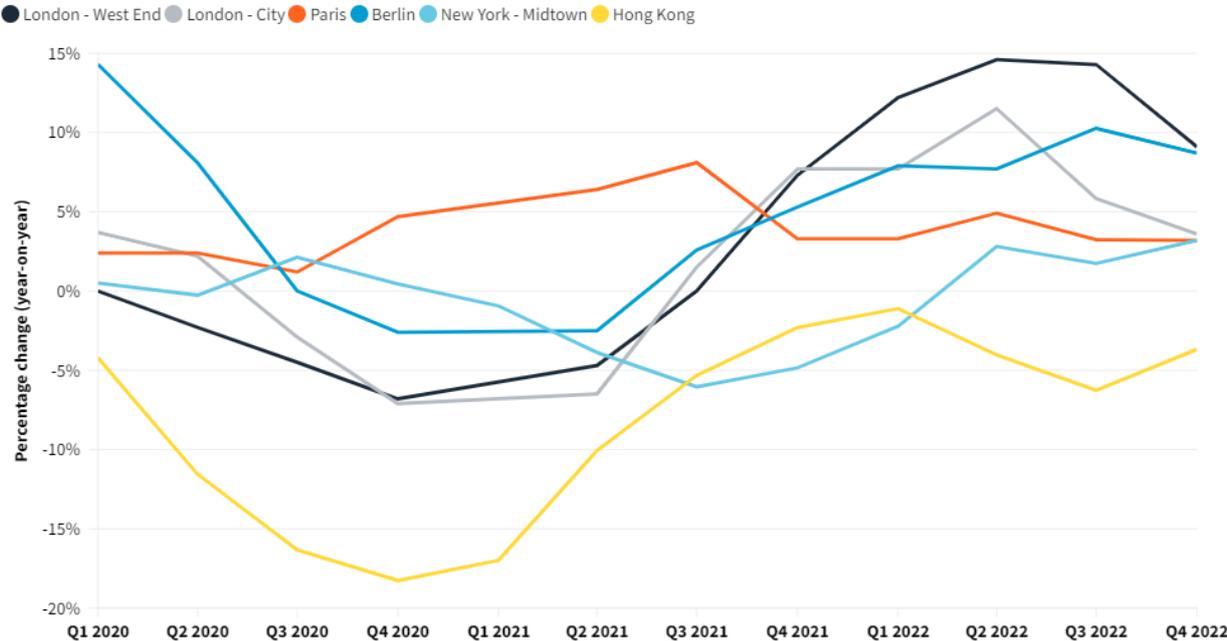
Oxford Economics, Cities and Regions Forecasting Service • London defined as Inner East and West London. Paris defined as Paris and Hauts-de-Seine. New York City defined as the New York-Newark-Jersey City MSA.

# Prime office rents

The rate of increase in prime office rents has slowed across all cities included in our analysis apart from Manhattan (where it has jumped from 1.74% to 3.2%). Despite improvement, Hong Kong remains in negative growth territory (-3.7%). Whilst in Q3 2022, London’s West End experienced high rent growth, in Q4 2022, the rate of growth declined sharply by 5.2 percentage points.

Rents in the City of London continued to soften, now showing 3.6% growth year-on-year. But this was still ahead of Paris and New York’s Midtown.

## Change in prime office rents

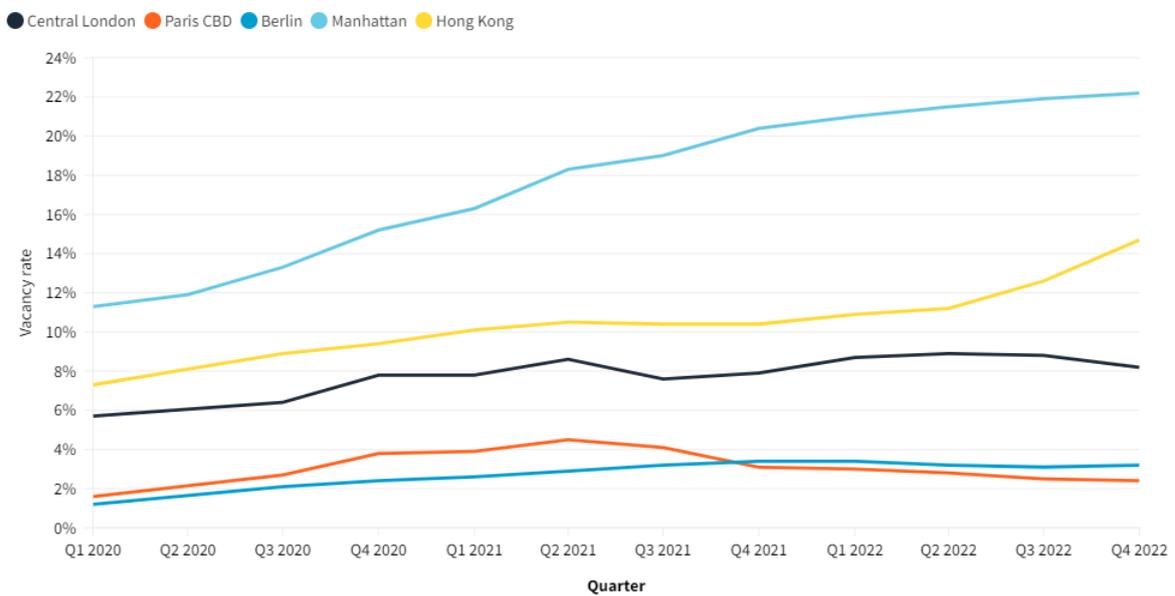


Source: Cushman and Wakefield - DNA of Real Estate (Europe), Cushman and Wakefield - DNA of Real Estate (Manhattan), Private Retail - Rental and Price Indices (from 1978), from the Ratings and Valuation Department of the HKSAR Government • Data show percentage change in Prime Rent.

# Office vacancies

In Q4 2022, Manhattan office vacancy has remained the highest out of our cities at 22.2%. Falling valuations - some of which are dramatic – are now a reality. There have been no significant changes in office vacancy rates in either Central London or Berlin, but London’s vacancy rates remain historically high at 8.2%. This masks a significant variation between the West End and City (4% and 10.3% respectively, Q4 2022 (data not shown in the chart)). Meanwhile Hong Kong has seen a slight increase in office vacancy levels, which now stand at a record 14.7%, having risen from 10.9% at the start of 2022. This might in part be explained by a lagged effect of the widely reported business exodus of 2021 and 2022.

Office vacancy rate

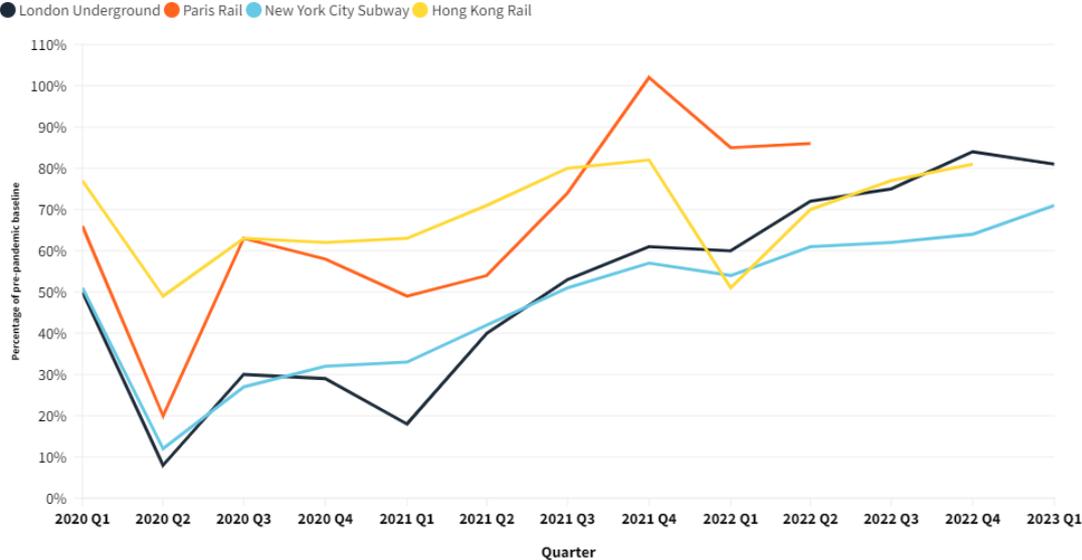


Source [BNP Paribas Central London](#), [BNP Paribas IDF](#), [BNP Paribas Berlin](#) • [Cushman Wakefield](#) • [Colliers](#) BNP Paribas did not produce Paris CBD data for Q4 2022, so we have used [Knight Frank](#). In Q1 2020, BNP Paribas did not produce European editions of its quarterly update, we instead used: [Knight Frank: London](#) • [Colliers: Paris](#) • [Savills: Berlin](#) Only available NYC data is Manhattan-specific, hence the divergence. The data for Berlin and Hong Kong encompasses the whole of both cities, which may influence rates.

# Public Transport

In Q4 2022, the London Underground showed the strongest figures for subway ridership in of any of our cities, just surpassing Hong Kong. So far in Q1 2023, London’s ridership figures have fallen back to 81% of pre-pandemic levels – most likely a consequence of recent industrial action (including on the wider network that feeds into the Tube). New York’s subway remains at 71% of pre-Covid ridership is the lowest of any city in our sample. No other city has yet, to our knowledge, outperformed London so far in Q1 2023 (the lack of Paris data means the French capital’s performance remains to be seen, having shown the strongest recovery of any of our cities at the start of 2022. Hong Kong’s strong recovery in late 2022 may well be reflected in new data when released.)

### Public transport usage



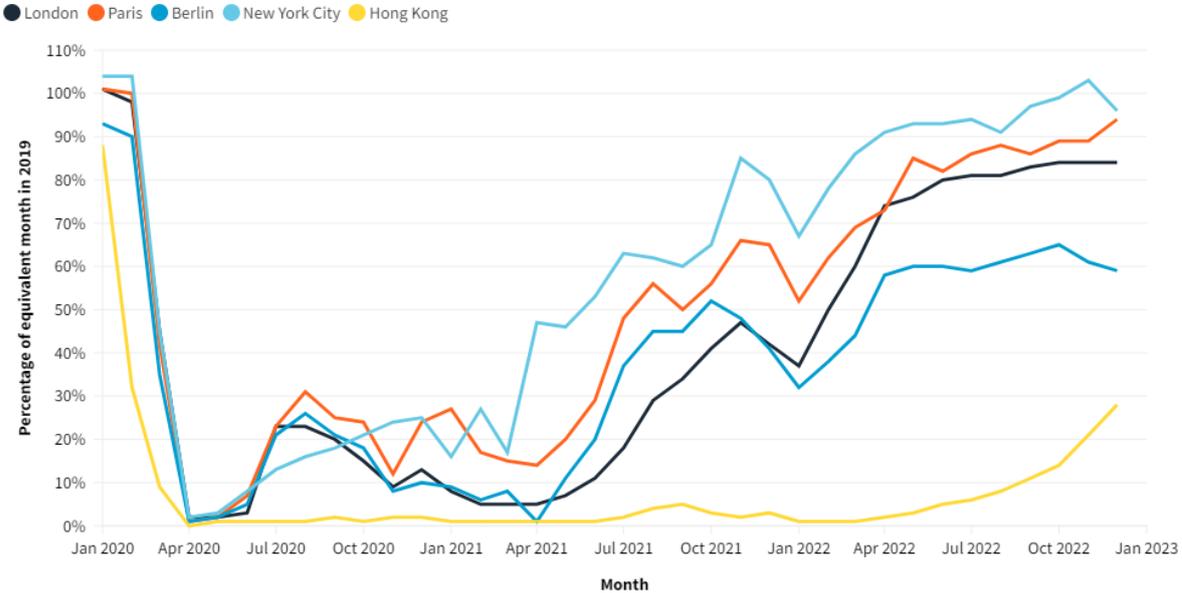
DfT, Transport use during the coronavirus (COVID-19) pandemic, Open Data Paris, Quarterly Travel Barometer, MTA, Day-by-day ridership numbers, HKTD, Monthly Traffic and Transport Digest  
2023 Q1 includes data up to late February for London and New York. 2022 Q4 for Hong Kong does not yet include December data, as it has not been released.

# Airport passengers

New York which has recorded the strongest recovery in passengers of our city sample, has seen a softening in its numbers relative to 2019. December 2022 data showed it recording 96% of pre-pandemic levels compared to 103% in November. Paris, which recorded strong growth during 2022, ended the year at 94% of 2019 passenger figures. London’s recovery appeared to have flatline at 84% of pre-pandemic levels, during the last quarter of 2022.

Whilst Berlin’s recovery in air traffic continues to lag behind European neighbours, Hong Kong’s decision to lift harsh COVID restrictions on travel has resulted in a sharp uplift in passengers, with figures rising from 8% to 28% of pre-pandemic levels between August and December 2022.

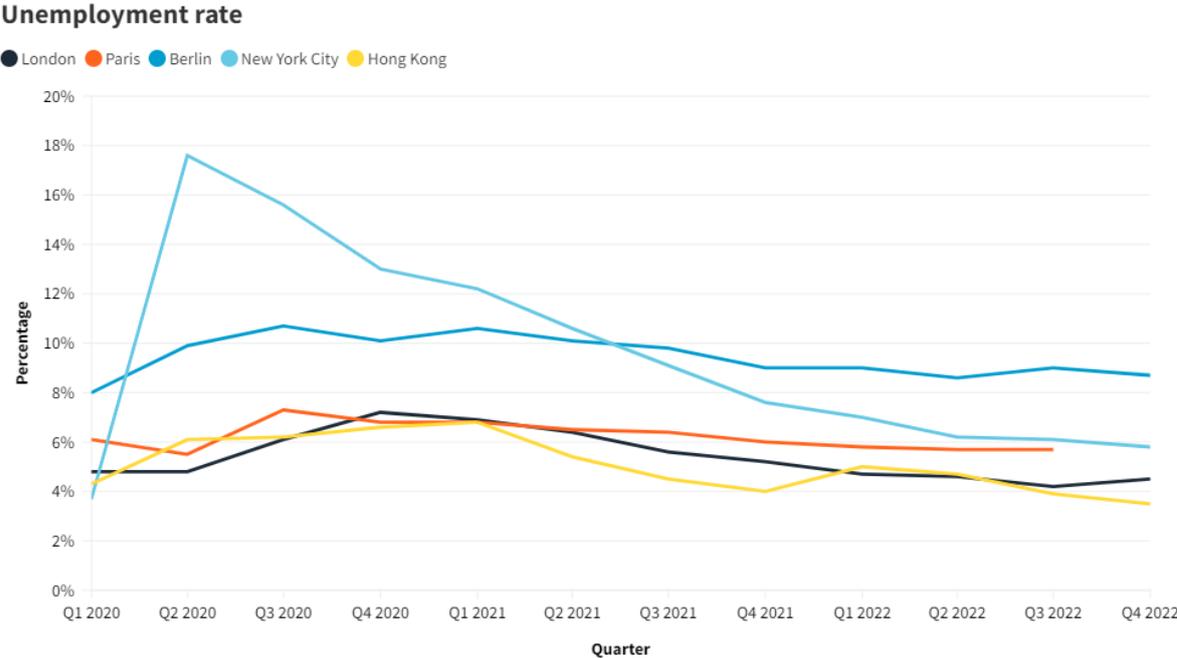
## Airport passengers



Civil Aviation Authority, Paris Aeroport, Berlin Airport • Port Authority of NY and N.J. Airport Traffic Statistics • HK International Airport  
Percentage of equivalent month in 2019. 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.

# Unemployment rates

The unemployment rate since pre-pandemic has remained stable across London, Berlin, New York and Hong Kong in Q4 2022, although the UK capital has seen a small increase since Q3 2022. Berlin’s unemployment rate remains remarkably high at 8.7%, a continuation of a pre-pandemic trend, whilst New York’s spectacularly high rate of joblessness at the start of the pandemic (17.6%) continues to fall steadily (5.8%). Q4 2022 unemployment and employment data have not yet been released for Paris/Ile de France.

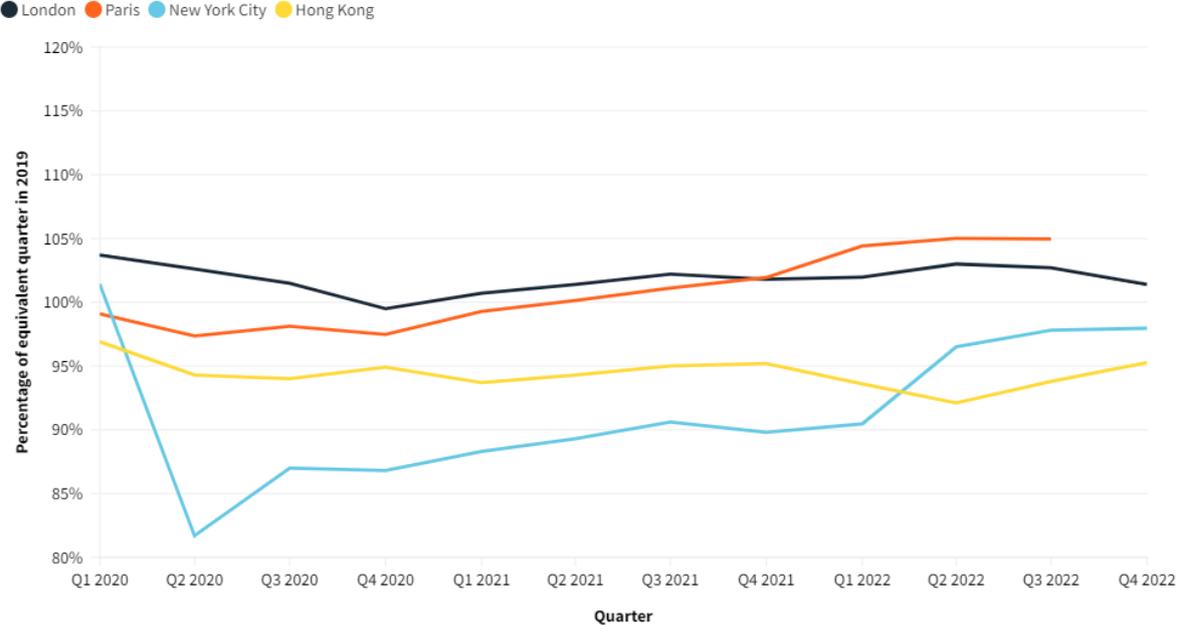


NY Department of Labor • Census and Statistics Department Office for National Statistics, INSEE, Arbeitsagentur Deutschland • London uses the Labour Force Survey’s headline indicators, rather than Claimant Count, to meet ILO standards. French data is not currently up-to-date.

# Employment rates

Neither New York nor Hong Kong are back to their pre-pandemic levels of employment. However, in general, 2022 employment levels across our cities have remained stable. London remains above pre-pandemic levels but has begun to decline albeit modestly, with Q4 2022 showing 101.4% of 2019 worker numbers. Paris has not yet released data for Q4 2022, so it is unclear whether it will maintain its lead over our other cities. Hong Kong’s employment rate in comparison to 2019 has increased slightly in Q4 2022. But the region’s reopening may see a regrowth in employment numbers in the year ahead.

### Employment recovery



ONS, INSEE, NYS Department for Labor • Hong Kong CSD

# Job vacancies

Although demand for workers is above pre-pandemic levels in all five of our cities, the rate of growth in job vacancies in London is now the lowest of any city in the sample – at just 12.2% above 2019 levels.

Demand continues to build in Paris, which is seeing the highest comparative levels. New York’s labour market appears to be weakening. Hong Kong’s economic recovery has seen its vacancies nearly return to their peak of just under 14% above pre-pandemic levels, last seen in late 2020.



Source: Indeed - Data shows number of job vacancies posted on Indeed compared to pre-pandemic (01/02/2020) for Greater London, the Paris region, the Berlin region, New York metro area and Hong Kong.

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