

**London Property Alliance**

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# **Global Cities Survey**

July 2022

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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This is the third quarterly Global Cities Survey launched by the London Property Alliance (LPA) with research undertaken by Centre for London. Using a range of indicators, our analysis aims to promote a better understanding of London's economic performance on the world stage as it emerges from the Covid-19 pandemic. The city is compared to New York, Paris, Berlin and Hong Kong.

As the UK's leading world city, London's fight for talent, private sector investment and visitors is global. The capital city acts as a gateway to much of the rest of the UK for business, visitors and investment. The London Property Alliance considers that London can only play its full role in national recovery when it is competing effectively internationally. We hope that this report provides meaningful insight into how London is faring, and that policy makers and business can use it to make better decisions on many of the issues that affect London's ability to prosper over the short, medium and longer term.

# Executive summary

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Below we highlight a small selection of some of the indicators included in the survey.

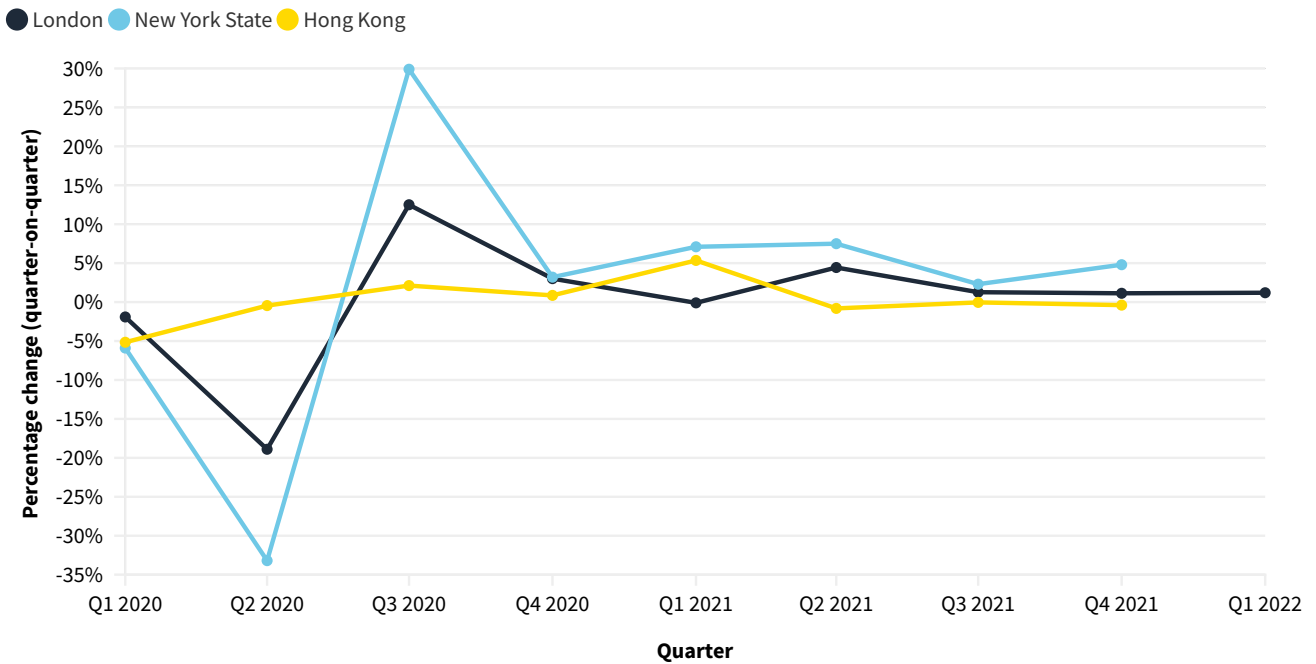
- **Employment:** London now has the greatest number of people in work out of the cities reporting data in Q1 2022 compared to the pre-pandemic benchmark. This is despite a decline in the number of people who are economically active. New York City has haemorrhaged jobs whilst Hong Kong is experiencing a steady decline.
- **Unemployment:** London's labour market saw the strongest recovery out of the cities reporting data in Q1 2022 (though levels of inactivity, particularly among older workers, have increased), being the only city surveyed recording a lower unemployment rate compared to pre-pandemic figures.
- **Office working:** In late May, London experienced the highest rates of workplace activity so far in the pandemic, but this remains 25% lower than before the pandemic. London's office working rates are higher than in New York City, but lower than in Paris, Berlin, and Hong Kong.
- **Retail visits:** These have partially recovered since the Omicron wave, but remain depressed in all cities compared to their baseline before the pandemic. In London, they remain around 23% lower than before the pandemic hit. Since February the increase in retail visits has plateaued, most likely due to a combination of higher inflation and the continued growth in online shopping.
- **Airport passengers:** Growth in London airport passenger numbers has been particularly sharp, rising from 37% to 74% of equivalent 2019 figures between January and April. New York's passenger numbers have now hit the highest relative level of any of our cities throughout the pandemic, at 91% of March 2019 demand, while Hong Kong's air passenger traffic remains close to non-existent due to continuing travel restrictions.

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# Detailed analysis

# Economic output

## Change in economic output



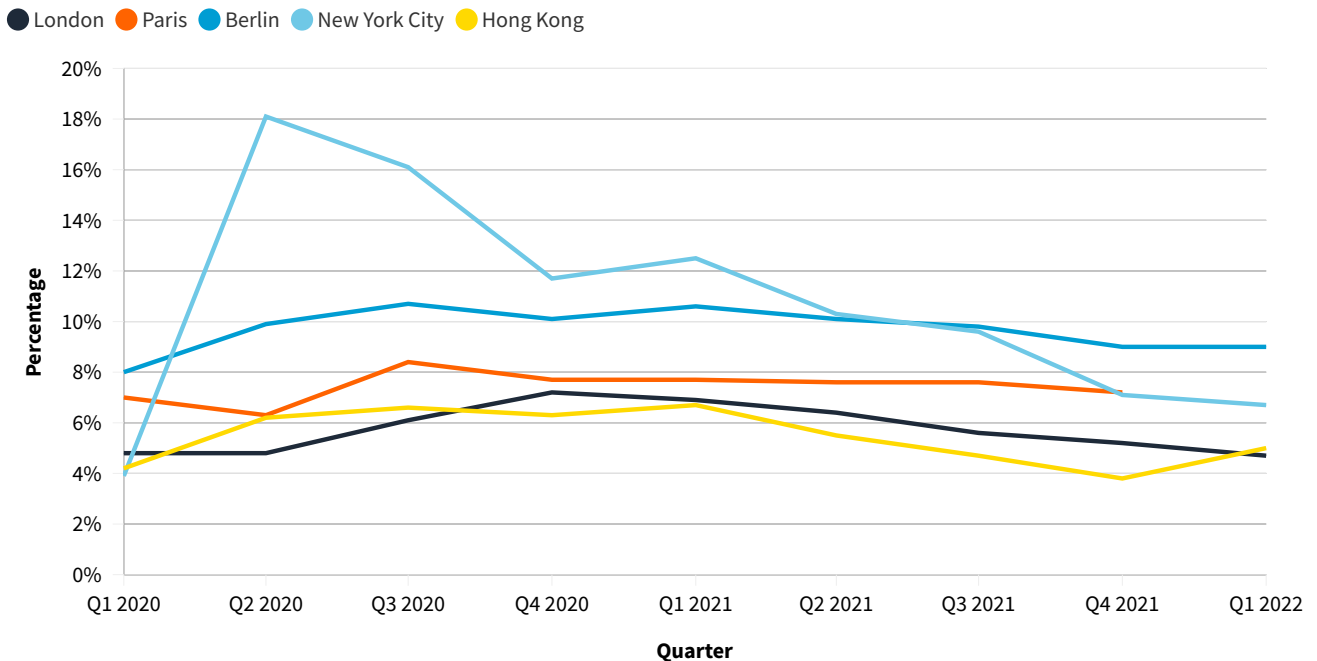
Office for National Statistics, U.S. Bureau of Economic Analysis, Moody's  
 Changes in output measured in quarter-on-quarter percentage. London uses real GVA figures at basic prices based on the Office for National Statistics' experimental model for early regional output estimates. Only New York State GDP available. Data for New York and Hong Kong is GDP. All data is in real terms. London data is not seasonally adjusted.

New York's economic output showed strong growth in Q4 2021, while London experienced a slower increase. In Hong Kong, revised figures published by Moody's suggest GDP fell slightly in Q4 2021, concluding a year of economic woes, due to the continuing coronavirus restrictions in place in Mainland China over this period. As a result of this, Hong Kong's GDP remained 3% below its pre-pandemic level as 2021 drew to a close, while London and New York saw their GDP return to pre-pandemic level by Q3 2021.

Rising inflation is now a predominant factor holding back economic growth in all cities as it reduces the spending power of businesses and consumers. Hong Kong also has to contend with continuing coronavirus restrictions – this double whammy explains why the city is expected to continue to fare worse than its competitors in 2022.

# Unemployment

## Unemployment rate



Cushman Wakefield • Colliers Office for National Statistics, INSEE, Arbeitsagentur Deutschland • London uses the Labour Force Survey's headline indicators, rather than Claimant Count, to meet ILO standards. Berlin's Q3 2021 data is incomplete, so does not include September 2021's data. London and Paris' will be updated as data comes in. None are seasonally adjusted to maintain consistency, so may be influenced by cyclical factors.

London now has the lowest unemployment rate of any city included in the survey. At 4.7%, this rate is now lower than before the pandemic. This is thanks to the high demand for workers, as shown by increased job vacancy figures, as well as some older workers leaving the labour market.

New York City's steep decline in unemployment (albeit after a very large increase during the pandemic) appears to have slowed, only falling from 7.1% to 6.7% in the last quarter. Relatively low rates of office worker return, in comparison to the rest of the United States, appear to have damaged hospitality sector employment. This is especially the case in Manhattan, which is most dependent on higher spending office workers for its service sector demand, and trails other NYC boroughs in job growth recovery figures.<sup>1</sup>

Since Q2 2021, Berlin has suffered the highest

unemployment of our five comparator cities, having overtaken New York to settle at 9%. This perhaps reflects a long-term trend of high unemployment in the city – the rate was above 8% before the pandemic, the highest of any German state.<sup>2</sup>

Hong Kong has seen a notable jump in unemployment, rising from 3.8% to 5% between Q4 2021 and Q1 2022, as the effects strict lockdowns are having on employment become apparent. Unemployment in the arts, entertainment and recreation sectors has hit 11.3% in the city, followed by food and beverage service activities at 11%.<sup>3</sup>

Paris has yet to release 2022 figures but experienced a slight decline in unemployment at the end of 2021. France has seen marked improvements in unemployment since 2017, especially among young people – for whom the unemployment rate has fallen from 25% to 16%.<sup>4</sup>

<sup>1</sup> <https://comptroller.nyc.gov/reports/the-pandemics-impact-on-nyc-migration-patterns/>

<sup>2</sup> <https://statistik.arbeitsagentur.de/DE/Navigation/Statistiken/Statistiken-nach-Regionen/Politische-Gebietsstruktur-Nav.html>

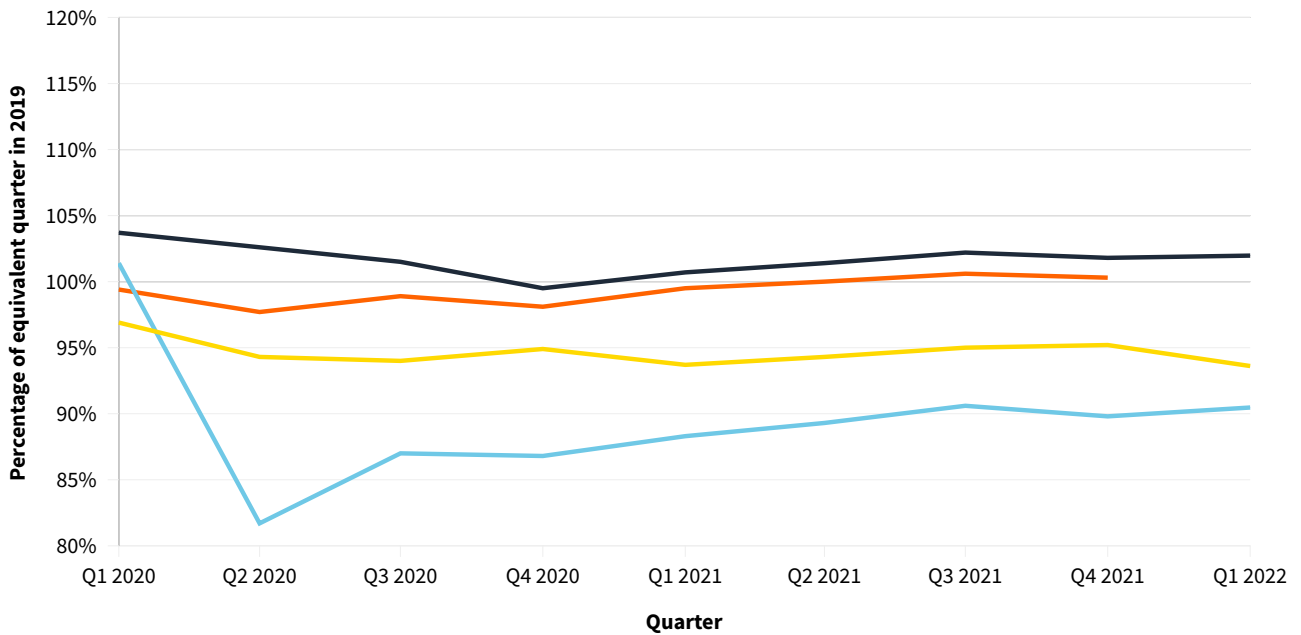
<sup>3</sup> <https://www.info.gov.hk/gia/general/202204/21/P2022042100342.htm?fontSize=1>

<sup>4</sup> <https://www.reuters.com/world/europe/france-unemployment-falls-13-year-low-74-fourth-quarter-2022-02-18/>

# Employment

## Number of people in employment

● London ● Île de France ● New York City ● Hong Kong



Office for National Statistics, INSEE, New York State Department for Labor • The Government of The Hong Kong SAR.  
 Berlin data unavailable. Only Île de France data available (not updated for Q1 2022). London uses the Labour Force Survey

Both London and Paris has surpassed their pre-pandemic employment figures in early 2021 – and the number of people in employment has continued to grow in London in Q1 2022 (with Paris data still unreleased). Levels of employment in New York continue to recover as well but remain nearly 10% below their pre-pandemic level. Hong Kong, on the other hand, has seen a decline in employment since the pandemic, with employment now around 6.5% below pre-pandemic levels. Combined with relatively low unemployment (though it is increasing), this is evidence that Hong Kong’s labour market has shrunk the most, probably as a result of high emigration in the last year. Quarterly data from Berlin remains unavailable.

Although London’s recovery has been accelerating, London’s employment rate (including those aged above 16) remains slightly below that of the UK at large, hitting 75.2% in Q1 2022.<sup>5</sup> Economic inactivity has risen by 1.3 percentage points to 21%; this is still below the UK average, but reflects a rise in inactivity among Londoners above the age of 50, potentially due to sickness or caring for relatives.<sup>6</sup>

<sup>5</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/may2022>

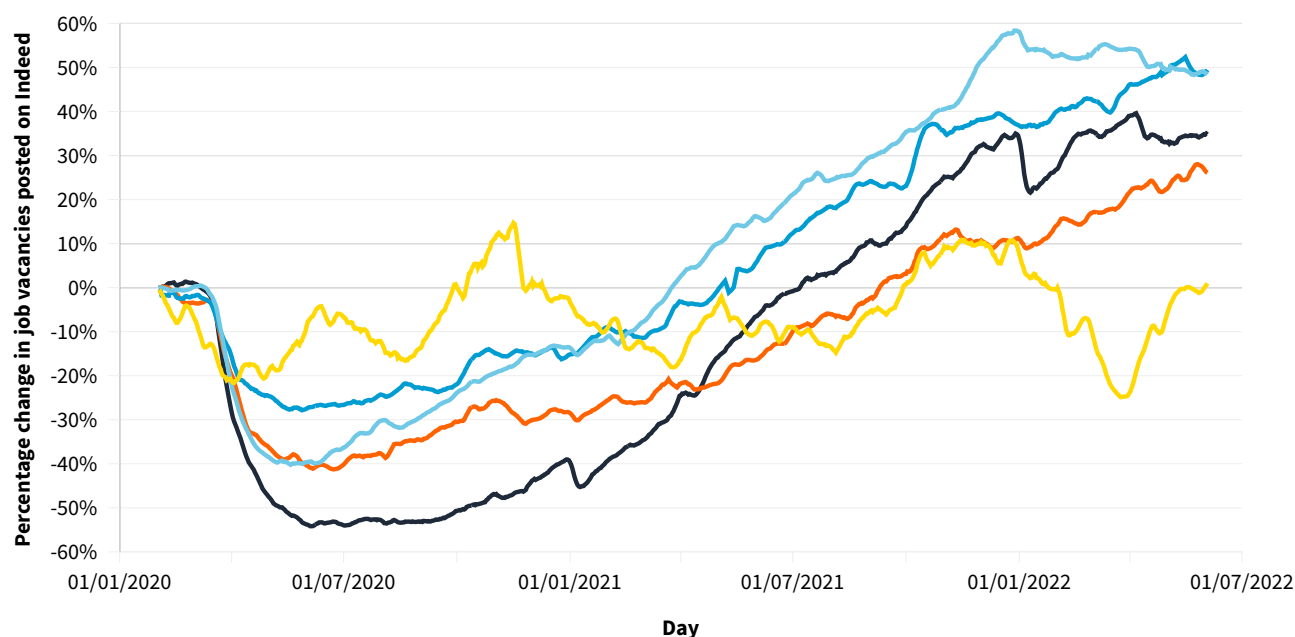
<sup>6</sup> [https://www.london.gov.uk/sites/default/files/londons\\_economy\\_today\\_no237\\_260522.pdf#page=15](https://www.london.gov.uk/sites/default/files/londons_economy_today_no237_260522.pdf#page=15)



# Job vacancies

## Job vacancies

● London ● Paris ● Berlin ● New York City ● Hong Kong



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.

Job vacancies posted on Indeed, a leading recruitment website, remain far above their pre-pandemic levels in London, Paris, Berlin and New York, as their economies continue to recover.

During the strict lockdowns enforced by Hong Kong early this year, job vacancies slumped by nearly a quarter compared to baseline. Since then, job postings have just about rebounded to pre-pandemic levels.

Job postings in London have started to plateau in 2022, perhaps as inflation and recession fears start to have an impact on recruitment. Having said this, postings remain at a much higher level than before the pandemic. Paris and Berlin have seen an uninterrupted growth in vacancies, also exceeding pre-pandemic figures. Based on this data, Berlin is now neck and neck with New York as the global city with the strongest demand for workers,

compared to baseline. This would usually lead to a drop in Berlin's unemployment rate, but the OECD warned that a lack of qualified candidates for vacancies was dampening the city's labour market.<sup>7</sup> The combination of relatively high unemployment rates with a high number of vacancies appears to be a nationwide issue in Germany; the country's Vice Chancellor recently expressed concern at the impact of skills mismatches on productivity and recommended an increase in skilled immigration and an increased minimum wage.<sup>8</sup>

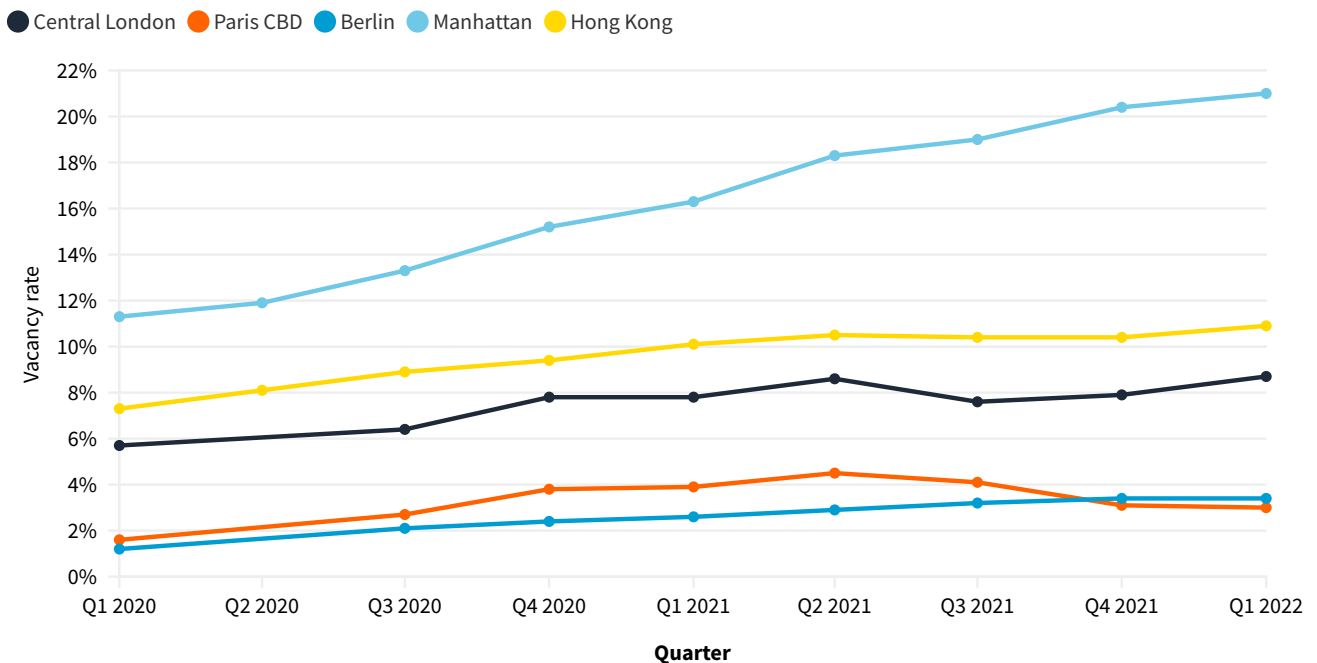
As in our last edition, Paris remains our western comparator city where job postings have risen the least compared to pre-pandemic levels, perhaps reflecting its low unemployment rates throughout the pandemic.

<sup>7</sup> <https://www.oecd-ilibrary.org/sites/feafb18-en/index.html?itemId=/content/component/feafb18-en>

<sup>8</sup> <https://www.reuters.com/world/europe/germany-needs-greater-immigration-avoid-labour-shortages-minister-2022-01-11/>

# Office vacancy rates

## Office vacancy rate



Source BNP Paribas Central London, BNP Paribas IDF, BNP Paribas Berlin • Cushman Wakefield • Colliers  
 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 inflate rates.

Manhattan’s office vacancy rates have continued to climb in 2022, reaching a record high of 21%. Both job numbers and commuting rates remain below those in other global cities. Remarkably, office vacancy rates in New York have almost doubled in the two years since the start of the pandemic. Empty office space is becoming a source of serious concern for the city’s finances, as commercial property taxes make up 41% of New York’s property taxes, and these are the largest source of revenue for the city.<sup>9</sup>

Central London’s office vacancy rates have risen again albeit only slightly in Q1 2022, after having decreased over the second half of 2021, probably showing the continued impact of remote and hybrid working on demand in central London, especially during the Omicron wave. Within Central London there are large differences in office vacancy rates, which stand at 4.5% in the West End but 10.6% in

the City of London. However, demand for Grade A offices in the City remains very strong, with a vacancy rate of 2.9%, lower than in other central London areas, according to BNP Paribas analysis. This supports the ‘flight to quality’ narrative as occupiers seek greater flexibility and environmental standards to adapt to hybrid working and the net-zero agenda.<sup>10</sup>

Hong Kong’s office vacancy figures remained high, though just about half that of Manhattan. This may well reflect hesitancy among many multi-national employers after the city state’s repeated, harsh lockdowns, concerns about political repression, and closer ties to the increasingly assertive Chinese central government.

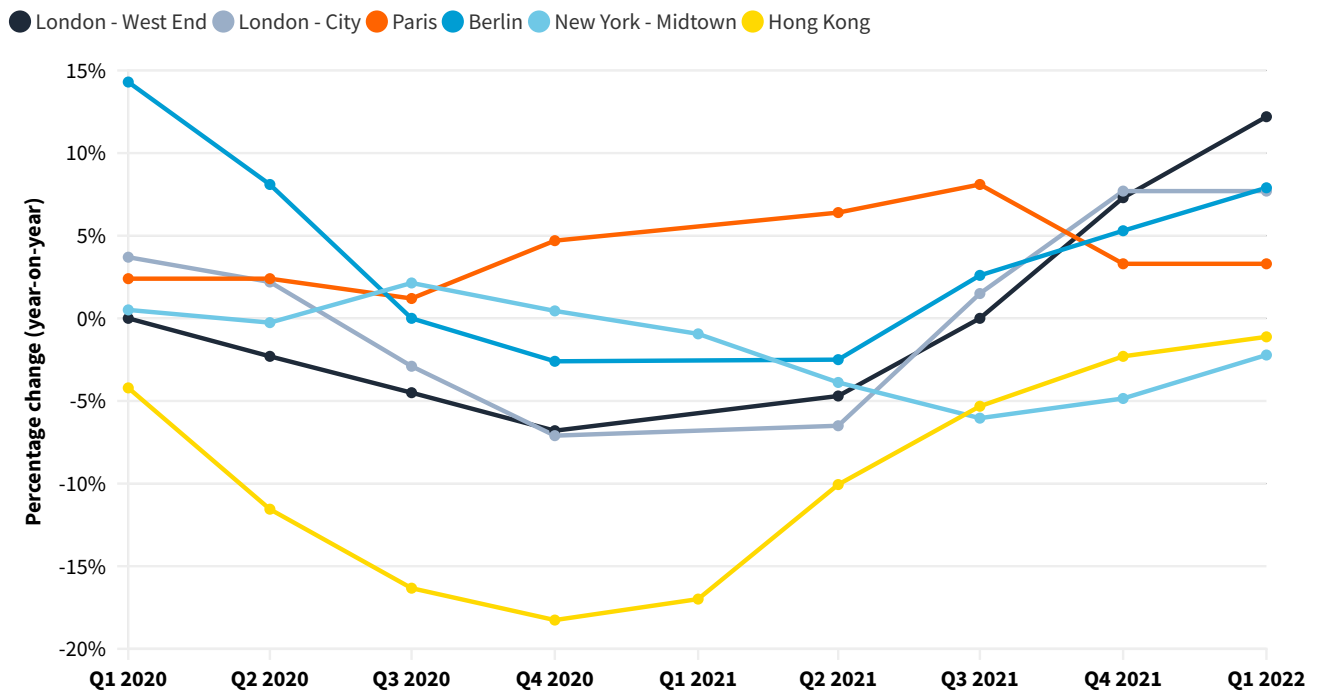
In contrast, Berlin and Paris have seen much smaller increases in vacancy rates, both at around 3%.

<sup>9</sup> <https://www.nytimes.com/2021/07/01/nyregion/manhattan-vacant-office-space-real-estate.html>

<sup>10</sup> <https://bnpparibas.turtl.co/story/central-london-office-market-update-q1-2022/page/3/4?teaser=yes>

# Prime office rents

## 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. No consistent historical data available

Since the end of last year, the most notable story has been the growth in prime rental prices in London’s West End. After steep declines during 2020 and a plateau in Q3 2021, the area’s rates for prime office stock rose by 7.3% in Q4 2021 and a remarkable 12.2% in Q1 2022 compared to the same quarter of the previous year.

The return of commuters and visitors to central London have clearly had a significant positive impact on rents in the West End. Shaftesbury, a major landlord announced that the six months up to the end of March saw it return to profitability as footfall in the area increased markedly.<sup>11</sup> Whilst some retail areas in Westminster are still experiencing footfall around a third lower than before the pandemic, there has been steady growth since the

Omicron wave. Prime rents in the City of London are also on the rise, likely signalling a return to stronger demand post-pandemic.

Berlin is experiencing a significant rise in rents for prime office stock, matching that of the City of London in Q1 2022, but its price levels remain very low among global cities in Europe – even the central Mitte district’s rates are half those of Paris’ CBD.<sup>12</sup>

Hong Kong’s Sheung Wan and Central districts are seeing further, if slowing, declines in the rents of Grade A office stock, reflecting decreasing demand. There has been a string of major corporations considering moving employees to Singapore to avoid tough restrictions in the city state.<sup>13</sup>

<sup>11</sup> <https://www.sharecast.com/news/news-and-announcements/shaftesbury-swings-to-profit-amid-west-end-footfall-recovery--9844677.html>

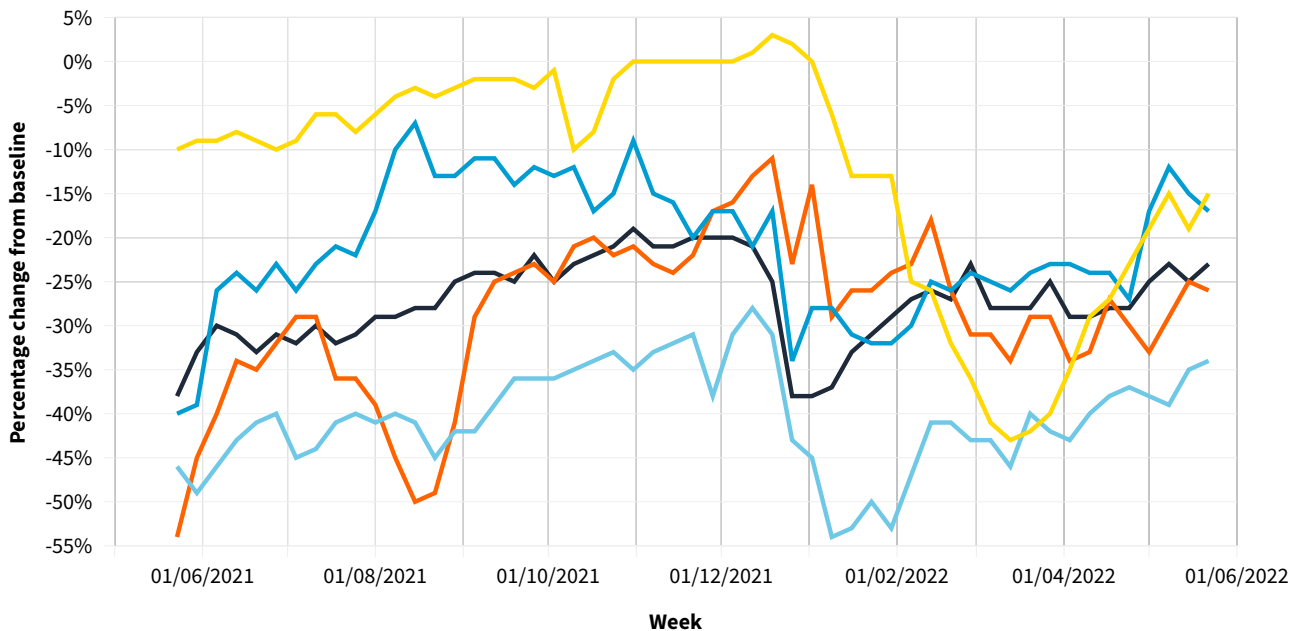
<sup>12</sup> <https://www.cushmanwakefield.com/en/united-kingdom/insights/dna-of-real-estate>

<sup>13</sup> <https://www.ft.com/content/a2f645e8-d093-4d93-94fb-23f3cb690bd7>

# Retail visits

## Retail mobility across cities

● Greater London ● Paris ● Berlin ● Manhattan ● Hong Kong



Source: [Google COVID-19 Community Mobility Reports](#) • Percentage change compared to a pre-pandemic baseline using data from January 2020. Data averaged into 7-day rolling periods. Gaps where data quantity doesn't meet Google's privacy threshold. Data for New York City as a whole does not exist.

London has recovered significantly from a slump in visits to stores during the Omicron wave, but footfall remains 23% lower than before the pandemic hit. Since February 2022 the increase in retail visits has stalled (as shown by slowly declining growth of volume transactions at Pret a Manger), probably due to higher inflation. The Consumer Prices Index rose by 2.5% in April 2022 compared to March alone and further rises will dampen consumer demand, particularly for non-essential retail, over the coming months.<sup>14</sup> The higher share of online shopping (which has fallen since the pandemic but is still higher than in 2019) may also explain why the recovery of retail visits has stalled.

Although retail visits in Hong Kong collapsed in mid-March as stringent lockdowns were in place, they have since recovered to 15% below 2019 levels, the highest figure of any of our global cities.

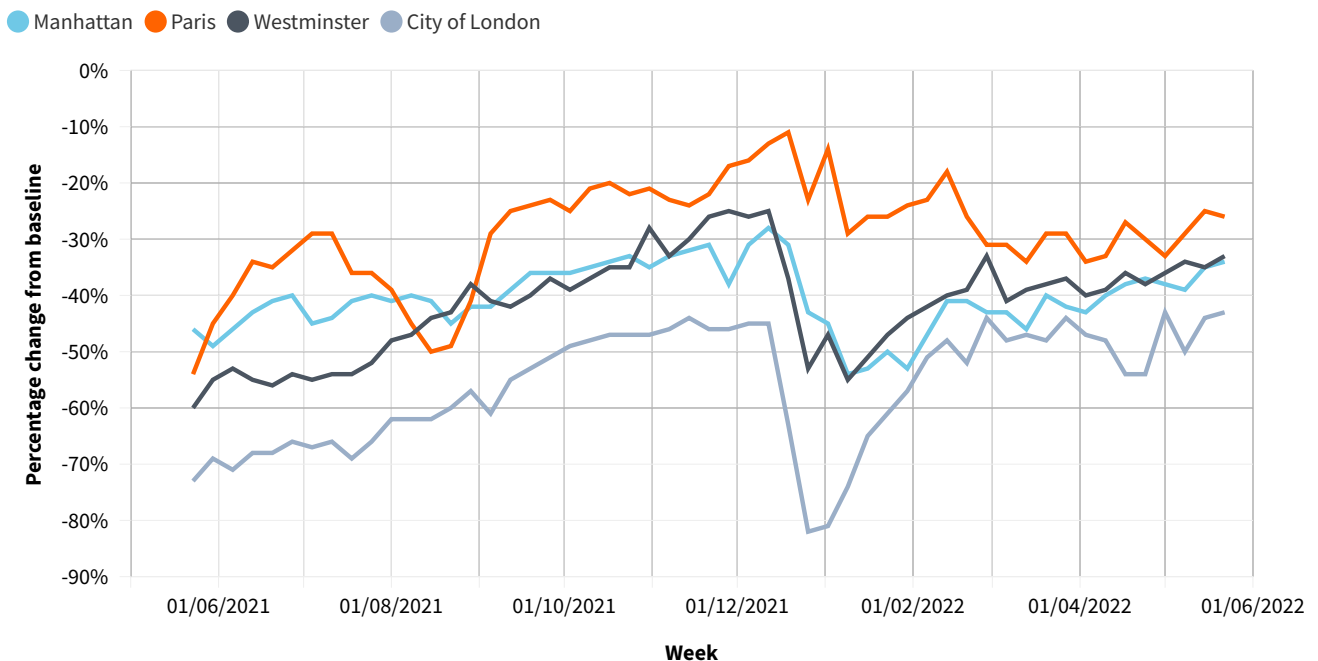
Berlin has seen a very significant rise in retail visits between the end of April and the beginning of May 2022, growing from -27% to 12% below 2019 levels in only three weeks, though continuing disruptions in supply chains due to lockdowns in China are expected to squeeze retail operations over the coming months.<sup>15</sup>

<sup>14</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2022>

<sup>15</sup> <https://www.reuters.com/markets/europe/german-retail-sales-drop-more-than-expected-april-2022-06-01/>

# City centre retail visits

## Retail mobility across city centres



Source: [Google COVID-19 Community Mobility Reports](#) • Percentage change compared to a pre-pandemic baseline using data from January 2020. Store visits tend to be lower in January than during the rest of the year in many countries, so this data likely overestimates store visits in other months. Data averaged into 7-day rolling periods. Gaps where data quantity doesn't meet Google's privacy threshold. NYC data is only available at borough level.

Retail activity in city centres has been significantly harder hit throughout the pandemic than retail elsewhere, dampened by reduced commuter and visitor footfall. Recovery across city centres remains slow – likely in part as a result of hybrid working patterns. Analysis of London transport ridership data shows that journeys to and from the City of London are lower by 15 percentage points on Mondays and Fridays than on Thursdays.<sup>16</sup>

Paris presents the rosier picture at just 26% below 2019 levels, but benefits from having a relatively high number of residents within its dense urban core compared to London.

The City of London is known historically more as a centre of employment than a centre for entertainment and is highly dependent on non-resident commuters, which is reflected in its lowest position in the retail data of our case studies. The new Chair of the City of London's Policy Committee, Chris Hayward, has stated that he plans to reshape the Square Mile into a 'Destination City', spending £2.5 million a year on events, such as weekend festivals, to increase leisure travel and weekend footfall in the area.<sup>17</sup>

<sup>16</sup> <https://www.ft.com/content/5ed49b8a-6c69-418c-9a26-7f43a99b1d1f>

<sup>17</sup> <https://www.ft.com/content/5ed49b8a-6c69-418c-9a26-7f43a99b1d1f>

# City centre retail visits

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Westminster, including parts of the West End, is showing significantly improved retail visit figures, though it remains 8 points below its high point of -25% of 2019 levels, which was achieved during the typically busy pre-Christmas period. February saw the Heart of London Business Alliance (a business improvement district) come out with a five-year plan to reinvigorate the area with more than 40 projects to bolster footfall through significant investments into arts and the public realm.<sup>18</sup> The return of large events to the West End, such as the Queen's Platinum Jubilee and Pride in London, have and will boost visitor numbers.<sup>19</sup>

Retail footfall in the West End and Manhattan shows very comparable trends with both places remaining over 30% below 2019 levels in late May of this year. Bloomberg reports that Q4 2021 saw retail rents fall by 14% year-on-year, the most seen in five years, as landlords fought to bring in new tenants and replace vacant shopfronts.<sup>20</sup>

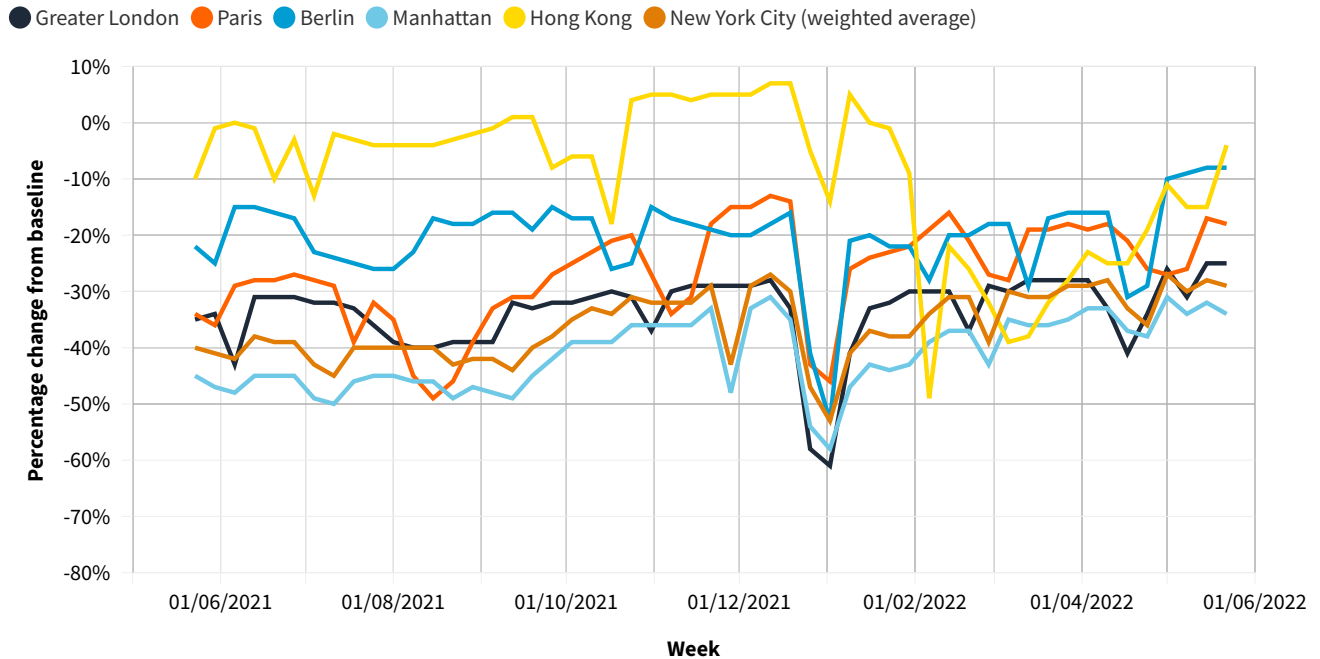
<sup>18</sup> <https://heartoflondonbid.london/we-reveal-our-bold-vision-for-londons-west-end/>

<sup>19</sup> <https://www.standard.co.uk/news/london/west-end-boost-london-queen-reign-celebrations-b1002336.html>

<sup>20</sup> <https://www.bloomberg.com/news/articles/2022-01-31/manhattan-retail-rents-slide-as-tenants-grab-discounted-space>

# Workplace visits

## Workplace mobility across cities



Google COVID-19 Community Mobility Reports, NYC Planning • Percentage change compared to a pre-pandemic baseline using data from January 2020. Data averaged into 7-day rolling periods. Gaps where data quantity doesn't meet Google's privacy threshold. NYC is a weighted average of data for the five boroughs, using the number of workers in each borough.

Hong Kong saw exceptionally high office working rates for most of the pandemic but earlier this year these slumped (as low as 49% below 2019 levels), when all civil servants were mandated to work from home and private employers were encouraged to make the same choice.<sup>21</sup> Workplace visits have since recovered, peaking at 96% of 2019 levels, but remain significantly below December 2021. Still, the Special Administrative Region has the highest in-person working statistics of any of the cities assessed.

Manhattan continues to see a lower rate of workplace visits than New York City as a whole because of its job composition. With its dominant financial services and technology sectors, the city contains a far higher proportion of jobs that can be done remotely.<sup>22</sup> Other NYC boroughs are likely benefitting from residents spending more time in their local town centres than they did before the pandemic.<sup>23</sup>

In late May 2022, London experienced the highest rates of workplace activity so far since the pandemic, but remains 25% lower than pre-pandemic rates. Notwithstanding some press stories, London's office working rates are actually above those for New York City as a whole as well as Manhattan's. However, they do remain lower than is the case for Paris, Berlin, and Hong Kong. Paris suffered the least severe drop in office working of our city sample during the Omicron wave (excluding Hong Kong) and has rebounded to 92% of 2019 levels in late May 2022.

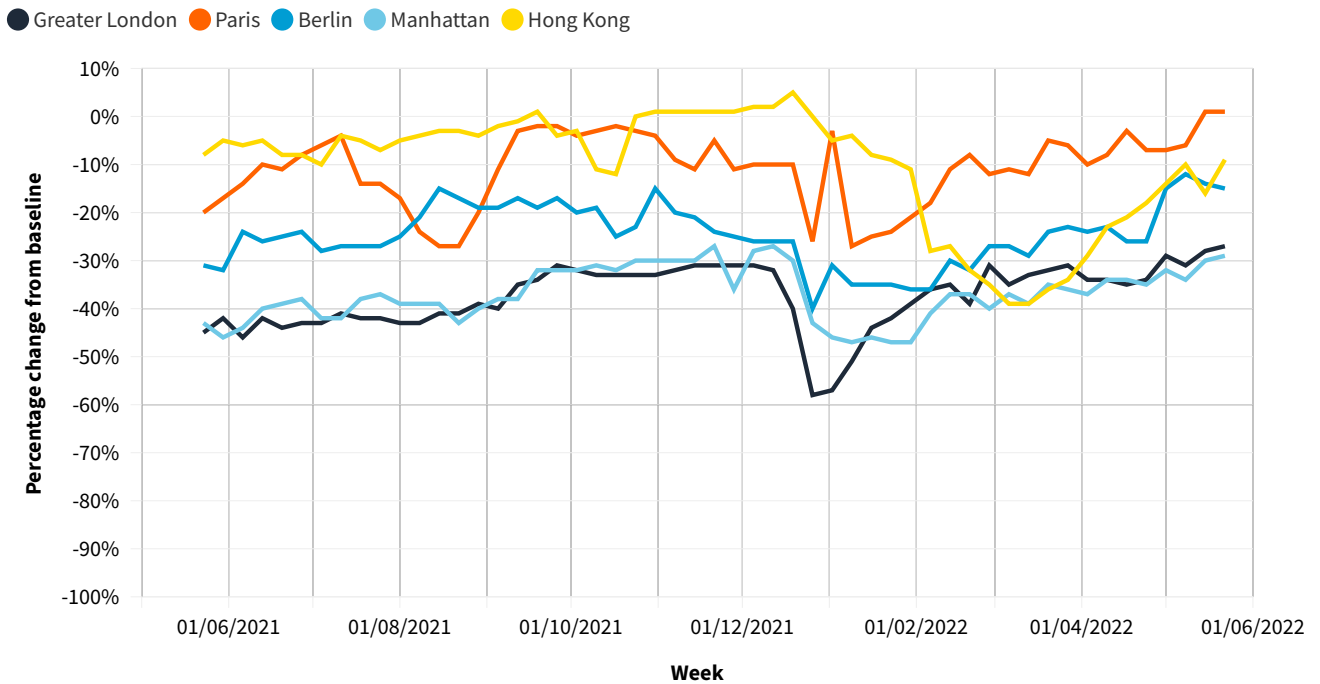
<sup>21</sup> <https://www.humanresourcesonline.net/hong-kong-government-employees-directed-to-work-from-home-effective-4-february-2022>

<sup>22</sup> NYC is a weighted average of data for the five boroughs, using the number of workers in each borough. This calculation gives an indicative picture for the NYC average, which Google does not produce.

<sup>23</sup> <https://www.nytimes.com/2022/04/15/nyregion/work-from-home-nyc.html>

# Station visits

## Station visits across cities



Source: [Google COVID-19 Community Mobility Reports](#) • Percentage change compared to a pre-pandemic baseline using data from January 2020. Data averaged into 7-day rolling periods. Gaps where data quantity doesn't meet Google's privacy threshold. Data for New York City as a whole does not exist.

Visits associated with London stations have actually recovered fairly quickly since the Omicron wave, but have stalled since then. This is in contrast to Paris where station visits are now one percent higher than pre-pandemic levels (late May 2022 data). At the time of writing, data shows the opening of the Elizabeth Line has boosted entry and exits at Tottenham Court Road station back to their pre-pandemic level – but more data will be needed to assess how much of this is due to displacement effects. Transport for London has recently announced that it will begin consultations on cutting 16 bus routes to meet budget cuts demanded by the Department for Transport. London's buses have long depended on cross-subsidy from proceeds from the Underground. Now that demand for Tube journeys is perhaps as much as 25% lower than before the pandemic, that model is under threat.<sup>24</sup>

Station visits in Hong Kong, after remaining high throughout the pandemic, have declined to 61% of pre-pandemic levels from January to March of this year, with latest figures bouncing back to 91%. Manhattan continues to display similar mobility figures and recovery trends to London

Berlin's station visits figures are 15% below 2019 levels, however, the capital is likely to see a distinct rise in transit usage from June until August 2022, after the German Government supported the creation of a €9 flat rate ticket covering all local and regional transport services for a three-month period. Separately, the city's senate is deliberating over introducing a free, three-month ticket for public transport in Berlin, which is also likely to boost demand.<sup>25</sup>

<sup>24</sup> <https://data.london.gov.uk/dataset/public-transport-journeys-type-transport>

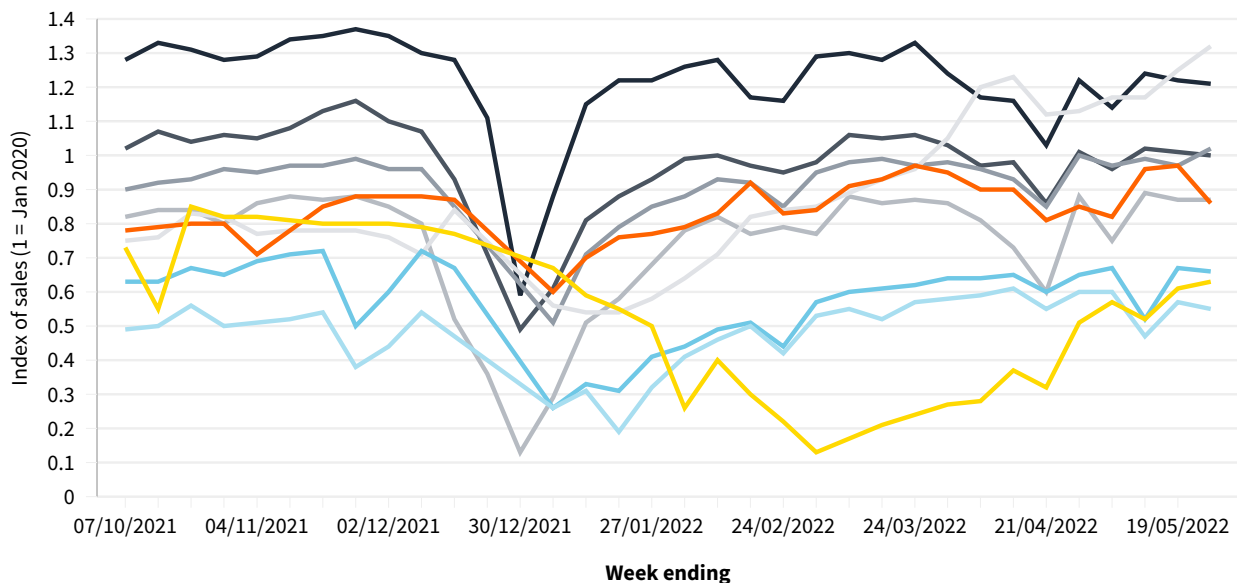
<sup>25</sup> <https://www.thelocal.de/20220513/berlin-weighs-up-free-public-transport-ticket-for-summer/>



# Pret index

## Pret Index

● London Suburbs 
 ● London West End 
 ● London Stations 
 ● London City 
 ● London Airports 
 ● Paris 
 ● New York Midtown 
 ● New York Downtown 
 ● Hong Kong



Source: [Bloomberg](#) • Indexed to January 2020. NYC Downtown is defined as stores between the Financial District to Astor Place, Midtown is defined as between 30th and 56th Street. London City is defined as the City of London and Canary Wharf, London West End as Oxford Street, Marylebone, and St James, London Suburbs as outside Zones 1 and 2. Missing data in December 2021 for cities outside Europe as reporting was interrupted.

Pret a Manger transaction volume data gives us another useful indicator for the return to office-based working across our cities.

Throughout the pandemic, London’s suburbs have consistently topped Bloomberg’s index of transactions at Pret a Manger, reflecting what looked like more of a ‘doughnut recovery’ caused by increased hybrid working and fewer commuters leaving their local areas each day. Airport sales had recovered to pre-pandemic levels in the city at the end of March, reflecting increases in air passenger numbers and have since increased further.

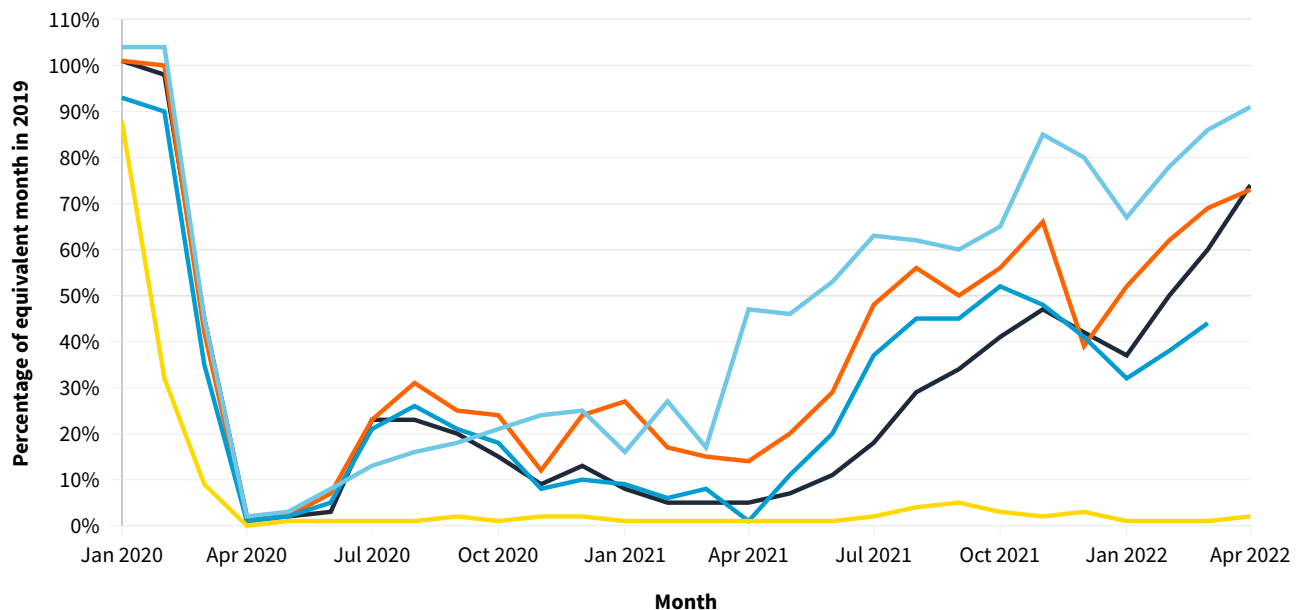
Within central London, transactions in the City of London remain suppressed by comparison to the West End and major rail stations, reflecting the continuation of hybrid working patterns for office workers – particularly given that Fridays in the City see sales fall by up to 80%. This is combined with a stronger recovery among central London leisure and entertainment venues than workplaces.

New York City’s stores continue to underperform against their European counterparts, with downtown outlets even outpaced by those in Hong Kong by May, while Midtown’s stores remain at least 20 points below the next worst affected area (the City of London).

# Airport passenger demand

## Airport passengers

● London ● Paris ● Berlin ● New York City ● Hong Kong



Source: [Civil Aviation Authority](#), [Paris Aeroport](#), [Berlin Airport](#) • Percentage of equivalent month in 2019. Hong Kong's numbers for August and September 2021 are provisional. 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.

Since our last update, every city outside of Hong Kong has seen very strong growth in air passenger numbers, with New York's airports registering the largest increases since the Omicron wave.

NYC's passenger numbers have now hit the highest relative level of any of our cities throughout the pandemic, at 91% of March 2019 demand.

Hong Kong's air passenger traffic remains almost non-existent, having fallen to 1% of pre-pandemic figures from January to April of this year. Incoming visitors are still required to quarantine for seven days and until recently, through the country's 'circuit breaker' policy, any airline that carried three or more infectious passengers would be temporarily banned from servicing that flight route.

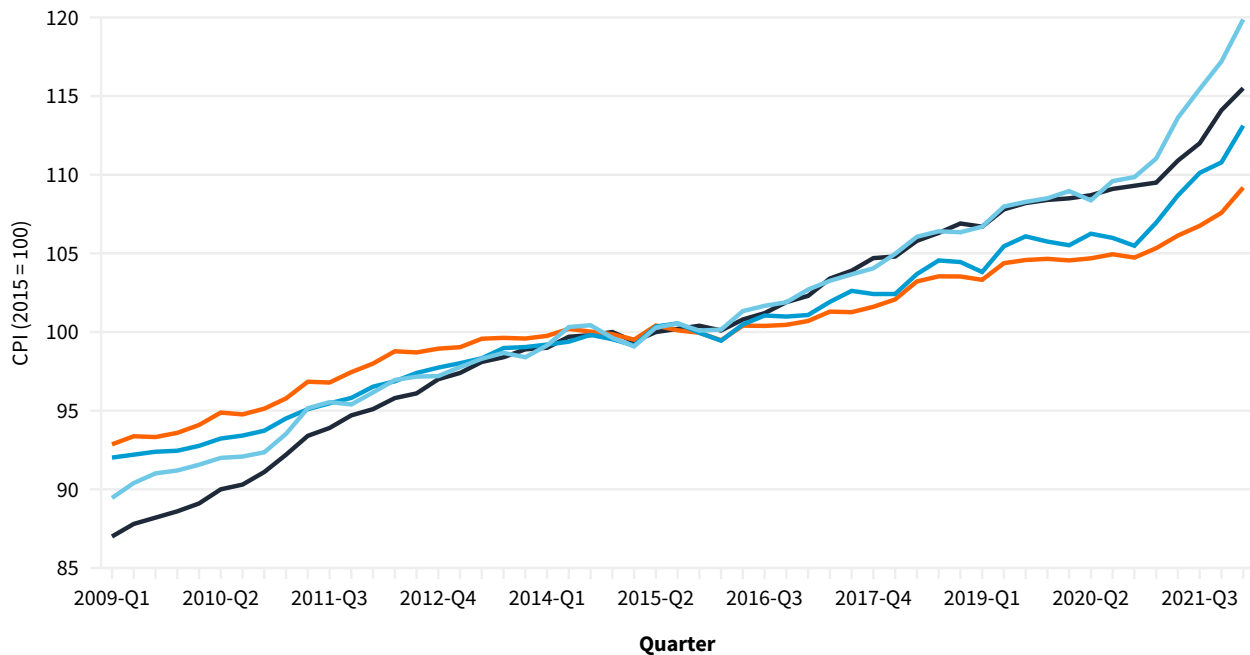
Growth in London airport passenger numbers has been particularly sharp, rising from 37% to 74% of equivalent 2019 figures between January and April 2022, as more travel restrictions have been lifted.

It remains to be seen if passenger numbers will continue to increase, as reduced business travel, sanctions imposed on and by Russia, as well as continuing quarantine requirements in some countries continue to impact demand. There are also labour shortages which have led to flight cancellations at a number of London airports.

# Inflation

## Inflation

● UK ● France ● Germany ● USA



OECD (2022), [Inflation \(CPI\), \(indicator\)](#). • Hong Kong is not a member of the OECD and therefore is not included in this dataset.

National-level inflation figures highlight the unprecedented pressure on the cost of living faced by the cities surveyed.

Inflation over the past year was highest in the US, at 8.5% for the year ending in March 2022 – the largest increase since December 1981.<sup>26</sup> This was followed by the UK, Germany and France, where inflation had been lower. Other data shows Hong Kong enjoyed among the lowest rates of our global cities in 2021, which seems to have continued into early 2022, potentially enabled by the city’s increasing economic isolation.<sup>27</sup>

Energy prices have played a key role in these price increases – from Q3 2021 to Q1 2024 the UK saw energy prices rise from a 9.6% annualised rate of inflation to 24.5%, as the Russian invasion of Ukraine roiled international energy markets. For domestic energy consumers, this was most keenly felt in April, when the energy price cap rose by 54%. Given the lack of energy caps for business and industry in the UK, high wholesale energy prices will further increase price pressures on consumer goods and some service sector activity with time.

<sup>26</sup> <https://www.bls.gov/opub/ted/2022/consumer-prices-up-8-5-percent-for-year-ended-march-2022.htm>

<sup>27</sup> <https://data.imf.org/?sk=4c514d48-b6ba-49ed-8ab9-52b0c1a0179b&slid=1501617220735>

# Inflation

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France has seen a lower rise in energy prices, as the French state has for now, introduced a strong “tariff shield” against price rises, which are currently capped at 38 euros a year for households.<sup>28</sup> French state control of major energy firms and the predominance of domestic nuclear power in the country’s energy mix have made this possible to date, but there is a question as to how long this policy can remain in effect if global energy prices remain high.

There is extensive debate surrounding the causes of all this inflation – clearly, the war in Ukraine has had a profound impact on supply chains for food and raw materials while sanctions on Russia have materially impacted energy markets. This has combined with the aftershocks of coronavirus across global supply chains – stringent lockdowns in China have exacerbated existing shortages in labour and goods. Others, such as the chairman of NatWest, have pointed to the contribution from monetary expansion including quantitative easing.<sup>29</sup>

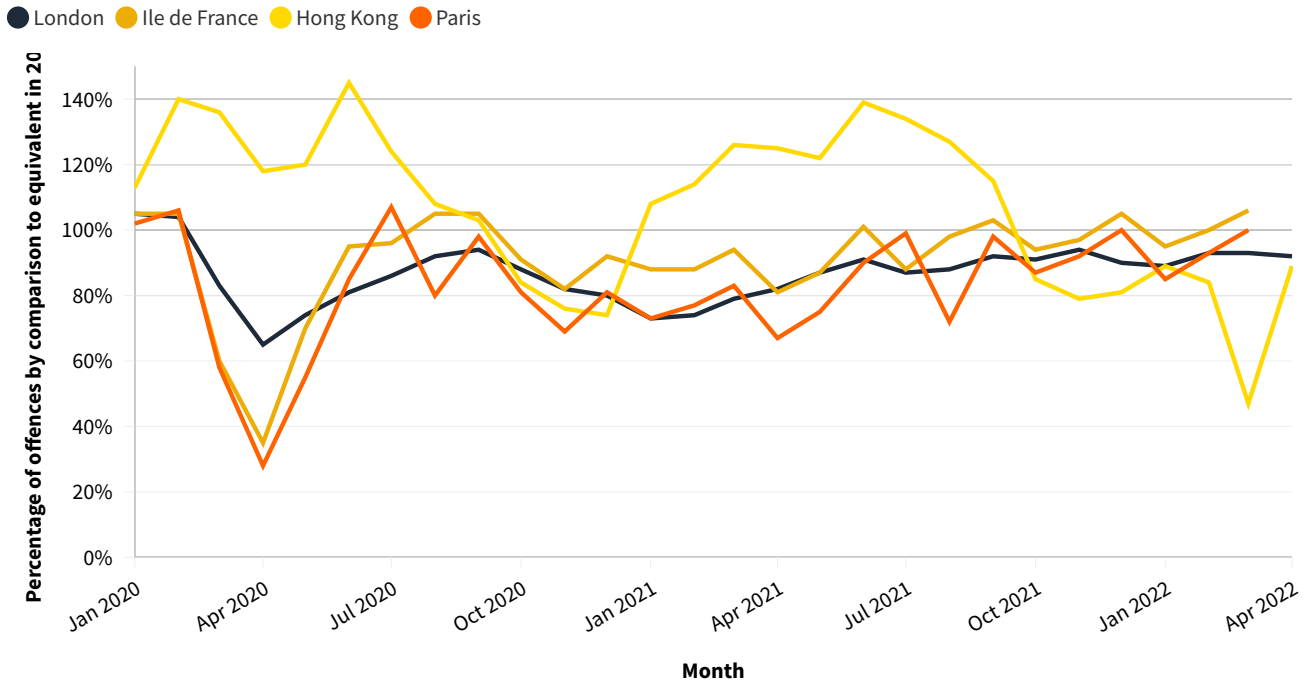
Since the end of Q1 2022 (March), inflation has increased even further, hitting 9% in the UK in May, the highest rate for 40 years.

<sup>28</sup> <https://www.euractiv.com/section/energy/news/increase-in-electricity-prices-inevitable-says-french-elected-official/>

<sup>29</sup> <https://www.thetimes.co.uk/article/bank-of-england-should-have-moved-sooner-to-curb-inflation-says-ex-central-banker-davies-btclp8820>

# Crime

## Crime rate



Source: Metropolitan Police, Ministère de l'Intérieur, Hong Kong Police Force • Hong Kong data is limited in availability, Berlin only publishes annual data, showing a minor decrease to 98% of 2019 crime rates in 2020, NYC data is inconsistent between months.

The number of offences reported in London and Hong Kong remains down on equivalent months in 2019; around 92% of 2019 levels in April. Hong Kong saw crime plunge in March this year to below 50% of 2019 levels as a result of a strict lockdown.<sup>30</sup>

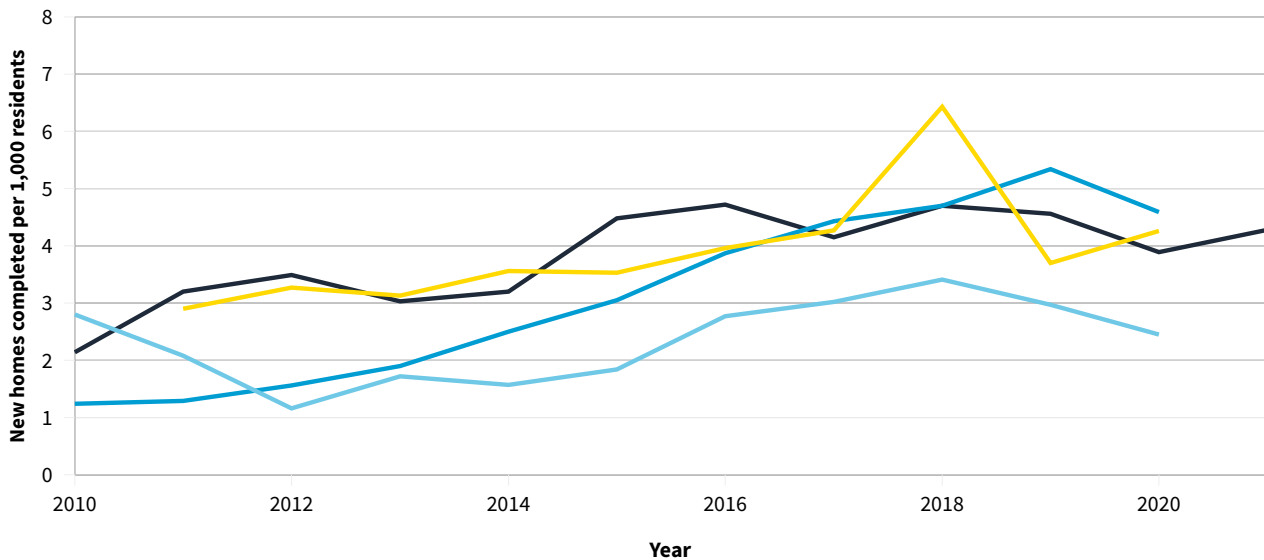
Crime rates in Paris Ile-de-France have increased above their level before the pandemic – reaching 106% of baseline in March 2022.

<sup>30</sup> <https://www.otandp.com/covid-19-timeline>, <https://www.timeout.com/hong-kong/things-to-do/things-you-need-to-know-about-hong-kongs-social-distancing-restrictions>

# New homes completed

## New homes completed (per 1,000 residents)

● London ● Berlin ● New York City ● Hong Kong



Source: [UK Government, Berlin Brandenburg](https://storymaps.arcgis.com/stories/1c9138dc24064b2e8142ff156345a719), <https://www.thb.gov.hk/eng/psp/publications/housing/private/pshpm/stat202106.pdf>, <https://www.housingauthority.gov.hk/en/about-us/publications-and-statistics/actual-public-rental-housing-production/index.html>, <https://www.thb.gov.hk/eng/psp/publications/housing/private/pshpm/stat202106.pdf> • 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.

Apart from Hong Kong, no other city has updated its figures since our survey. Hong Kong has seen a significant increase in housebuilding over 2021. However, this growth has almost entirely taken place in the public sector. Some 6,500 fewer private residential units were completed in 2021 compared to 2020. But public rental housing production increased very significantly from 6,261 in 2020/21 to 21,764 in 2021/22. In addition, there were 4,050 subsidised sale flats added to the housing stock. Around 30% of Hong Kongers live in public housing (mid-2021 data).<sup>31</sup> In the face of the city’s dramatic housing crisis, with one of the most dense urban populations of any country and skyrocketing prices,<sup>32</sup> the city’s Housing Authority has pledged to speed up the production of public housing.<sup>33</sup>

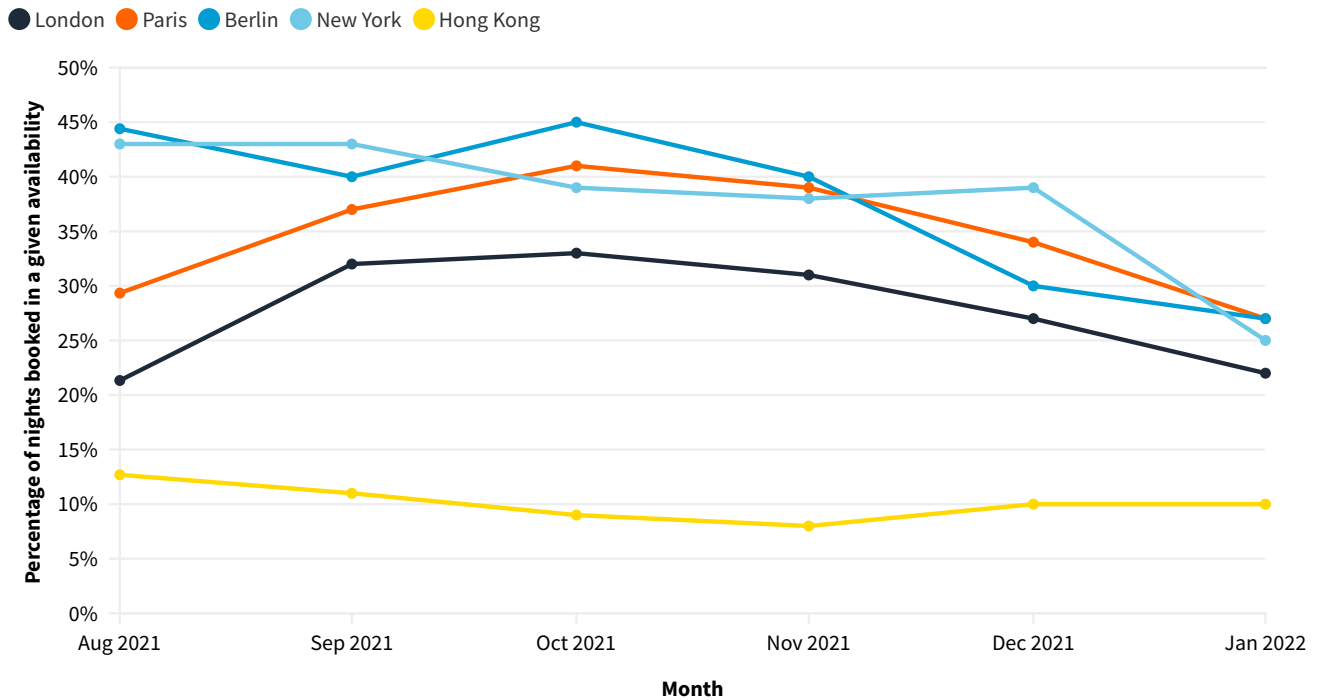
<sup>31</sup> <https://www.thb.gov.hk/eng/publications/housing/hongkongthefacts/index.html>

<sup>32</sup> <https://data.worldbank.org/indicator/EN.POP.DNST?locations=HK-GB-US-FR-DE>

<sup>33</sup> <https://www.info.gov.hk/gia/general/202203/26/P2022032600219.htm>

# AirBnB occupancy

## AirBnB occupancy



Source: [AllTheRooms](#)

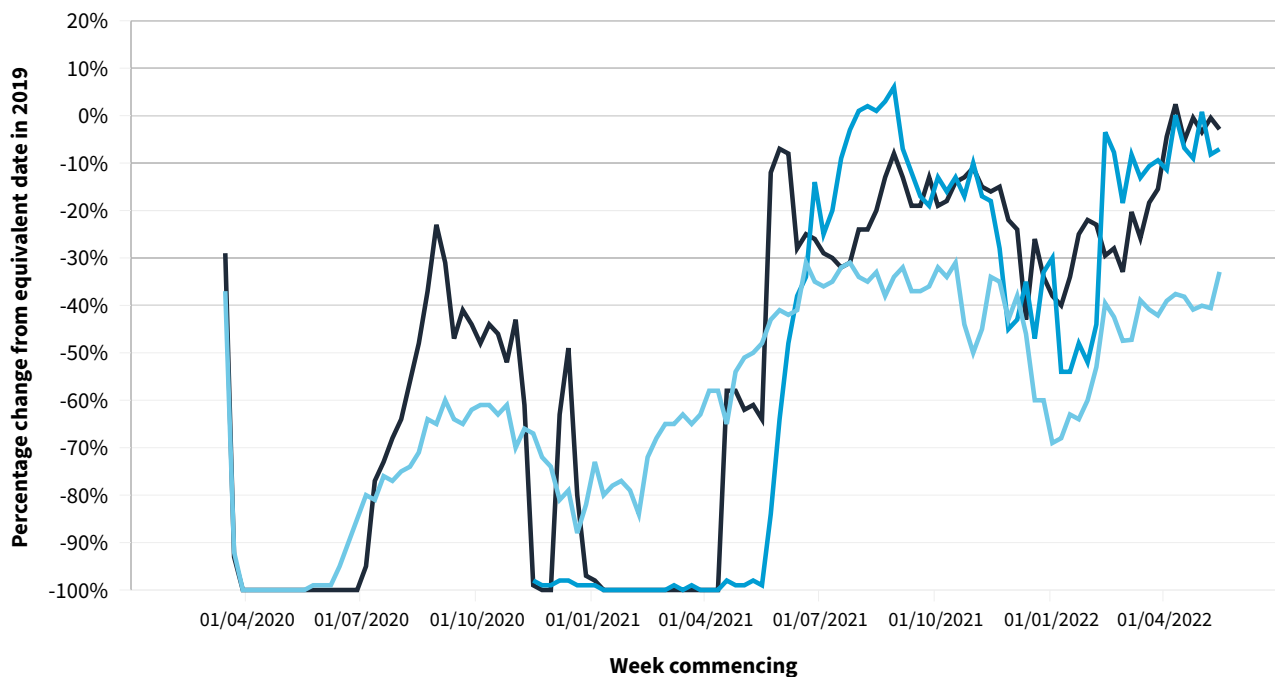
Other than Hong Kong, since the start of the year, all our cities have seen marked recoveries in their AirBnB occupancy rates. Very low AirBnB occupancy in Hong Kong reflects minimal incoming air travel and will arguably be a threat to the future of the city's tourism sector.

Occupancy of London holiday lets reached 38% in April - lower than in Paris, at 43% - and Berlin and New York, at 47%. This might in part be a result of increased supply as visitor numbers recover.

# Restaurant bookings

## Restaurant Bookings

● London ● Berlin ● New York City



Source: [Opentable](#) • Daily data has been averaged into 7-day rolling periods. No comparable data available for Paris or Hong Kong.

London and Berlin have seen a remarkable recovery in restaurant bookings since their collapse during the Omicron wave, whilst New York's rebound has still left it 33% lower than pre-pandemic levels.

London's booking rates are now hovering on par with pre-pandemic figures, having surpassed them for the first time in the pandemic in mid-April. Berlin, which had reached 106% of 2019 figures in the summer of 2021 but suffered a steeper decline than London in early 2022, is now enjoying similar booking figures to the UK capital. Wholesale food inflation will certainly see the price of dining out increase significantly over the coming months, which, alongside the rising cost of living, risks dampening demand for restaurants across our global cities. The Chief Executive of UK Hospitality commented in April that the price of a main meal had increased by an average of £1.50 in April alone.<sup>34</sup>

New York City, on the other hand, remains significantly suppressed compared to pre-pandemic levels, potentially due to a more permanent outmigration of New Yorkers than residents of many other global cities, as well as higher inflation rates. No data is shown for Hong Kong or Paris.<sup>35</sup>

<sup>34</sup> [https://www.squaremeal.co.uk/restaurants/news/cost-of-eating-out-restaurants-rising\\_10199](https://www.squaremeal.co.uk/restaurants/news/cost-of-eating-out-restaurants-rising_10199)

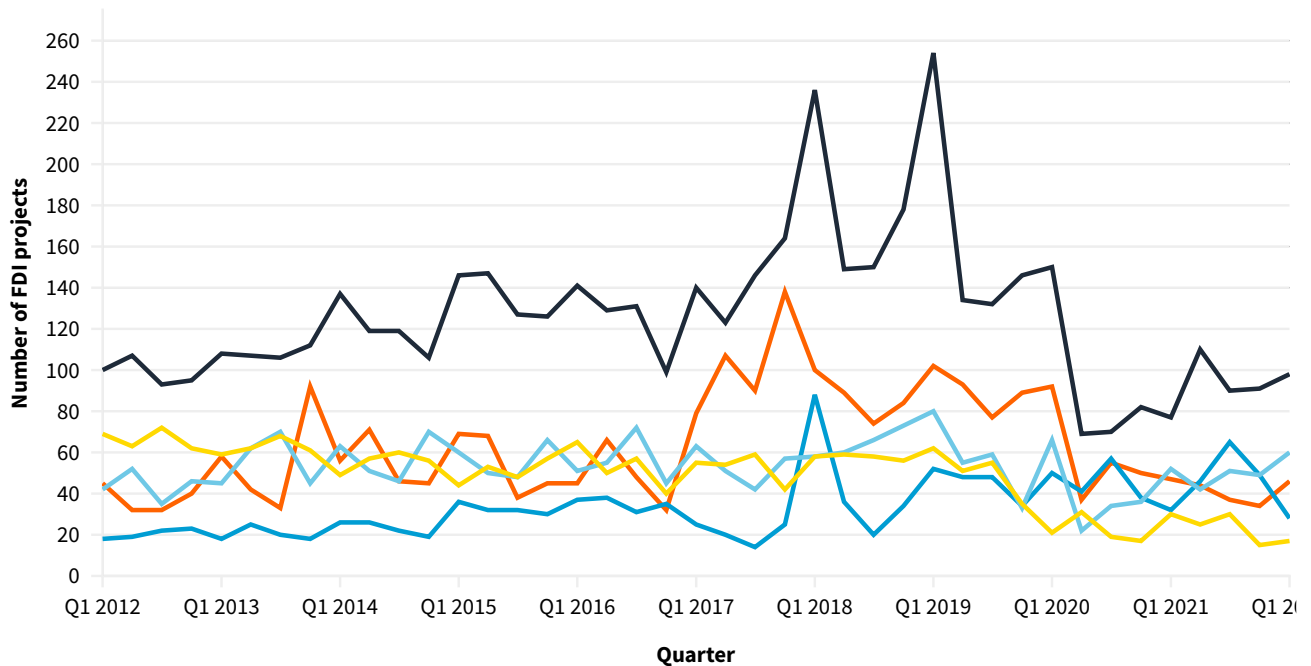
<sup>35</sup> <https://comptroller.nyc.gov/reports/the-pandemics-impact-on-nyc-migration-patterns>



# Foreign direct investment (FDI)

## Foreign Direct Investment

● London ● Paris ● Berlin ● New York City ● Hong Kong



Data sourced from fDi Markets by London & Partners, as of 31/05/2022

This data tracks investments made by foreign businesses in cities – for example, this could be a foreign company buying a local business, setting up a new research and development lab, or expanding their local headquarters.

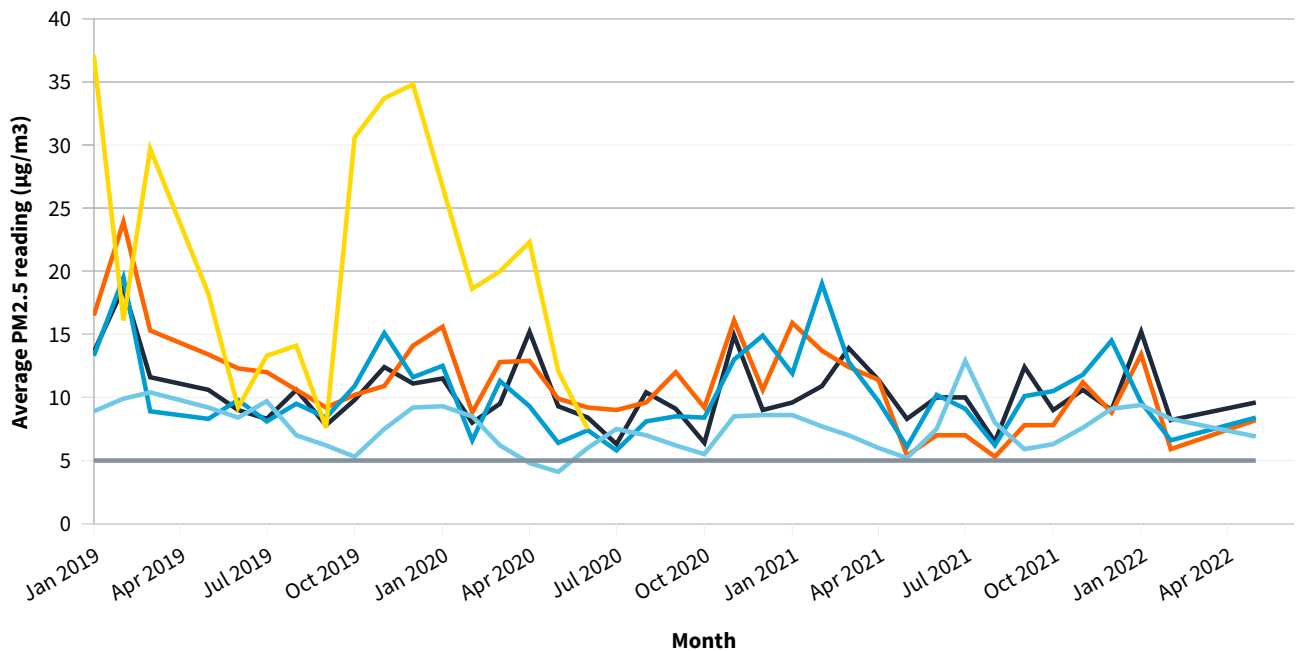
London has consistently attracted a much higher number of foreign direct investments than our selected comparator cities. Hong Kong, which used to come in second a decade ago, is now in last place - the city is becoming relatively less attractive to foreign investors, though perhaps this is being counterbalanced by an increase in investment from mainland China.

The total number of foreign projects across all five cities has fallen sharply since the start of the pandemic, though less so in New York. It is possible that domestic investment will eventually fill this gap, but where it doesn't, fewer foreign investments will likely dampen economic growth at the city level.

# Air quality

## Air pollution

● London ● Paris ● Berlin ● New York City (Manhattan) ● Hong Kong ● World Health Organisation guidance



Source: [Berkeley Earth](#) • PM2.5 readings track any particles smaller than 2.5 micrometres in diameter in the air. This data is a monthly average. The World Health Organization's guideline for air quality is 5µg/m3 averaged across a year. Within New York, only data for Manhattan is available, so results are not directly comparable with other cities.

Average PM2.5 particulate air pollution remains above World Health Organisation (WHO) guidance for all our comparator cities, and this has been the case every quarter since lockdown restrictions were lifted.

Earlier this year, average PM2.5 pollution peaked to three times above WHO guidance – and even higher on some days. Taking London as a case study, hourly data shows peaks of over 80 PM2.5 in the week of 21st March. The extraordinary levels of pollution in this period led the Mayor of London to issue a high pollution alert for 22nd-24th March.

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