



London Property Alliance

Global Cities Survey

March 2022

London Property Alliance

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

Acknowledgements

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

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.

Introduction

This is the second 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

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

- With respect to **economic output**, over the last two quarters of 2021, the London economy appears to be performing well against its competitors – especially Hong Kong which experienced a major reduction in output of more than 8% (Q4 2021). In the same quarter, London's economy is estimated to have grown by just over 1%.
- **Unemployment** continued to fall in London (which now has the second lowest rate out of our cities in Q4 2021). New York, Berlin and surprisingly Hong Kong all saw reductions too. Paris data for slightly earlier (Q3 2021) suggests a similar trend is at play. Despite a downward trend, New York continued to experience a higher unemployment rate than in other cities - this perhaps demonstrates the lasting impact of using an expanded employment insurance system, rather than a comprehensive furlough scheme that kept employees in their jobs.¹
- **Office vacancy rates** reached new highs in Manhattan (New York City) – reaching more than 20% in Q4 2021. In contrast Central London's office vacancy rate fell in the second half of last year, ending at 7.9%. Vacancy rates were comparatively low in Paris and Berlin, but higher in Hong Kong, at around 10%.
- London saw **office take-up** bounce back in Q4 2021 as demand rose. New York and Hong Kong continued to experience higher vacancy rates than before the pandemic.
- **Prime office rents** increased in London (West End and City), Paris-Île de France and Berlin in Q4 2021. Asking rents for Grade A office space (new or fully refurbished space) continued to fall in Manhattan and the Sheung Wan and Central areas of Hong Kong. Prime office rents are now higher than in Q4 2019 in the West End, Paris-Île de France and Berlin, but not in the City of London, New York (Midtown) and Hong Kong.

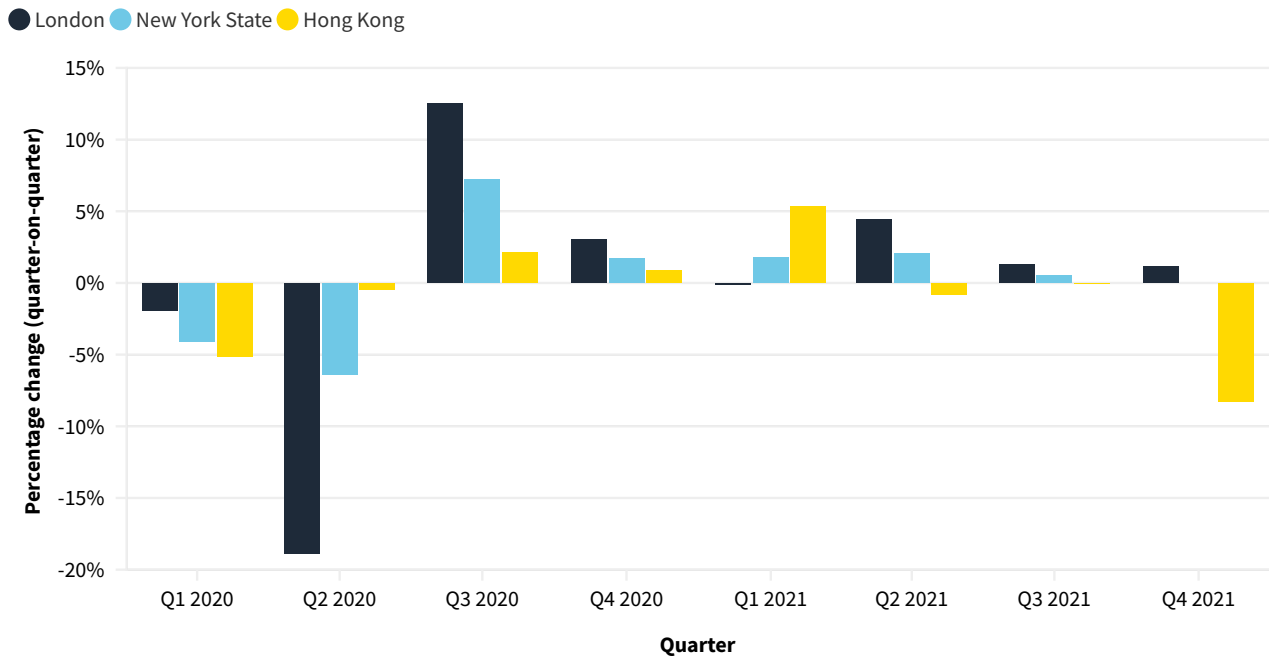
¹Institute for Government. (10 January 2022). Coronavirus: how different countries supported the unemployed. Retrieved from: <https://www.instituteforgovernment.org.uk/explainers/coronavirus-unemployment-support>

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- Based on Google indicators of **mobility**, the Omicron variant hit **retail** and **restaurant** visits. Furthermore, none of our cities are currently at pre-pandemic levels of **workplace visits**. Manhattan was still seeing 37% fewer visits than in January 2020, a much lower rate than NYC's suburbs. When we collected our data, London was sitting in fourth place after recovering from the Omicron crash. London and New York (especially Manhattan) were seeing a slower recovery in **retail** visits and public transport usage than Paris-Île de France and Berlin.
 - Demand for **air travel** tells the story of the late stages of the pandemic at an international level. New York City has stayed on top since our last update, a full 35 points closer to its pre-pandemic numbers than any other city. Paris and London saw sharp declines from November to December 2021 as strict travel curbs were reimposed. London's Southend Airport even shut for several months due to the lack of demand. Air passenger traffic in Hong Kong remains remarkably near zero, as strict quarantine requirements from most countries remain in effect.
 - Overall, London appears to be competing successfully when measured across a range of indicators included in this report. However, as the impact of the pandemic starts to recede, the effects of Russia's invasion of Ukraine is opening a new chapter of uncertainty for the global economy and major cities on the world stage – including London. How it will affect growth, investor confidence and international visitor demand will perhaps become clearer in the weeks and months ahead.

Detailed analysis

Economic output

Change in economic output



Source: Office for National Statistics, U.S. Bureau of Economic Analysis, Moody's Analytics • 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 isn't seasonally adjusted.

The data shows that London's economy continued to grow in Q4 2021², whilst Hong Kong's economic output contracted for the third quarter in a row. New York (State level data) saw slower growth than London during Q3 (no NY data is available yet for Q4). (Paris and Berlin data is not available.) Without the Omicron wave, both would certainly have enjoyed significantly higher growth.

The New York data for Q3 suggests that the city has seen a lasting impact of the Covid recession on its economy; as can be seen elsewhere in this report, unemployment remains much higher than the national average.

² Estimates of regional Gross Value Added are always less precise than national ones, but the estimate indicates that the capital is growing in line with the rest of the UK.

Economic output

As noted above, Hong Kong's economic output fell again in Q4, as partial lockdown restrictions and quarantine requirements continued. At the time of writing, these have been extended until April 2022, making it unlikely that the city will return to growth before then.³ The territory had previously required all positive Covid cases to be admitted into hospitals for isolation – this led Hong Kong hospitals hitting 90% capacity.⁴ In recent weeks, positive cases are now required to isolate in dedicated government-run facilities.

The outlook for economic growth across Europe has been made more uncertain since Russia's invasion of Ukraine and the imposition of sanctions on Russia by the EU, UK and US. These sanctions, and the effect of the war on Ukraine's industrial and food production, will dent economic growth in Europe, while trade embargos will stress key industrial global supply chains, given Russia's role as a producer and exporter. Oxford Economics, a consultancy, predicts that the conflict in Ukraine will reduce the Eurozone's GDP by around 0.5% in 2023, while the UK would suffer slightly less.⁵ If oil and gas supplies from Russia to Europe are significantly restricted, whether due to an expansion of sanctions or an intentional slowing of production, this outlook is likely to worsen notably, with higher energy prices cutting disposable income and consumer spending.

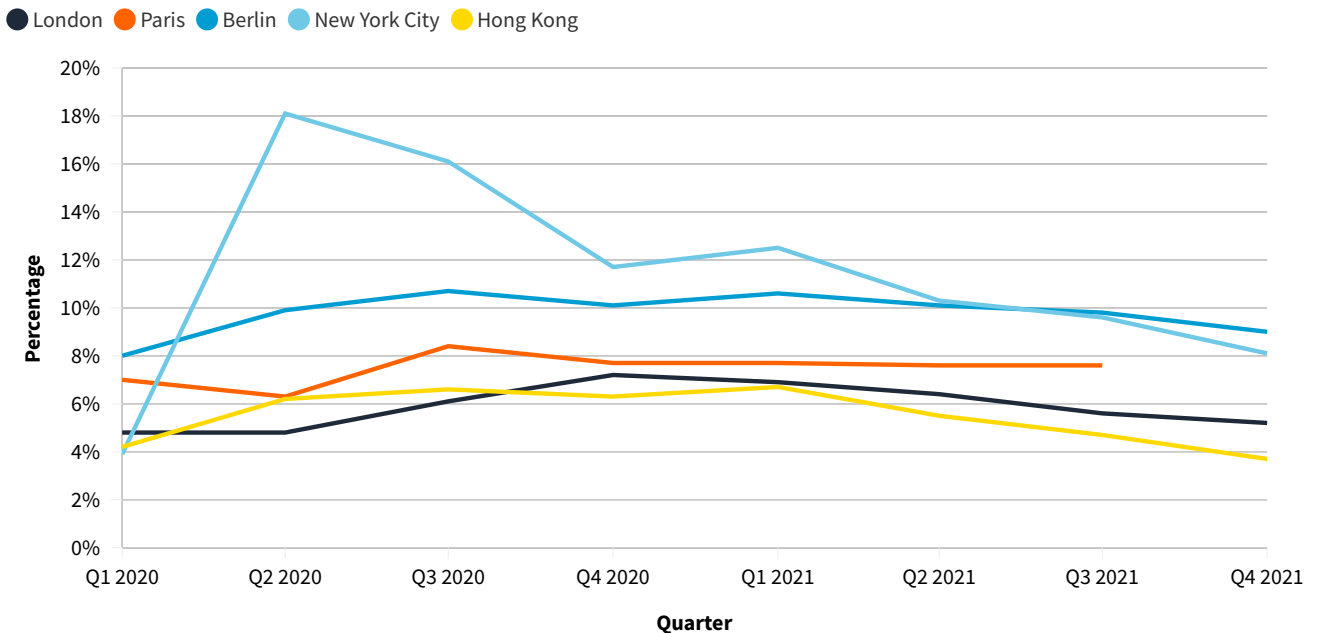
³ The Economist (26 February 2022). Hong Kong's refusal to live with COVID-19 is causing chaos. Retrieved from: <https://www.economist.com/china/2022/02/25/hong-kongs-refusal-to-live-with-COVID-19-is-causing-chaos>

⁴ AP News (18 February 2022). Hong Kong hospitals hit 90% capacity, despite zero-COVID policy. Retrieved from: <https://apnews.com/article/coronavirus-pandemic-health-china-prisons-hong-kong-16fbce999a98c1fb18b852c67f9eb688>

⁵ Oxford Economics. (25 February 2022). Weekly Economics Briefing | Eurozone. Retrieved from: <https://resources.oxfordeconomics.com/hubs/Content%20Hub%20RBs/Eurozone%20War%20in%20Ukraine%20will%20hit%20Europe%E2%80%99s%20economy.pdf>

Unemployment

Unemployment rate



Source: Office for National Statistics, INSEE, <https://statistik.arbeitsagentur.de/DE/Navigation/Statistiken/Statistiken-nach-Regionen/Politische-Gebietsstruktur-Nav.html;jsessionid=14654F2BCE4D1E40FF935293CBA8B591>, <https://statistics.labor.ny.gov/Islaus.shtm>, https://www.censtatd.gov.hk/en/web_table.html?id=6 • 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.

Unemployment continued to fall in London, New York, Berlin and even Hong Kong as 2021 came to a close and demand for labour rebounded. Paris data (Q3 2021) suggested a similar trend (data for Q4 has not yet been released).

Black and minority ethnic New Yorkers and young Black Londoners continue to experience a much higher unemployment rate than their White counterparts.

London's unemployment rate decreased from 5.6% to 5.2%, notwithstanding the end of the furlough scheme in September 2021 and the onset of the Omicron variant.

London no longer has the highest unemployment rate in the United Kingdom, although it is still above the average in England. Given the rising demand for labour in the capital, unless the Ukraine war and post-Brexit labour and skills shortages curtail recovery, unemployment could reduce further still. If the current trend continues in early 2022, London's unemployment rate could be set to return to its pre-pandemic level of 4.8%.

The unemployment gap between White and Black, Asian and Minority Ethnic groups (BAME) has widened during the pandemic, and UK data shows it is not closing: in Q3 2021, the unemployment rate for people from a Black or Minority Ethnic background was more than twice the rate for White

⁶ House of Commons Library (25 February 2022). Unemployment by ethnic background. Retrieved from: <https://commonslibrary.parliament.uk/research-briefings/sn06385/>

Unemployment

people.⁶ This was especially the case for young people: data from November last year showed that Black Londoners (16-24) were twice as likely to be unemployed as White Londoners of the same age.⁷ The gap in unemployment between Black or Minority Ethnic and White Londoners over the age of 16 had been slowly closing from the mid-2010s but this was reversed by the pandemic – as Black and Minority Ethnic groups saw a much larger rise in unemployment than White people nationally.⁸

New York City has seen a considerable decline in unemployment to just over 8% after having suffered highs of more than 18% at the peak of the pandemic in mid-2020. Despite this, it still has a much higher unemployment rate than in 2019, which shows the lasting effect of job losses during the pandemic, as US schemes to protect employment have arguably proved less effective than schemes in the UK, France or Germany. This is partly because the US Paycheck Protection Program was only available on a first-come-first-served basis with a cap in total spending. This meant not all businesses could benefit. It was focused on small and medium size businesses, with an upper limit on support to each business. Support terminated in May 2021.⁹

As in London, the New York's unemployment rate for minority ethnic groups was higher than for White groups; unemployment for Black non-Hispanic people has risen over 2021 to 15.2% in Q4, whilst rates for White non-Hispanic groups rates were at 6.3%.¹⁰ Some of these disparities predate the pandemic - across New York State, 2019-2020 saw unemployment rates for both Black and White groups increase by 5.4 percentage points, but for Hispanic groups, unemployment increased by 9.4 points.¹¹

Paris-Île de France and Berlin continue to see higher unemployment rates compared to London but lower than that for New York. Both cities' labour markets have been relatively sheltered from the impact of the pandemic thanks to government furlough schemes, which unlike the UK's, existed before the pandemic (and were not covid-related when they were introduced). As such these schemes have not been wound down. Berlin's unemployment rate has only increased by 1 percentage point between Q1 2020 and Q4 2021, but it entered 2020 with the highest rate of any of our surveyed cities. As far as we are aware, France and Germany do not collect statistics on ethnicity and unemployment.

With its tightly sealed labour market, Hong Kong remains the city with the lowest unemployment rate and has remarkably outperformed its pre-crisis figures. A state-funded voucher scheme to stimulate domestic consumption appears to have reduced the unemployment rate in sectors related to consumption, though strict social distancing rules and the closure of enterprises such as gyms and bars are likely to have put downward pressure on job growth.¹² Falling job-posting numbers in the territory suggest that unemployment may start to rise at some point.

⁷ Cohen D. (30 November 2021). Young black Londoners twice as likely to be unemployed as white counterparts. The Independent. Retrieved from: <https://www.independent.co.uk/news/uk/home-news/black-unemployment-young-people-london-b1966612.html>

⁸ House of Commons Library (25 February 2022). Unemployment by ethnic background. Retrieved from: <https://commonslibrary.parliament.uk/research-briefings/sn06385/>

⁹ Small Business Administration. PPP. Retrieved from: <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-loan-forgiveness#section-header-2> and Institute for Government. (10 January 2022). Coronavirus: how different countries supported the unemployed. Retrieved from: <https://www.instituteforgovernment.org.uk/explainers/coronavirus-unemployment-support>

¹⁰ Parrott, J. (27 January 2022). New York City's pandemic jobs deficit stood at 421,000 in December 2021; 15.2 percent Black unemployment in the fourth quarter. Center for New York City Affairs. Retrieved from: <http://www.centrernyc.org/reports-briefs/new-york-city-pandemic-jobs-deficit-stood-at-421000-in-december-2021>

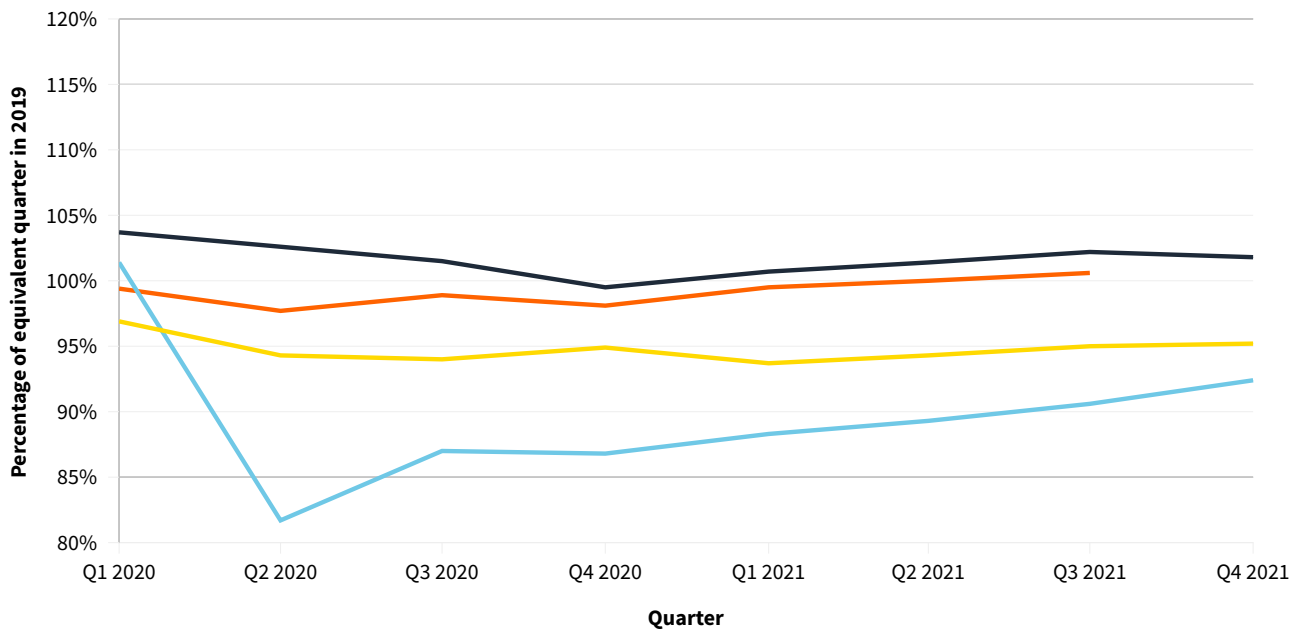
¹¹ Department of Labour NY State. (January 2022). Current Population Survey Data New York State: 1970-2021. Retrieved from: https://dol.ny.gov/system/files/documents/2022/01/cps-1970-2021_0.pdf

¹² Magramo K. (18 January 2022). Coronavirus: latest Hong Kong unemployment rate drops to 3.9%, but labour chief warns extended social-distancing curbs could lead to joblessness rising again. South China Morning Post. Retrieved from: <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3163848/coronavirus-latest-hong-kong-unemployment-rate>

Employment

Number of people in employment

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



Source: Office for National Statistics, INSEE, New York State Department for Labor • The Government of The Hong Kong SAR. https://www.censtatd.gov.hk/en/web_table.html?id=15
 Berlin data unavailable. Only Île de France data available. London uses the Labour Force Survey

London and Paris-Île de France had more people in employment in Q4 2021 than before the pandemic (Q4 2019), while New York and Hong Kong hadn't recovered their previous employment levels. Data for Berlin employment is not available.

The numbers for London and Paris confirm the positive impact of furlough schemes in protecting employment.¹³

The Hong Kong workforce appears to have shrunk by 5% since 2019. Generally, this would suggest that more people are economically inactive, however these figures are likely to reflect increased emigration – other data shows 89,000 Hong Kongers have applied to live in the UK between January and September 2021, after the UK relaxed its visa requirements to British Nationals Overseas living in Hong Kong.¹⁴

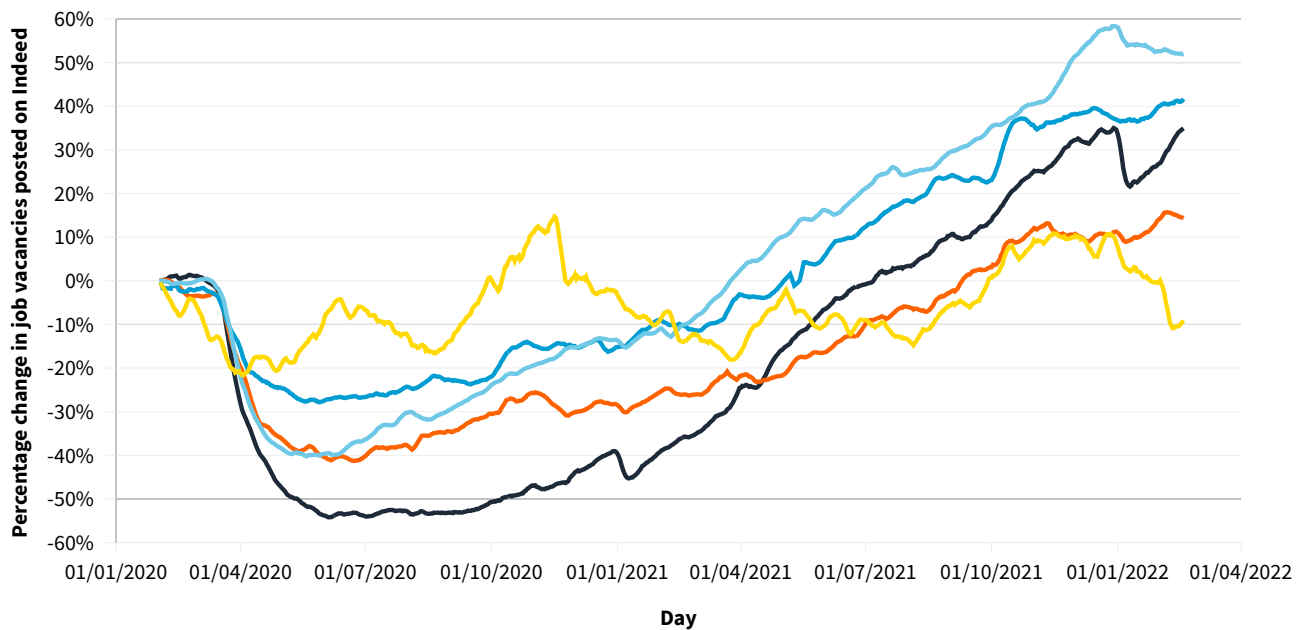
¹³ The figures do not include self-employed people but at the national level, the Office for National Statistics estimates that self-employment has fallen over the pandemic. ONS. (15 February 2022). Employment in the UK: February 2022. Retrieved from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/latest#employment>

¹⁴ Tang D. (26 November 2021). 90,000 from Hong Kong apply to British visa scheme. The Times. Retrieved from: <https://www.thetimes.co.uk/article/90-000-from-hong-kong-apply-to-british-visa-scheme-t09k3b75v#:~:text=Nearly%2090%2C000%20Hong%20Kong%20residents,to%20citizenship%20after%20five%20years.>

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.

London, Paris, Berlin and New York have seen large increases in job vacancies posted on Indeed, a leading recruitment site, while Hong Kong saw a dip below 2019 levels.

Demand for labour in London has recovered after a decline at the start of the year that coincided with the Omicron wave and the usual early January slump in job postings. High levels of job postings suggest unemployment will continue to decrease in early 2022.

Berlin and New York saw the biggest increases in job postings compared to pre-pandemic levels, suggesting their unemployment rates will also fall in the coming months.

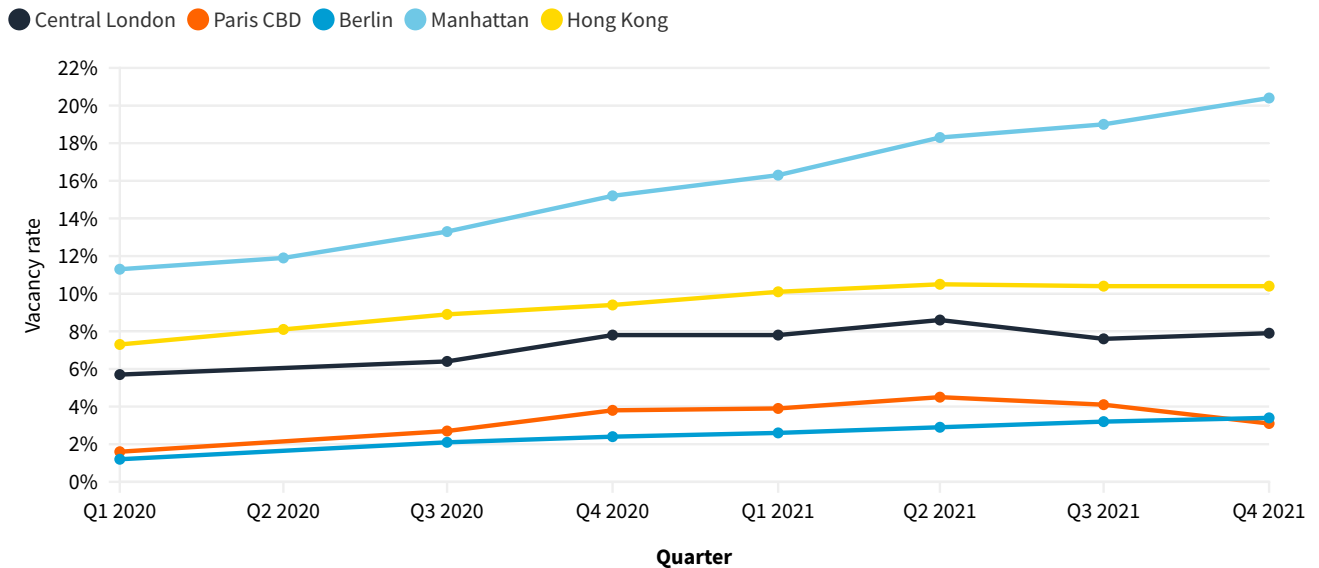
Paris-Île de France has only seen a small increase in job postings. This points to a labour market less buoyant than in other cities, which is probably in part due to a smaller increase in unemployment during the pandemic.

Hong Kong employers are advertising 11% fewer open jobs than before the pandemic. The onset of the Omicron wave in the city state and the harsh lockdowns that have followed it are a likely cause, along with the increasing discomfort among international employers, particularly in its financial and business services sector, about strict quarantine regulations and political repression.¹⁵

¹⁵ Yiu P. (25 November 2021). So Long, Hong Kong: Asia's business hub loses its lustre. Financial Times. Retrieved from: <https://www.ft.com/content/56e5781f-f9f0-4ab7-bfe1-3856fe144726>

Office vacancy rates

Office vacancy rate



Source BNP Paribas for all European quarters except Q1 2020, where London is <https://content.knightfrank.com/research/104/documents/en/the-london-office-market-report-q1-2020-7270.pdf>, Paris is <https://www.colliers.com/en-fr/research/2020-1q-office-market-report>, and Berlin is <https://pdf.euro.savills.co.uk/european-commercial-markets/european-offices-spring-2020.pdf>, <https://www.realestate.bnpparibas.co.uk/2021/nov/central-london-office-market-update-q3-2021>, <https://www.realestate.bnpparibas.fr/fr/etudes-tendances/etudes-de-marche-france/glance-2021-t3-bureaux-idf>, <https://www.realestate.bnpparibas.de/en/marketreport/current/35/1/30/en>, <https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/new-york-city-area-marketbeats>. Primary source is quarterly BNP Paribas report - some variation in consistency. Where BNP Paribas data is missing, we have used a different source where and noted where this is the case. Only available NYC data is Manhattan-specific, hence the divergence.

Central London's office vacancy rate fell throughout the second half of 2021. January's data (not shown) points to a new rise, but it remains to be seen whether this will be maintained.¹⁶ Demand at the end of last year was much higher than in previous quarters, but still 9 percentage points below the annual average for the city¹⁷ and availability remains higher than pre-pandemic.

At the end of 2021, office vacancy rates reached new highs in New York City, with over 20% of space empty. Vacancy rates were comparatively low in Paris in Berlin, but high in Hong Kong, at around 10%.

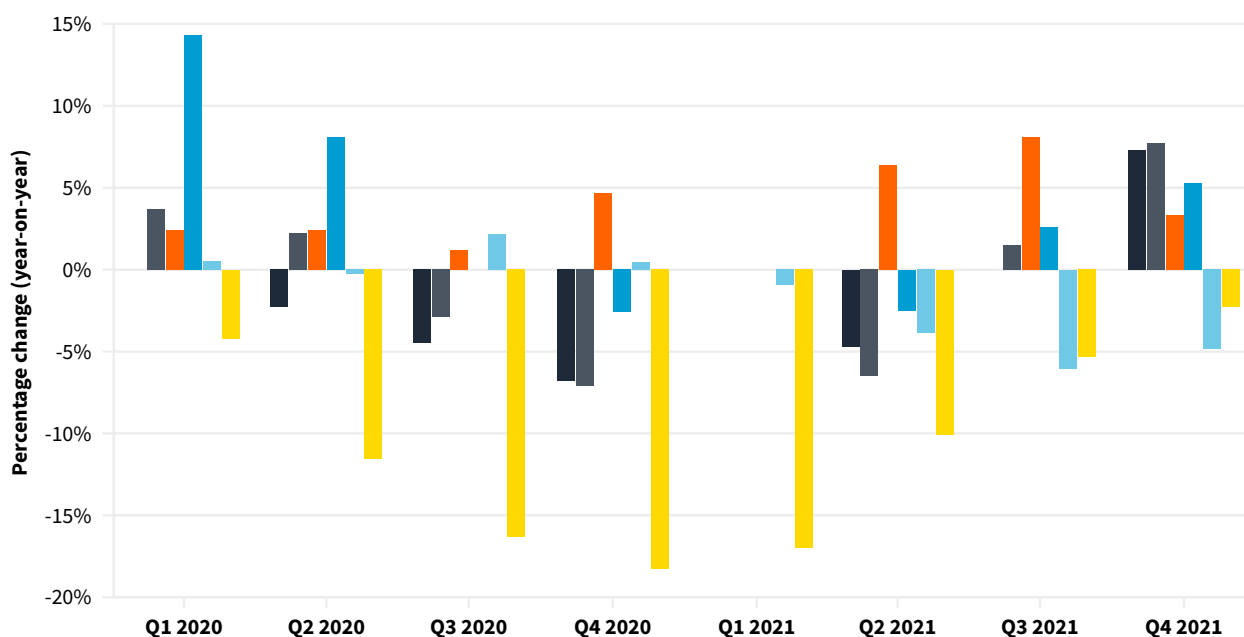
¹⁶ CBRE (2022). Central London Office Figures January 2022. Retrieved from: <https://www.cbre.co.uk/research-and-reports/Central-London-Office-Figures-January-2022>

¹⁷ Avison Young (2021). Central London Office Analysis. Retrieved from: <https://www.avisonyoung.co.uk/central-london-office-analysis/q4-2021>

Prime office rents

Change in office rents

● London - West End ● London - City ● Paris ● Berlin ● New York - Midtown ● Hong Kong



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

Prime office rents increased in London (West End and City), Paris-Île de France and Berlin in Q4 2021. Asking rents for Grade A office space (new or fully refurbished space) continued to fall in Manhattan and the Sheung Wan and Central areas of Hong Kong. Prime office rents are now higher than in Q4 2019 in the West End, Paris-Île de France and Berlin, but not in the City of London, New York (Midtown) or Hong Kong.

The rebound of West End and City office rents point to these areas' continued attractiveness. Shaftesbury PLC, a major landowner in the West End, reported that nearly 90% of tenants paid their rent on time as last year came to a close, demonstrating the relative health of commercial operations in the area.¹⁸

By contrast, the downward trajectory in rents for Grade A office space in Manhattan has continued for the fourth quarter in a row. Other data by CBRE suggests rents are now 6% below their level in Q4 2019.

¹⁸ CBRE (2022). Central London Office Figures January 2022. Retrieved from: <https://www.cbre.co.uk/research-and-reports/Central-London-Office-Figures-January-2022>

Prime office rents

The decline in Grade A office rents in Hong Kong has slowed down but not stopped – rents are now a remarkable 20% below their Q4 2019 level, according to data by CBRE.

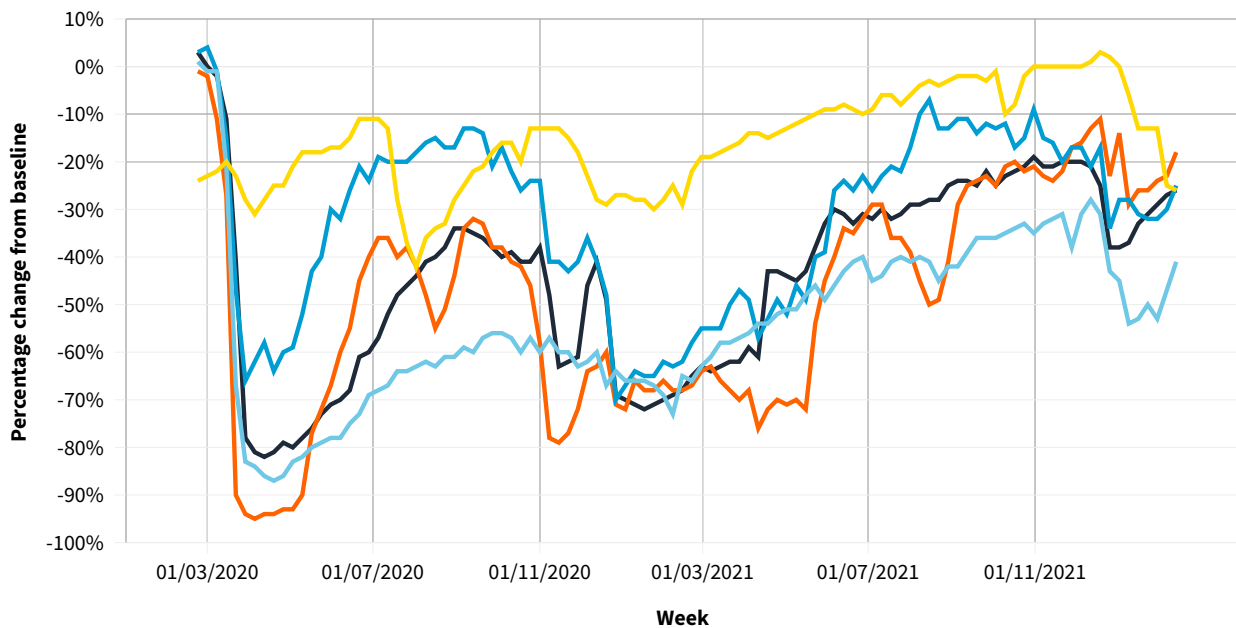
Berlin's prime office rental market has stayed relatively stable after an initial relative spike in values in early 2020 before the impacts of the pandemic were felt. It has since suffered a mild decline from mid-2020 to mid-2021, followed by a tentative recovery throughout the rest of the year. Paris, on the other hand, has not seen its rents fall year-on-year throughout the pandemic for any of the quarters for which data was available. CBRE data indicate that in Q4 2021, prime office rentals were 5.7% higher than in Q4 2019 across Île-de-France.

It is worth noting that the long-term duration of many office leases may have tempered some of the effects of the pandemic on office rents, so its full impact is perhaps not yet entirely evident.

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.

The Omicron variant brought a new drop in retail store visits¹⁹ in late 2021 and early 2022, but the longer-term trend is perhaps more interesting than the impact of the new variant. In London, New York (Manhattan), Paris and Berlin, store visits have stayed below their pre-pandemic level despite the lifting of restrictions. However, in Hong Kong they had returned to normal levels of activity before Omicron hit, its partial lockdown means that store visits have plunged since.

Visits to London and Paris-Île de France stores have quickly recovered from the Omicron wave but have remained below their pre-pandemic baseline in the last two years, even at times when restrictions were lifted. Notwithstanding the Ukraine crisis, there may be better days ahead for London's retail sector, particularly stores catering to tourists, as travel

restrictions for vaccinated incoming passengers have just been lifted. Although some visitors still face restrictions when they return home. A sustained higher rate of internet sales (27% nationally in January 2022, compared to 20% in January 2020) – part of a trend that predates the pandemic – suggests a return to pre-Covid norms in terms of store visits is highly unlikely.²⁰

Visits to stores in Berlin had recovered closer to pre-pandemic levels before Omicron hit, thus seeing less of a drop than Paris or London. Manhattan has seen the greatest dip in store visits, but this is probably partly due to its centrality in New York and reliance on commuters and visitors. Other boroughs in the city have been less affected.

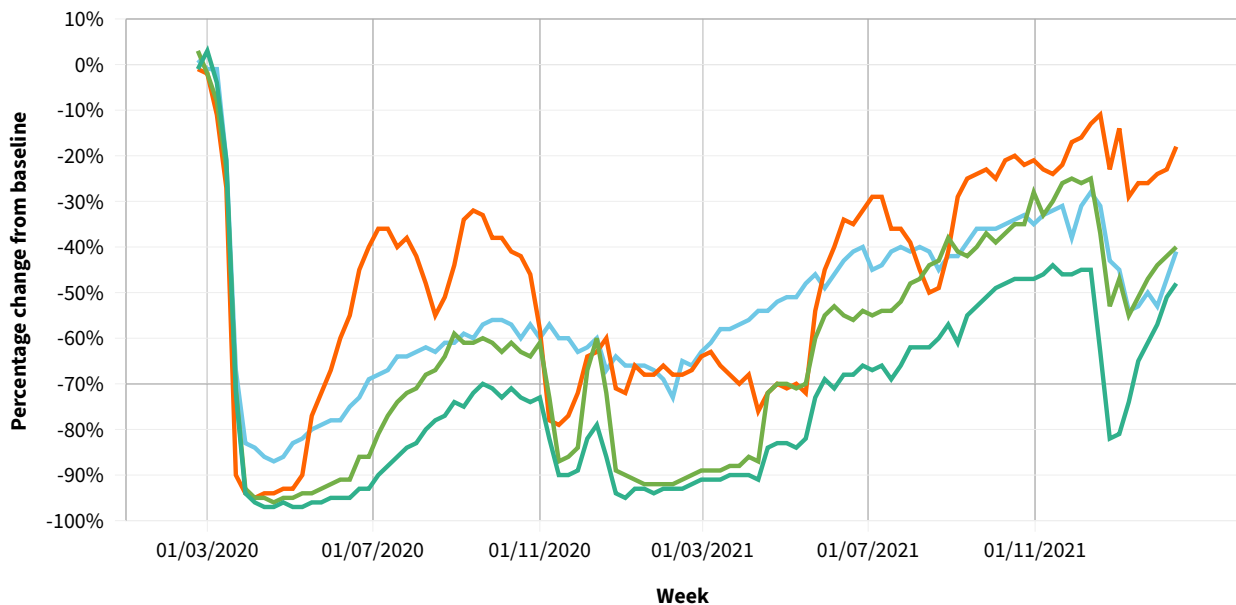
¹⁹ This data doesn't include supermarkets and pharmacies

²⁰ ONS. [18 February 2022]. Retail Sales Index time series (DRSI). Retrieved from: <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/datasets/retailsales>

City centre retail visits

Retail mobility across city centres

● Manhattan ● Paris ● Westminster ● City of London



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.

City centres* in New York, London and Paris have seen a bigger decrease in retail visits than surrounding neighbourhoods, compared to their pre-pandemic baseline. This shows the continued impact of remote working and depressed visitor numbers on city centres. It follows that the drop in retail visits was greater in areas where workers and international visitors represent a bigger share of footfall – this was especially the case in the City of London (550,000 jobs and 8,000 residents, whereas the much larger City of Paris, as bounded by the Périphérique, has 1.8m jobs and 2.2m residents).²¹

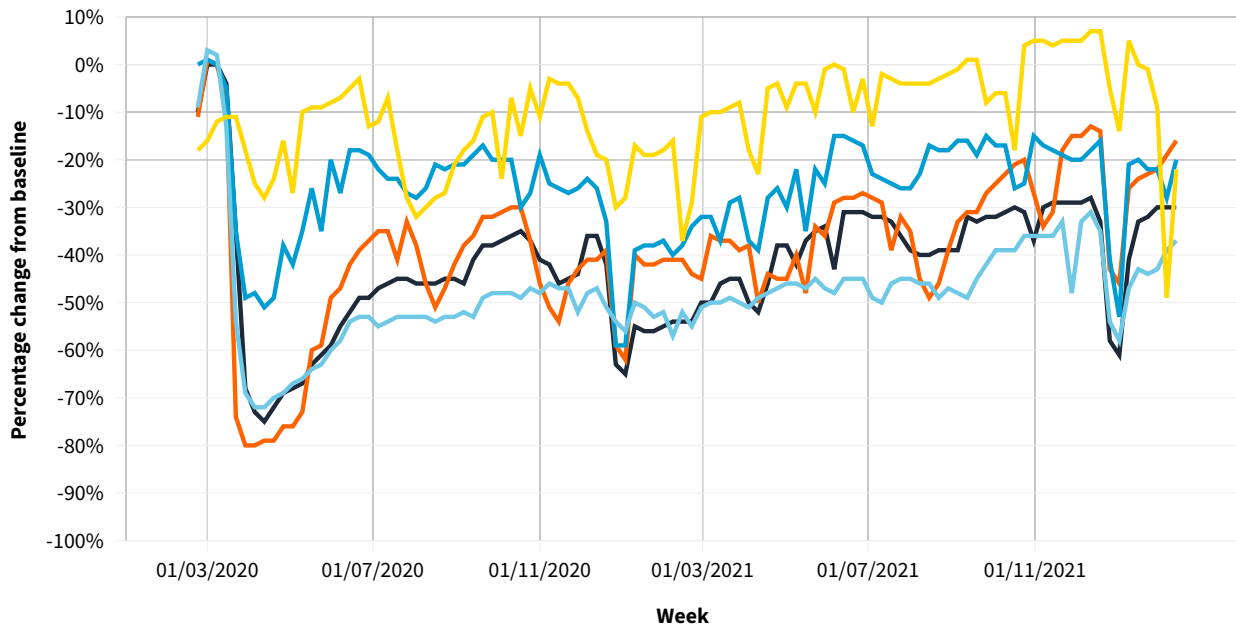
*Data for Berlin and Hong Kong is only available at a city-wide level.

²¹ City of London. (4 February 2020). City statistics briefing. Retrieved from: <https://www.cityoflondon.gov.uk/supporting-businesses/economic-research/research-publications/city-statistics-briefing>. INSEE. Dossier complet, Commune de Paris. Retrieved from: <https://www.insee.fr/fr/statistiques/2011101?geo=COM-75056#chiffre-cle-5>

Workplace visits

Workplace 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.

None of our cities are currently at near pre-pandemic levels of workplace visits. The combined impact of the Christmas break and the Omicron variant on in-person working saw a large drop in workplace trips in Q4 2021.

Manhattan was still experiencing 37% fewer visits than the equivalent average week before Covid, compare this with Staten Island, a suburban borough of New York City, which was at 20% below pre-Covid levels.

In Paris-Île de France, which had been enjoying the strongest recovery of our European cities, visits dropped from 14% lower than the pre-pandemic average to 43% lower in the space of a week. In all cities, this dip was, to a degree, reversed within two weeks, although Paris' recovery has been most consistent.

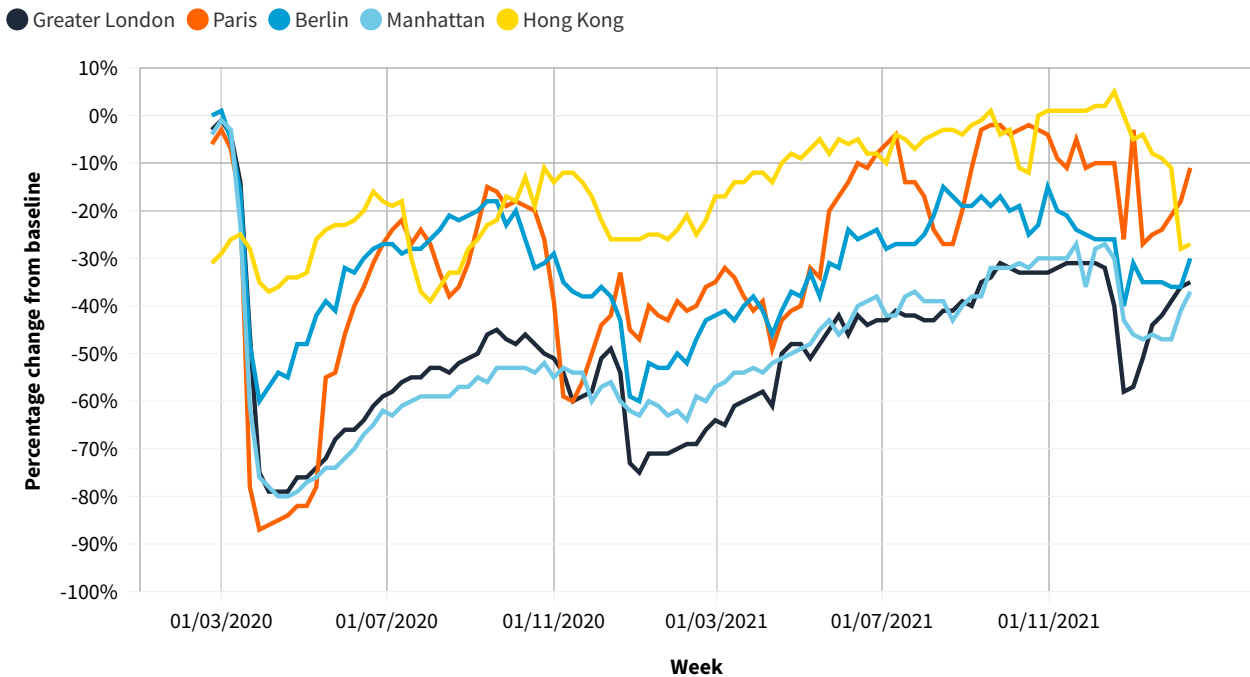
Hong Kong experienced the same decline but far less deeply, followed by a later, truly precipitous decline from exactly pre-pandemic levels in mid-January to almost 50% lower at the start of February, which coincided with Chinese New Year.

London now sits in fourth place after recovering from the Omicron crash. The growth in office visits appears to be slowing as of mid-February 2022.

Whilst it is difficult to disentangle the effects of the winter break from that of the Omicron variant, amid the enormous volatility across our selection of world cities, it is clear that Hong Kong's 'Zero-Covid' strategy, which had successfully maintained office working closest to pre-pandemic levels of any of our cities throughout 2020 and 2021, is no longer a guarantee of normality in the face of the new variant.

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 to train and Tube stations (which we use as a proxy for ridership) dipped following the impact of Omicron and renewed advice to work from home. Longer term trends show London and Manhattan seeing a slower recovery in ridership than Paris or Berlin. Hong Kong's lockdown means ridership is sharply down in the city although numbers may have been affected by New Year holidays as well.

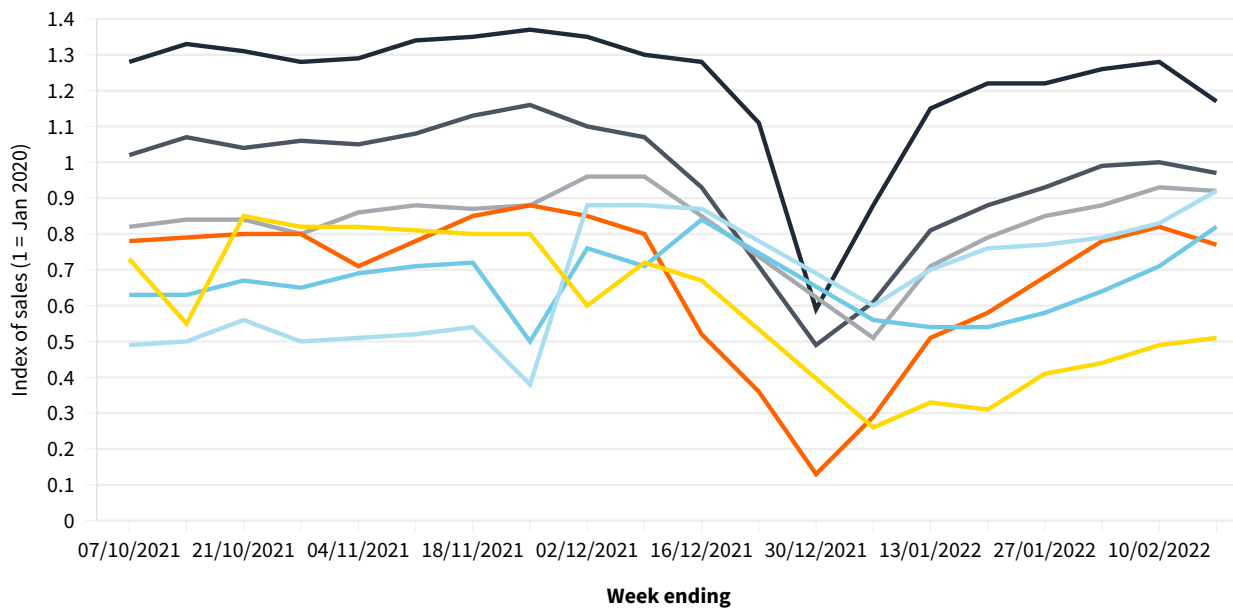
London's particularly slow recovery in public transport ridership may be due to a sluggish reduction in remote working and a slower return of foreign visitors. It risks continued trouble for Transport for London with its high dependency on fare income.

Manhattan figures are likely to be lower than the New York City average, as it encompasses the city's central business district.

Pret index

Pret Index

● London Suburbs ● London West End ● London City ● 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 data provides us with a slightly less scientific proxy indicator for return to office-based working across our city selection.

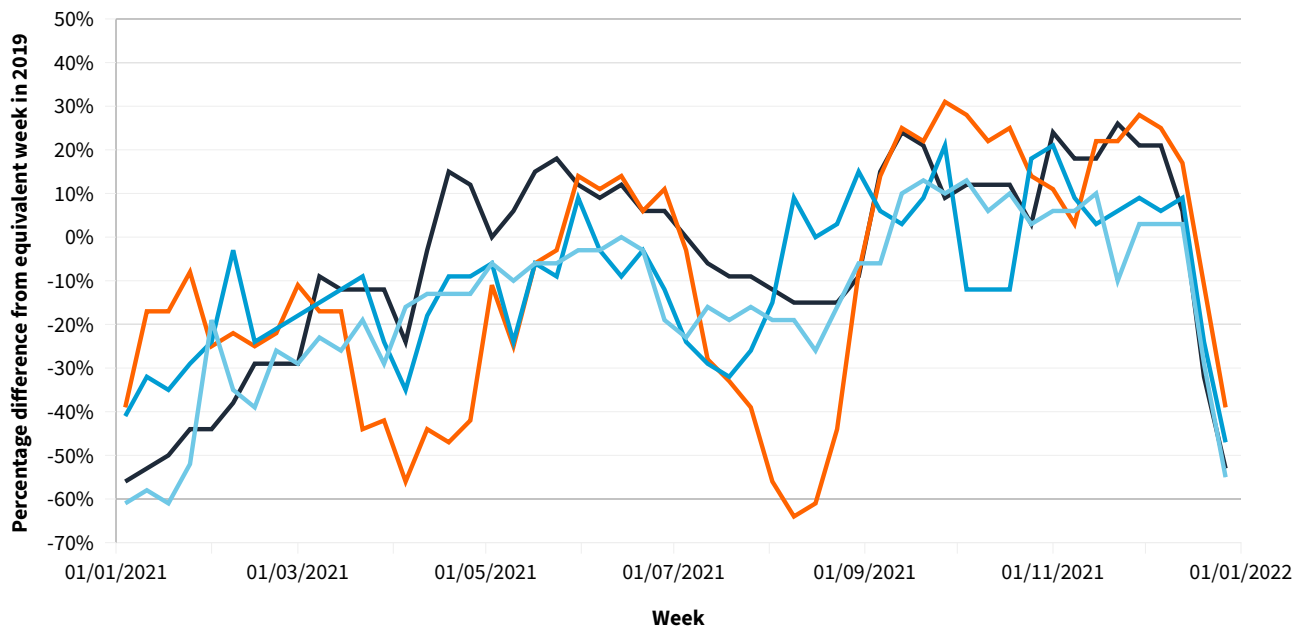
London’s suburbs continue to show the strongest performance, though the combination of the Christmas holidays and the Omicron variant at the end of December plunged sales to under 60% of pre-pandemic figures (defined here as January 2020). London’s West End also saw a stronger recovery than the City, and both Downtown and Midtown New York. London’s airport sales have begun to recover, breaking 80% of pre-pandemic numbers.

Hong Kong’s belated exposure to the Omicron variant is also evident. Despite incomplete data, the city’s sales have crashed throughout January and February, whilst all other cities have recovered, and has fallen below New York’s figures, which had been consistently the lowest across our sample.

TomTom congestion index

Road congestion

● London ● Paris ● Berlin ● New York City



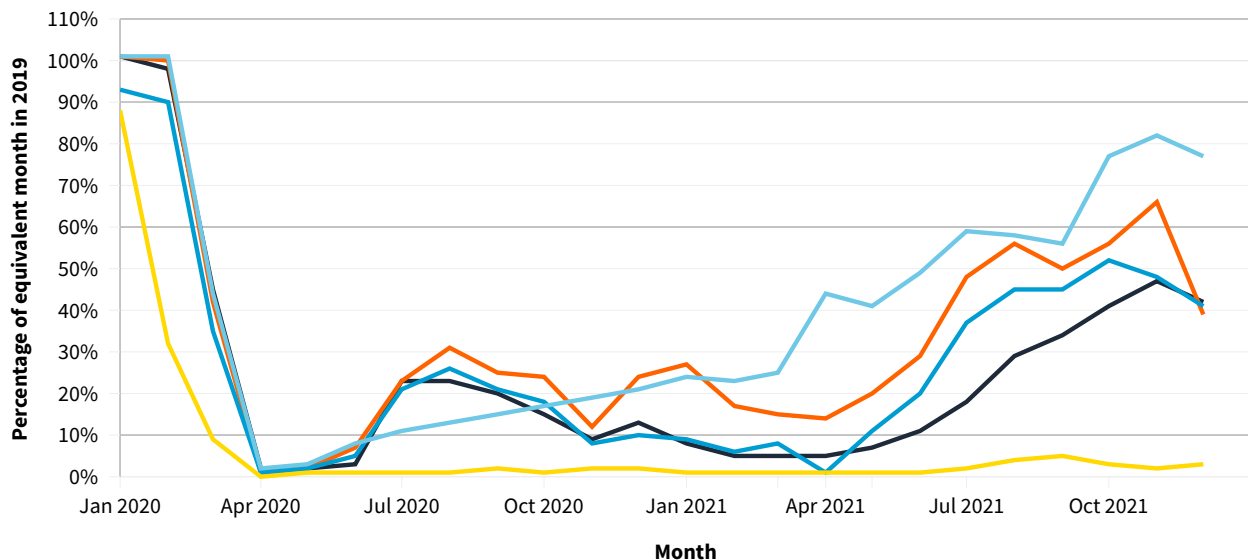
Source: [TomTom](#) • Relative difference of average congestion levels in 2021 from standard congestion levels in 2019. The weekly standard congestion level represents the mean of average weekly congestion levels in 2019. Hong Kong data has been removed due to anomalies and may be replaced in later editions.

Congestion fell in London, Paris, Berlin and New York as Omicron hit, but prior to this TomTom reported higher levels of congestion than before the pandemic in all four cities. Given the high economic and environmental costs of traffic congestion, this trend will be of particular concern to policymakers.

Airport passenger demand

Airport passengers

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



Source: <https://www.caa.co.uk/Data-and-analysis/UK-aviation-market/Airports/Datasets/UK-airport-data/>, <https://www.parisaeroport.fr/en/group/finance/investor-relations/traffic>, <https://www.berlin-airport.de/en/press/background-information/traffic-statistics/index.php>, <https://www.panynj.gov/airports/en/statistics-general-info.html>, <https://www.hongkongairport.com/en/the-airport/hkia-at-a-glance/fact-figures.page> • 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 and JFK.

Demand for air travel tells the story of the late stages of the pandemic at an international level.

New York City has stayed on top since our last update, a full 35 percentage points closer to its pre-pandemic numbers than any other city, according to the most recent data available. It experienced a big rise between September and October of 2021 of 21 points as borders reopened to most travellers, though the Omicron variant has quelled the usually buoyant Christmas travel season from the city in December with numbers showing a modest decline.

Paris and London saw sharp falls from November to December 2021 as strict travel curbs were re-imposed. London's Southend Airport even shut for several months due to a lack of demand. In addition to reduced visitor numbers, new evidence suggests that London has lost some of its visitor spending to other cities in the EU following the UK's move to scrap VAT refunds for goods bought by international visitors in UK shops.²²

²² Thomas D. (7 March 2022). UK falling behind EU rivals on tourist spending after duty changes. Financial Times. Retrieved from: <https://www.ft.com/content/446dfa43-a7f1-4885-91f4-49ffb21f34e5?segmentId=776b81d7-dd92-c731-e669-99cdd37d3a96>

Airport passenger demand

Berlin's travellers had already reduced their demand a month earlier, likely resulting from an early spike in infections among Germany's relatively large proportion of unvaccinated citizens.

Air passenger traffic in Hong Kong remains remarkably close to zero, as strict quarantine requirements for travel from most countries remain in effect. In recent months, (for which aviation data has not yet been released), the city has tightened its travel restrictions, banning flights from major Western and Asian tourist and business destinations until April 2022. Even before this, international business travel had been severely restricted, causing uncertainty about the city's future as a global business hub.

It is too early to know what the recovery from Omicron looks like for international travel. The position has been complicated further by the conflict in Ukraine which may hit both travel from some markets (such as the US) as well as fuel prices paid by airlines.

Heathrow airport has stated that January and February passenger numbers were almost a quarter lower than expected and that they do not expect passenger numbers to recover to pre-pandemic levels before 2025 or 2026.²³ This supports Greater London Authority analysis predicting that international visitor numbers will remain depressed until late 2023 at the earliest.²⁴ In early 2021, NYC & Company (the city's official marketing and tourism organisation) predicted that tourism in New York City would not exceed pre-pandemic levels until 2024, while Tourism Economics, a consultancy, predicts that visitor spending would not reach pre-pandemic levels until 2025.²⁵

²³ BBC News. (23 February 2022). Heathrow passenger numbers lowest for 50 years. Retrieved from: <https://www.bbc.co.uk/news/business-60490742>

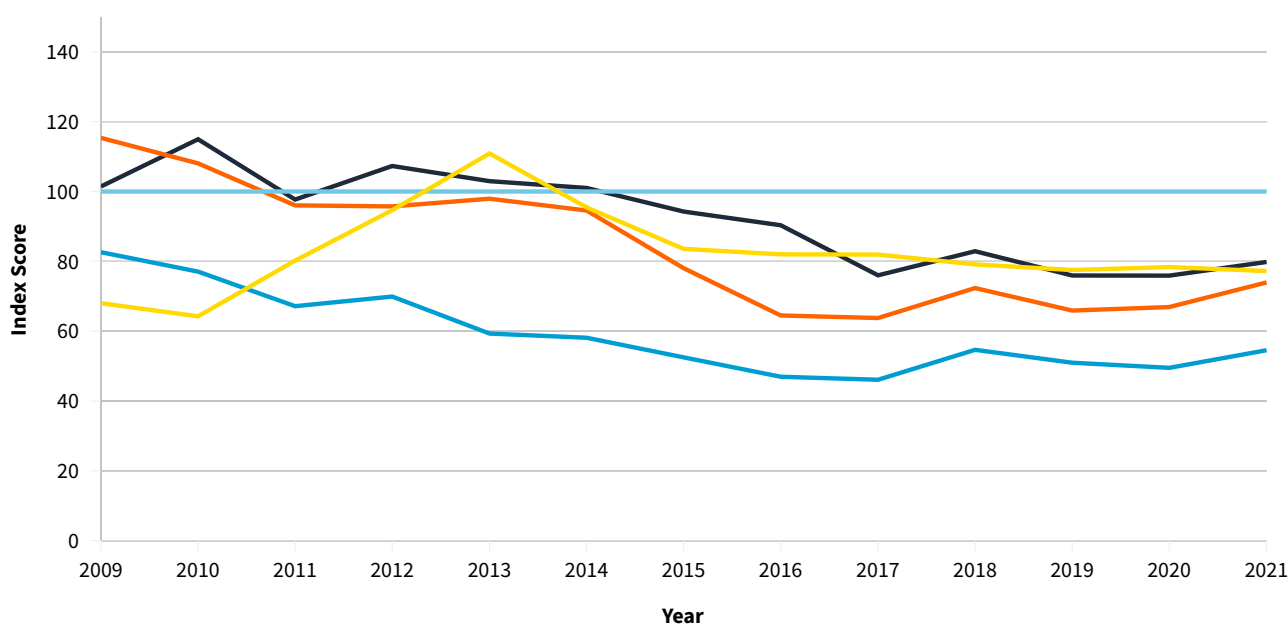
²⁴ GLA. (January 2022). London Tourism Forecast January 2022. Retrieved from: <https://data.london.gov.uk/dataset/london-tourism-forecasts>

²⁵ Office of the New York State Comptroller. (April 2021). The Tourism Industry in New York City. Reigniting the Return. Retrieved from: <https://www.osc.state.ny.us/reports/osdc/tourism-industry-new-york-city>

Cost of living

Cost of Living Index plus Rent (pegged to New York)

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



Source: [Numbeo](#). All data is indexed to New York, so New York is 100. Fluctuations in other cities reflect both changes in their costs of living and in that of New York, as well as exchange rates. Numbeo data is based on a standardised basket of goods for a four-person family, priced by a mixture of established price sources and crowdsourced data.

For our world city survey, New York has by far the highest cost of living²⁶ when rents are included; less so when they are factored out. For nearly all cities and all measures, there has been an increase in the cost living in 2021 compared to New York. With rent included, London is in second place to New York just above Hong Kong but Paris moves into second position when rents are excluded. Berlin is the least expensive by both measures.

Central banks are predicting much higher global inflation in 2022, partly driven by steep rises in oil and gas prices and shortages of raw materials. In the UK, the Bank of England expects inflation to reach 7% in Spring 2022, before moderating in subsequent quarters.²⁷ However, war in Ukraine has already led to further increases in fossil fuel prices. Trade embargos are likely to lead prices to rise further. As a result, Eurozone inflation is expected to increase by 3.9% in 2022, compared to previous 2.5% estimates, in what would be the highest full-year inflation rate in Eurozone history.²⁸

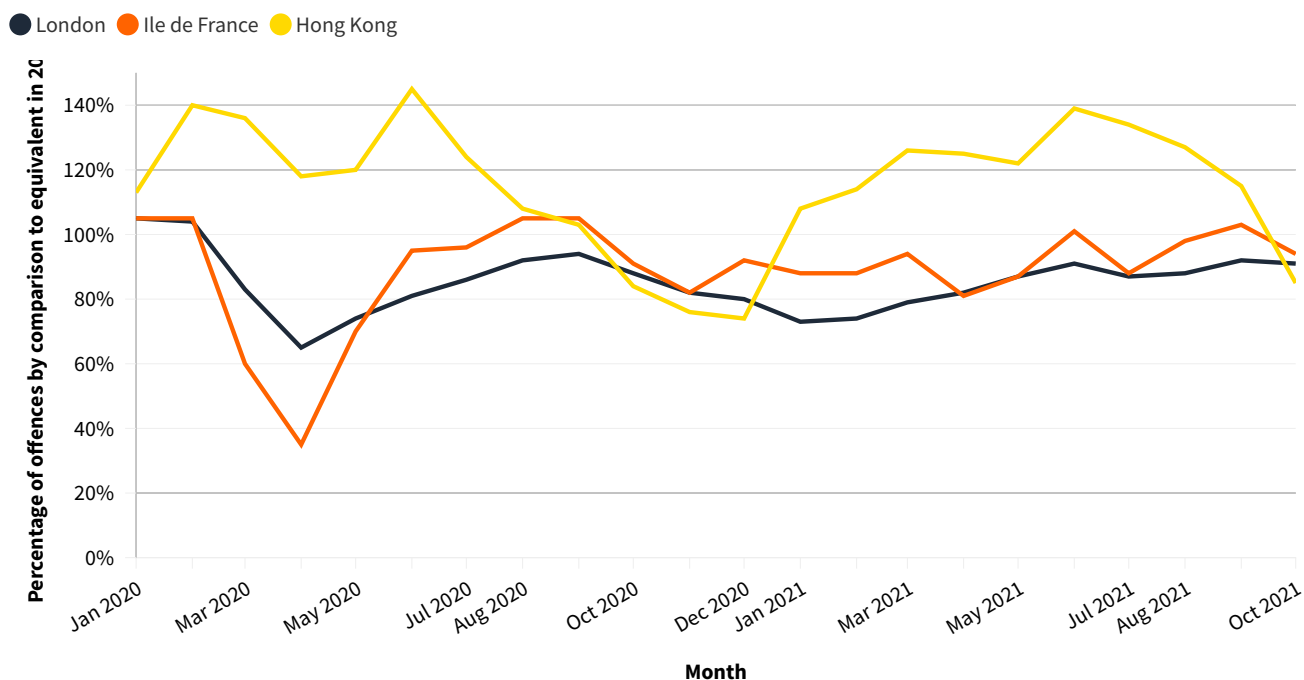
²⁶ The dataset uses a mix of sources – some of it crowdsourced from websites of supermarkets, taxi company websites, governmental institutions; and some of it from twice per year established monitors. It should therefore be treated with some degree of caution. Note that these figures do not take into account adjustments for purchasing power parity.

²⁷ Bank of England. (3 February 2022). Will inflation in the UK keep rising? Retrieved from: <https://www.bankofengland.co.uk/knowledgebank/will-inflation-in-the-uk-keep-rising>

²⁸ Oxford Economics. (25 February 2022). Weekly Economic Briefing | Eurozone. Retrieved from: <https://resources.oxfordeconomics.com/hubfs/Content%20Hub%20RBs/Eurozone%20War%20in%20Ukraine%20will%20hit%20Europe%E2%80%99s%20economy.pdf>

Crime

Crime rate



Source: Metropolitan Police, [Ministere de l'Interieur](#), [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.

London and Paris followed a similar pattern in their crime rates, with deep reductions as lockdown measures were imposed. At the last count, London's crime figures were stabilising, relative to previous years.

Paris's crime rates vary between the city proper and its banlieues (suburbs). Since the pandemic, the City of Paris has seen a more significant fall in crime rates than the rest of Île de France, which could reflect the spatially unequal distribution of wealth and deprivation in the region.

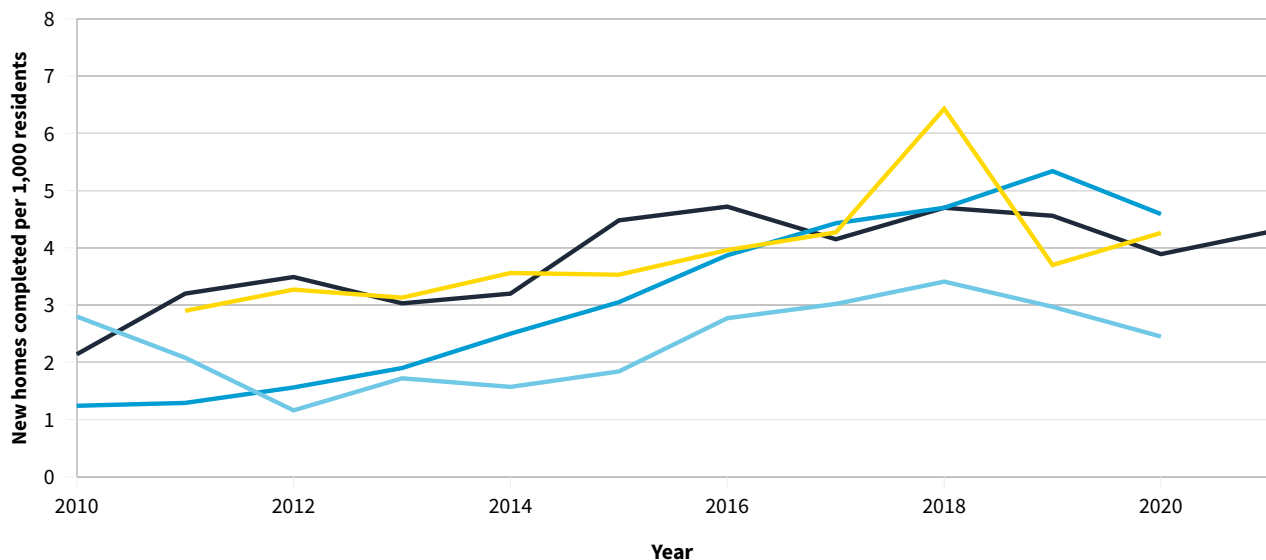
Hong Kong's early and stringent lockdowns combined with extensive anti-government protests²⁹ resulted in an increase in recorded crimes from the start of January 2020, peaking at 145% of pre-pandemic figures in June of that year, before falling to a low of 74% in December. Since summer 2021, crime in the city has steadily reduced.

²⁹ <https://www.google.com/amp/s/mobile.reuters.com/article/amp/idUSKBN236080>

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.

When looking at new homes completed ³⁰ per thousand residents, New York City has trailed Berlin, London and Hong Kong for most of the last decade.

In London, housebuilding has rebounded from the slump of 2020 which affected all cities other than Hong Kong, with 40,361 homes completed. Data compiled by the Greater London Authority suggests that 2019-2020 was the first time since 2004 that the rate of growth in the number of homes in London had outpaced growth in population and jobs.³¹ Although, until Census results are released in the UK, population trends remain uncertain.

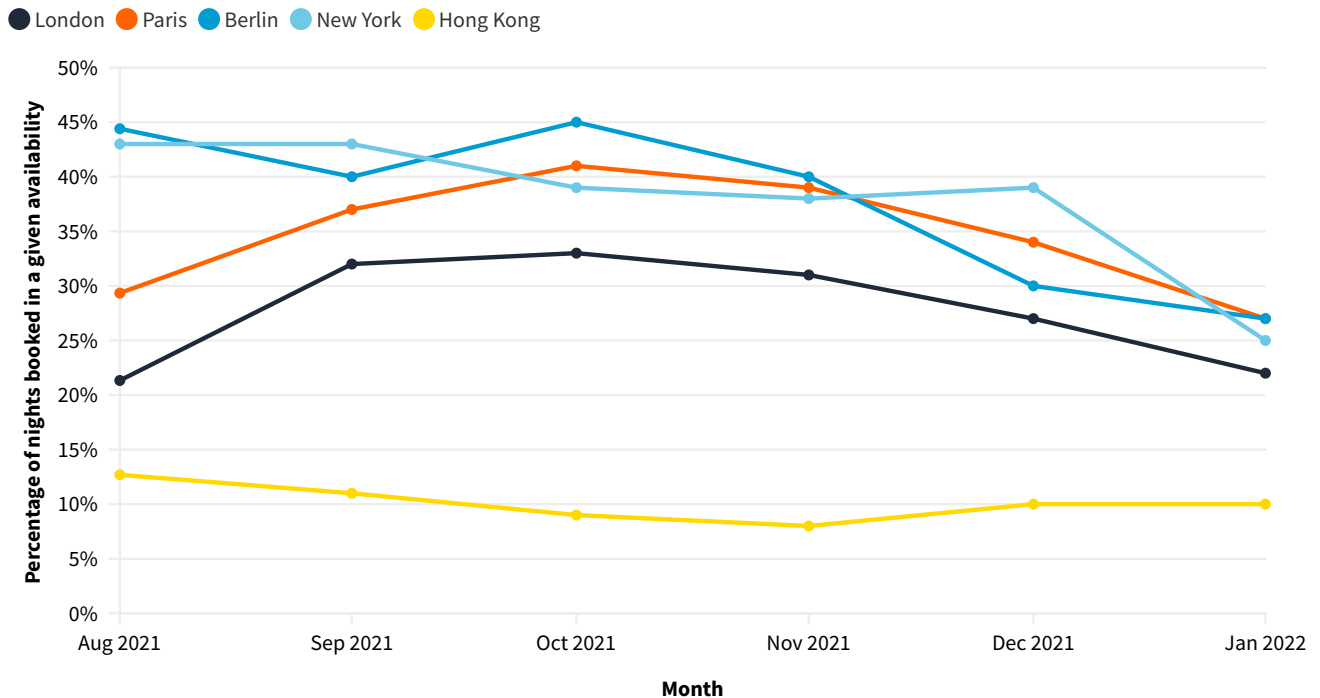
Although Hong Kong has not yet released its annual figures, Q3 2021 saw almost three times the number of homes completed as in Q3 2020, as the city’s house-building efforts in the public and private sector ramped up in the face of a pressing housing crisis.

³⁰ Paris only publishes permissions granted and new starts – hence there is no data included for Paris in our analysis. We use new EPC registrations to estimate new homes built in London, as GLA Economics analysis has suggested that data from the Department for Levelling Up, Housing, and Communities significantly undercounts the number of new build homes in the capital. GLA. (October 2021). Housing in London 2021. Retrieved from: https://www.london.gov.uk/sites/default/files/housing_in_london_2021_v2.pdf

³¹ GLA. (October 2021). Housing in London 2021. Retrieved from: https://www.london.gov.uk/sites/default/files/housing_in_london_2021_v2.pdf

AirBnB occupancy

AirBnB occupancy



Source: [AllTheRooms](#)

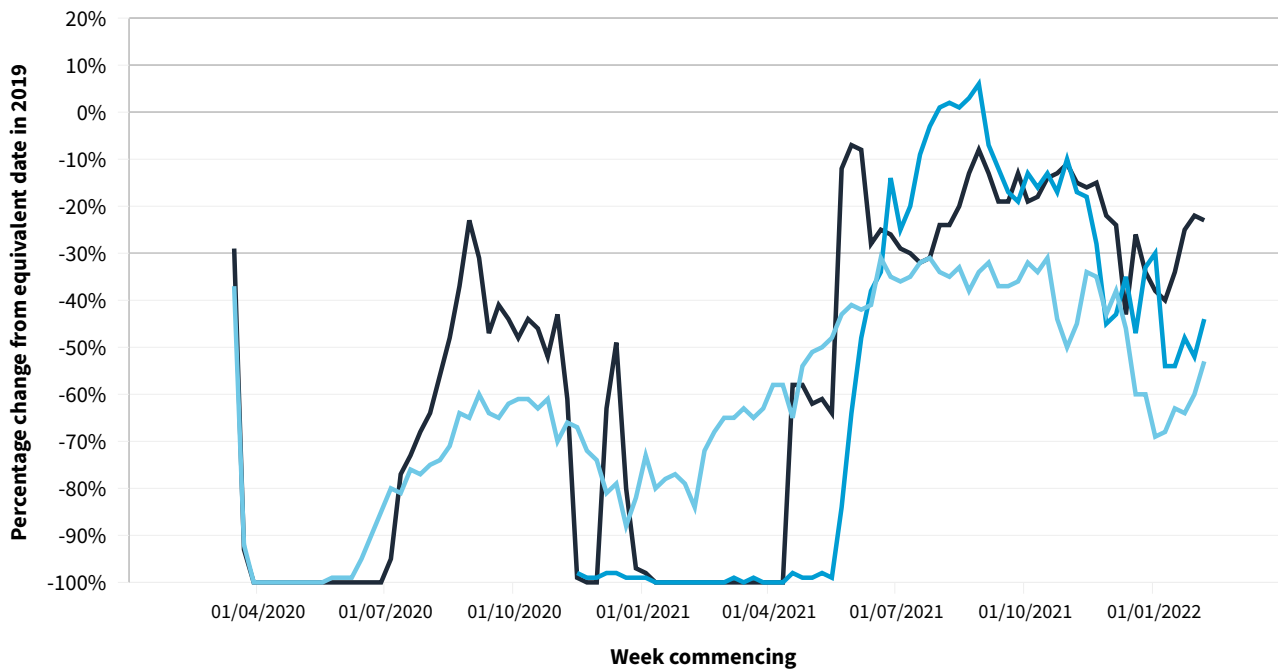
Since our previous survey, there has been a marked decline in the occupancy rate of London’s AirBnB as travel restrictions were introduced in at the end of 2021 and the Omicron variant led to people choosing to reduce their social activity. New York City saw a slump in occupancy levels too, again showing the impact of the Omicron variant on international and domestic travel.

Hong Kong continues to lag behind every other city due to its increasingly strict travel restrictions and has continued to hover around the 10% mark, although it has experienced a minor recovery since November 2021. This no doubt results from Hong Kong’s strict quarantine requirements for international travellers, required to maintain the city’s ‘Zero-Covid’ strategy and eventually enable open travel with mainland China, alongside fears of political repression.

Restaurant bookings

Restaurant Bookings

● London ● Berlin ● New York City

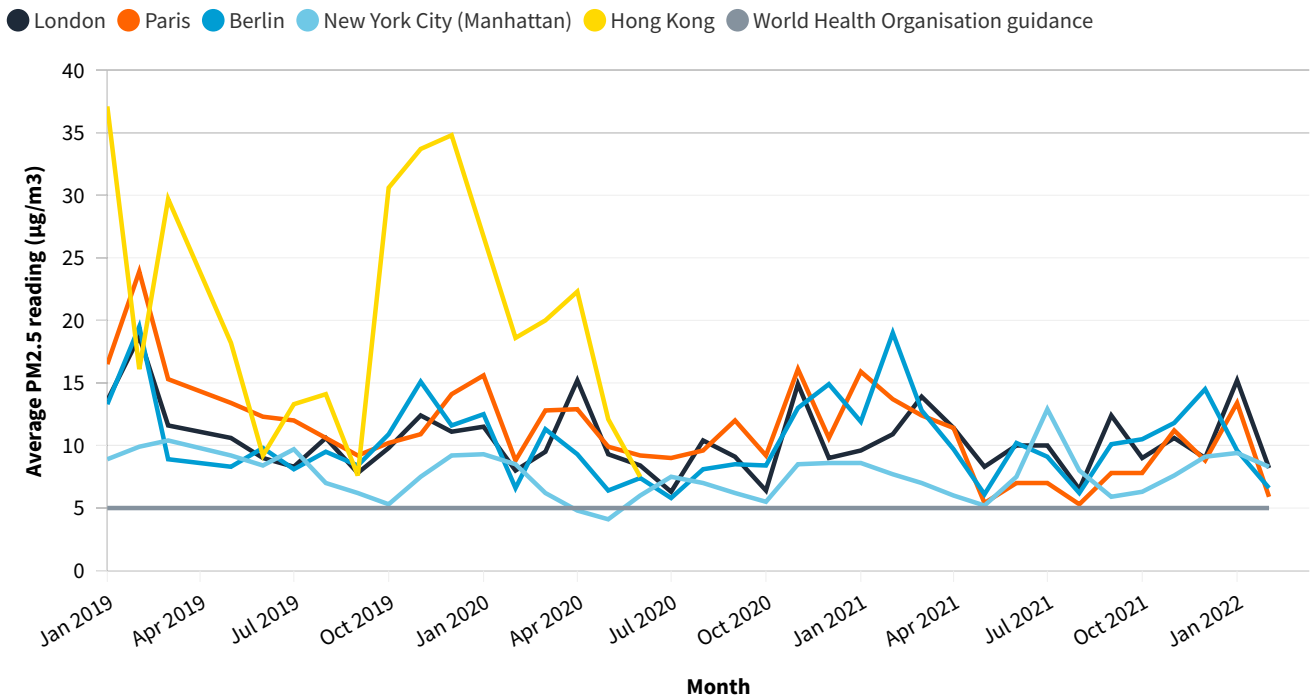


Source: [Opentable](#) • Daily data has been averaged into 7-day rolling periods. No comparable data available for Paris or Hong Kong.

Restaurant bookings have been badly hit by the Omicron wave in London, Berlin and New York, but have been recovering into February of this year. Although nearly a quarter down on pre-Covid levels, London is outperforming both New York and Berlin which are down by more than 40% and 50% respectively. (Data for Hong Kong and Paris is not included). The lifting of travel restrictions and a return to city centre activities may help restaurant demand to recover, but the hospitality sector will still be suffering from two very difficult years for some time to come.

Air quality

Air pollution



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.

There have been spikes in PM2.5 pollution in Paris, Berlin and London, with London registering the highest monthly PM2.5 reading for over a year and higher than that for other cities.³²

Although average levels of air pollution have tended to reduce in all cities since 2019, it is hard to point to a single reason for this – weather patterns play a role as these impact on the build-up of locally emitted pollutants. Initiatives to discourage the most polluting vehicles and to encourage active travel will have contributed to improve air quality.

Despite this progress, there is still a long way to go to reduce air pollution – in both London and Paris, air pollution levels in January 2022 led public health authorities to recommend avoiding outdoor exercise.

³² Note this data is in monthly averages, so daily meter readings can peak at higher levels. Particulate matter primarily come from combustion – major sources include fireplaces, petrol or diesel car engines, and coal- or natural gas-fired power plants.

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