

By email only

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Page | 1

1 May 2026

Dear Florence Eshalomi MP,

**RE: Call for evidence - London's Calling: Unlocking productivity in the capital - Response on behalf of the London Property Alliance**

I am writing on behalf of the London Property Alliance (CPA & WPA) to respond to the call for evidence on *London's Calling: Unlocking productivity in the capital*.

The Alliance is a not-for-profit membership and advocacy body representing more than 300 companies, including leading owners, investors, professional advisers and developers operating across the Cities of London and Westminster through the City Property Association (CPA) and Westminster Property Association (WPA). Together, we provide a unified voice for the real estate sector across London's Central Activities Zone (CAZ). You can see a full list of our members [here](#) and [here](#).

The CAZ is the UK's economic engine, generating approximately £315 billion in annual GVA, over 10% of national output, with the City of London and Westminster accounting for more than £200 billion of that total.<sup>1</sup> It also contributes around £5.5 billion in business rates each year, more than 80% of which is retained by the Treasury for redistribution nationally.<sup>2</sup> The LPA's members are directly responsible for delivering and stewarding the workplace infrastructure, commercial space and long-term investment that underpin this activity.

The Alliance is submitting evidence to support the APPG for London's work on identifying how productivity growth in the capital can be unlocked and sustained, in ways that support inclusive growth and wider regional prosperity. Our response therefore focuses on those areas where we have the strongest evidence base and delivery experience, in particular investment in infrastructure, devolution and inclusive growth.

This submission draws on our published research as well as our formal responses to national and London-wide policy consultations. We would very much welcome the opportunity to discuss our response with the APPG further.

Yours faithfully,



Charles Begley  
Chief Executive, London Property Alliance

<sup>1</sup> London Property Alliance, [Space for Change: Office space dynamics in central London](#), December 2025

<sup>2</sup> London Property Alliance, [Plan for Growth](#), September 2024

## Appendix 1

### Investing in infrastructure

- 1. What are the most significant infrastructure (incl. costing and supply) constraints currently suppressing London's productivity, and how do these vary across housing, transport, digital connectivity and other systems? Please outline how these constraints affect London's competitiveness and national economic performance.**

Central London lacks a sustained pipeline of high-quality workspace to accommodate growing businesses, which is essential to maintaining London's productivity and competitiveness - as well as the UK's economic performance. We are calling for offices to be designated as critical economic infrastructure.

The UK is a service-led economy: 83% of economic output and 84% of jobs are generated by this sector. These office-based industries support around 2.8 million jobs across Greater London and generate nearly £290 billion in GVA each year. Research from the London Property Alliance shows a sharp contraction in the central London office market - the "engine room" of the UK service economy - with a net loss of 14 million sq ft of workspace between 2018 and 2023. More than 56% of remaining offices are now classed as secondary stock, meaning they do not meet modern requirements for sustainability and design or the needs of world-leading businesses. Our research demonstrates that £83.6 billion of productivity gains could be unlocked by upgrading secondary office space to Prime or Grade A.

Demand for high-quality office space already outstrips supply (Prime vacancy in the CAZ stands at 0.8%, while Grade A vacancy is 1.7%), and the capital has a forecast shortfall of 11 million sq ft of office space over the next five years.

National planning policy should class major office schemes in city centres as critical economic infrastructure, ensuring that these projects are given 'very significant weight' in planning decisions in recognition of their economic and strategic importance to the UK economy. Such a designation would be a decisive and low-cost intervention that could unlock growth, create jobs and maintain London's global competitiveness.

### Inclusive Growth

- 1. What national policy changes would enable London to pursue a more inclusive model of innovation and economic development (e.g., through employment standards, community wealth building, local reinvestment mechanisms or preventative public services)?**

We have called for national government to update regulations Community Infrastructure Levy (CIL) to provide greater flexibility in how the funds generated by developers' planning contributions can be used, particularly to support housing delivery in areas of acute need. While a proportion of CIL should continue to be allocated to the local infrastructure, London Property Alliance has argued that where a surplus exists and there is a critical housing shortage - such as in Westminster and other major economic centres - local authorities should have a clearer mechanism to deploy CIL funding towards housing provision. Enabling this flexibility would allow more residents to benefit directly from the economic activity generated by commercial centres, supporting inclusive growth and access to opportunity, while maintaining

By email only

development viability and investor confidence. Such a reform would strengthen the link between growth, reinvestment and community benefit, and help ensure that innovation-led economic development translates into tangible social outcomes.

## **Devolution**

Page | 3

### **1. How does the UK's highly centralised governance model restrict London's ability to drive productivity improvements in areas such as skills, infrastructure, and innovation?**

The UK's highly centralised governance model limits London's ability to drive productivity by constraining strategic decision-making, long-term investment and the effective integration of skills, infrastructure and innovation policy. Despite being the UK's primary economic engine, London has limited fiscal autonomy and insufficient control over key levers such as skills funding, transport investment and business taxation, reducing its ability to respond quickly to labour market needs or to align infrastructure delivery with growth opportunities. Greater devolution would allow London to better tailor skills provision to employer demand, plan and fund infrastructure at scale, and support innovation ecosystems in a way that maximises productivity gains for London and the wider UK economy.

### **2. What specific devolved powers, flexibilities, or structural incentives (e.g. revenue retention) would have the greatest impact on London's ability to deliver economic development effectively?**

We support granting the Mayor of London call-in powers for commercial office developments over 5,000 sqm within the Central Activities Zone, mirroring the approach recently introduced for residential schemes. These powers should apply only where a local planning authority is minded to refuse permission, and where there are clear strategic planning reasons to consider London-wide impacts and alignment with the London Plan. This would help safeguard the delivery of critical economic infrastructure that underpins London's productivity and competitiveness.

More broadly, the London Property Alliance calls on national Government to deliver greater fiscal devolution so that London can retain and reinvest a greater share of the benefits of growth, particularly from business rates. This could include mechanisms such as Tax Increment Financing-style arrangements or Local Investment Zones linked to business rate uplift, creating a direct local incentive for growth and enabling up-front borrowing to fund infrastructure and public-realm improvements alongside private sector investment. A more ambitious settlement on fiscal devolution is needed to return powers, incentives and accountability to London government and to support sustained, productivity-led economic development.