

By email only

London Property Alliance

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

9 February 2025

Dear Chancellor,

### **London Property Alliance representation for the 2025 Spending Review**

I am writing on behalf of [London Property Alliance \(LPA\)](#), a not-for-profit organisation that represents the leading owners, developers, investors, and professional advisors of real estate operating across central London, providing a unified voice for over 300 organisations ranging from FTSE 100 companies to affordable housing developers. The LPA is the voice of property in London's Central Activities Zone (CAZ), which in 2024 generated an estimated £315bn of GVA (over 10% of UK economic output) and was home to 48% of the capital's output and 41% of its jobs.<sup>1</sup> You can view our current membership lists [here](#) and [here](#).

We very much welcome the Government's adoption of economic growth as its number one mission. We are proud to champion central London as a driver of growth that can help deliver economic and social prosperity for the country and we fully support the Government's priorities of fixing the foundations of the economy, rebuilding Britain and making every part of the country better off.

We welcome too, the Government's commitment to driving investment, innovation and growth through the delivery of local and nationally important infrastructure projects, supporting the development of knowledge clusters and growing industries such as AI and life sciences, and recognising the important economic role of the UK's major cities.

Indeed, knowledge economy businesses and workers in our towns and cities are major drivers of economic growth, facilitating innovation and supporting some of the UK's most important growth industries. The service sector, for example, accounts for 81% of total economic output (GVA) and 83% of employment,<sup>2</sup> with further growth forecasted. Located together in our urban centres, our economy benefits from such agglomeration.

London's Central Activities Zone (CAZ), which equates to roughly 'travel zone 1', generates 11% of the nation's economic output and provides a highly concentrated and economically productive environment of strategic importance to the whole country's growth.<sup>3</sup> Our own analysis shows London's CAZ also has the capacity to boost the UK economy by **£101bn (GVA)**<sup>4</sup>, delivering **407,000 jobs**, **50,700** new homes and additional **55.7m sq ft** commercial floorspace by 2045.

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<sup>1</sup> <https://www.londonpropertyalliance.com/good-growth-in-central-london-2/>

<sup>2</sup> <https://commonslibrary.parliament.uk/research-briefings/sn02786/>

<sup>3</sup> <https://www.londonpropertyalliance.com/good-growth-in-central-london-2/>

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

However, London needs excellent transport connections and best-in-class office space to accommodate high value jobs to play a significant role in delivering social and economic prosperity in London and beyond.

Investing in the maintenance and growth of the capital's transport system is vital. Improved transport networks shorten journey times and increases capacity – essential factors in boosting productivity and accommodating job and housing targets. The success of the Elizabeth line demonstrates this well, quickly becoming the UK's busiest trainline and acting as a catalyst for investment and regeneration, leading to 171 hotel openings, 2,666 new food and beverage outlets and 12 museums in addition to supporting London's post-Covid recovery.<sup>5</sup>

Yet, by way of comparison, Transport for London's (TfL) capital programme is significantly smaller than that of its main international peers, New York state's MTA and Paris region's île de France Mobilités (IDFM). Even after taking into account factors such as inflation, purchasing power and the definition of capital programmes, TfL's capital expenditure programme of just £9.3bn covering the entire period from 2022/23 – 2026/27, equivalent to £1.86bn per annum, compares unfavourably to being just 11% of MTA's programme size and 44% of that for IDFM.<sup>6</sup>

Therefore, ahead of your Spring Forecast on 26 March, the Alliance has four key asks which we believe will help deliver on your core objective of delivering economic growth:

1. **Provide a long-term funding framework for Transport for London** to ensure the long-term renewal of assets takes place in a timely and efficient manner.
2. **Commit to securing public and private finance for the delivery of the Bakerloo line extension, the DLR extension to Thamesmead and a delivery plan for Crossrail 2** to futureproof central London's infrastructure and drive regional connectivity.
3. **Progress a long-term solution for Euston** that maximises the contribution of the area to good growth for London and the UK economy.
4. **Further steps to increase the funding of planning departments such as ring-fencing income** to ensure the recruitment and retention of planners needed to support development and unlock growth.

### **1. Provide a long-term funding framework for Transport for London (TfL) to ensure the long-term renewal of assets takes place in a timely and efficient manner**

Transport connectivity is vital for London to maintain its position as a global city, underpinning productive businesses, providing access to well-paid work and facilitating the most important visitor gateway for the whole of the UK. In addition to adding new capacity to London's public transport system over the longer term (as outlined below), the LPA urges the Government to ensure sufficient resources are made available on a long-term, stable basis to maintain and enhance Greater London's existing transport assets. We consider it essential that our existing roads and Underground and rail lines remain

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<sup>5</sup> <https://www.londonpropertyalliance.com/the-crossrail-effect-how-the-elizabeth-line-is-transforming-the-capital/>

<sup>6</sup> <https://www.mta.info/press-release/mta-releases-proposed-2025-2029-capital-plan>,  
<https://www.london.gov.uk/sites/default/files/mqt/0030%20-%20TfL%20Capital%20Expenditure.xlsx>

in good repair and that their condition is not ‘hollowed out’ because of deferred investment. We therefore urge the Chancellor to work with the Mayor and TfL to agree a long-term sustainable core funding plan for transport and in the case of TfL, to secure funding for 10 years. This would provide TfL with the certainty and resources needed to ensure day-to-day services remain safe, reliable and well-maintained.

## **2. Commit to securing public and private finance for the delivery of the Bakerloo line extension, the DLR extension to Thamesmead and Crossrail 2 to futureproof central London’s infrastructure and drive regional connectivity**

In addition to looking after existing transport assets, we urge the Treasury to give its backing for the Bakerloo line and Thamesmead DLR extensions. In addition, we ask that a plan be developed to progress Crossrail 2 delivery over the longer term. These schemes will not only bring major user benefits but will help address shortages in London’s housing supply as well as supporting regeneration and access to well-paid jobs for those in some of the most deprived communities in the UK. At a time of fiscal constraint, we encourage the Treasury to consider the adoption of additional levies or taxes to facilitate the faster delivery of these schemes. The Elizabeth line is a good example of how these sorts of funding approaches can be used, with approximately two-thirds of the project being paid for by London businesses and the railway’s farepayers.<sup>7</sup> LPA research has demonstrated the vital role played by this project in driving economic and social prosperity across the capital and beyond.<sup>8</sup>

## **3. Progressing a long-term solution for Euston that maximises the contribution of the area to good growth for London and the UK economy**

The LPA recognises that the Euston area presents a complex and challenging set of circumstances for Government and indeed all those with a stake in the district’s future. At the same time, there is a major opportunity for it to evolve into a leading, productive, sustainable development site providing high value-adding employment at scale, as well as helping to meet London’s housing supply requirements. We urge the Treasury to move quickly to put in place the masterplanning, governance and financing arrangements necessary to create momentum to allow Euston to fulfil its long-term role in supporting good growth and sustainable development for London and the country more generally. Whilst any such arrangements must respond to the needs of the local community and boroughs, at the same time, the wider function Euston can play with respect to London’s global positioning needs to be fully recognised and supported.

## **4. Further steps to increase the funding of planning departments such as ring-fencing income**

We welcome the Government’s recent announcements with respect to increasing resources for planning departments. We believe that it is imperative that we get Britain building if we are to kickstart growth and unleash the country’s full economic potential. Our recently published [Good Growth in Central London](#) report explored the relationship between planning policy and economic development, focusing on the additional benefits that would flow if more pro-growth policies were adopted in London’s Central Activities Zone. As the report highlights, there is potential for central London to deliver

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<sup>7</sup> <https://www.crossrail.co.uk/about-us/funding>

<sup>8</sup> <https://www.londonpropertyalliance.com/the-crossrail-effect-how-the-elizabeth-line-is-transforming-the-capital/>

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407,000 jobs, 50,700 new homes and an additional 55.7m sq ft in office floorspace by 2045 which could boost the UK economy by £101bn in GVA.

However, we have seen a significant fall (54%) in major planning applications in central London over the past decade, during which the planning system has become increasingly complex. Recent research by the LPA on future-proofing national policy to support sustainable development,<sup>9</sup> as well as the challenges holding back the delivery of specialist life science research and associated workspace,<sup>10</sup> shows that the under-resourcing of planning departments and a lack of national guidance are preventing councils from making speedy, well-informed decisions to deliver the environmentally sustainable, quality workspaces required to attract and grow productive businesses in the UK capital.

We consider it vitally important that all funding for planning departments is now ring-fenced, so they can recruit and retain skilled staff and increase capacity for decision making. By helping to speed up planning decisions and fairly funding planning departments, the Government will be supporting jobs and infrastructure for communities across the country.

### Concluding comments

Central London supports 2.2 million jobs. Its commercial districts house innovative and world-leading business clusters, ranging from fintech, life sciences to specialist creative industries. The area makes a major contribution to UK public finances. Its economy is inextricably linked to regional economies across the country. We urge HM Treasury to build on progress made to date under the new Government and ensure the financial resources and policy tools are put in place to allow London to grow as a global city: providing jobs, economic growth and tax revenue to support the UK as a whole.

Yours sincerely,



**Charles Begley**

London Property Alliance – Chief Executive

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<sup>9</sup> <https://www.londonpropertyalliance.com/retrofit-first-not-retrofit-only-future-proofing-national-policy-to-support-sustainable-development/>

<sup>10</sup> <https://www.londonpropertyalliance.com/londons-knowledge-clusters-from-emerging-to-maturing/>