

Central London Recovery Tracker – September 2022

Unemployment at record low as inactivity continues to rise

Unemployment in the UK fell to a record low (3.6%) and in London fell to its joint-lowest level (4.2%) since the start of the series in 1992. London’s unemployment rate is down 0.6pp on the quarter and down 1.8pp from a year earlier.

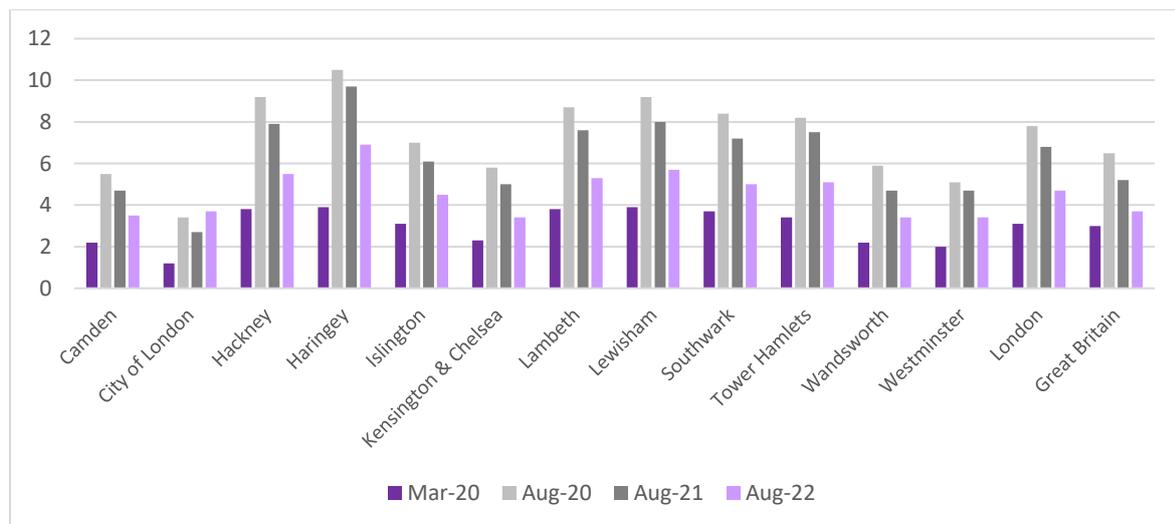
London’s inactivity rate has risen to 21.7%, now the same as the UK-wide figure. This is up 1.4pp on the previous year and up 0.8pp on the previous quarter ([GLA, 2022](#)). National data suggests that long-term illness is forcing many workers out of employment.

The claimant count continues to decline in central London

The number of residents claiming unemployment-related benefits continues its downward trajectory.

However, as figure 1 shows the claimant count remains higher than pre-pandemic in every central London local authority, and the claimant rate is higher in most CLF member authorities than the national average.

Figure 1 – The claimant count continues to decline
Claimant count as a proportion of adults aged 16 – 64



Source: [NOMIS](#)

Wage growth is not keeping up with rises in inflation, especially in low-paid sectors

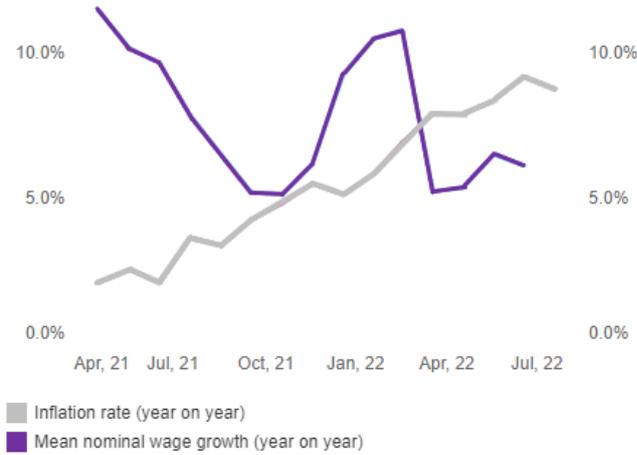
While pay in London recovered very strongly from late 2020 to early 2021, analysis from this month shows that median nominal pay in London stagnated month-on-month and even though the year-on-year increase is still above 5%, growth is not keeping up with inflation.

Pay growth has tended to be strongest in the best-paid sectors, reinforcing income inequalities. Pay in Hospitality, the lowest-paid industry in the private sector, has fallen 1% since the pandemic, while median pay in IT, already 50% above the London average before the pandemic, has risen 20% up to July this year ([GLA Economics, 2022](#)).

In January 2022 inflation in London was 5.1%. From January to August 2022 the inflation rate rose by 3.6pp. National wages have risen by 3.1% between January and July 2022,

therefore workers living in London are on average £200 worse off a month than in July 2021 ([Centre for Cities, 2022](#)).

Figure 2 – Wages are not keeping up with inflation in the capital
Inflation rate compared to mean nominal wage growth in London



Source: [Centre for Cities](#)

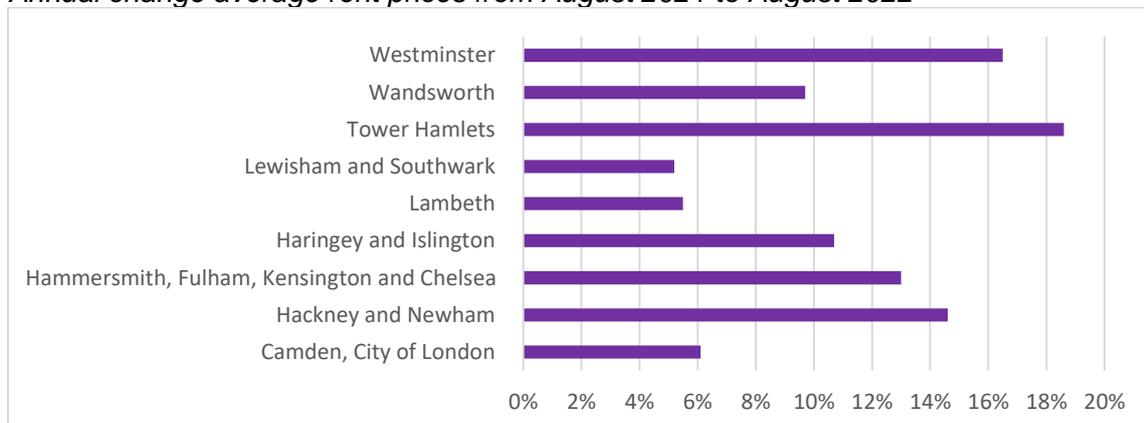
The cost of living crisis continues to affect many households in the capital

Londoners are feeling the pinch of the cost of living crisis as 19% of Londoners say they are financially struggling while another 30% are ‘just about managing’ ([GLA Economics, 2022](#)).

CPI inflation hit a 40-year high in July (10.1%), with rising food costs being the greatest contributor. The new Energy Price Guarantee announced by the Chancellor on 23rd September will provide relief to many households, and will prevent inflation from rising as high as had been feared.

Private rent prices in the capital continue to rise as London reaches a new record average asking rent of £2,257 pcm this quarter. Annual growth in asking rents in London is now at 15.8%, the fastest ever rate of any region ([Rightmove, 2022](#)). Average rent has risen by 11.1% in central London from August 2021 to August 2022, with the highest growth in Tower Hamlets (18.6%).

Figure 3 – Rent prices spiral out of control amid cost of living crisis
Annual change average rent prices from August 2021 to August 2022



Source: [HomeLet](#)

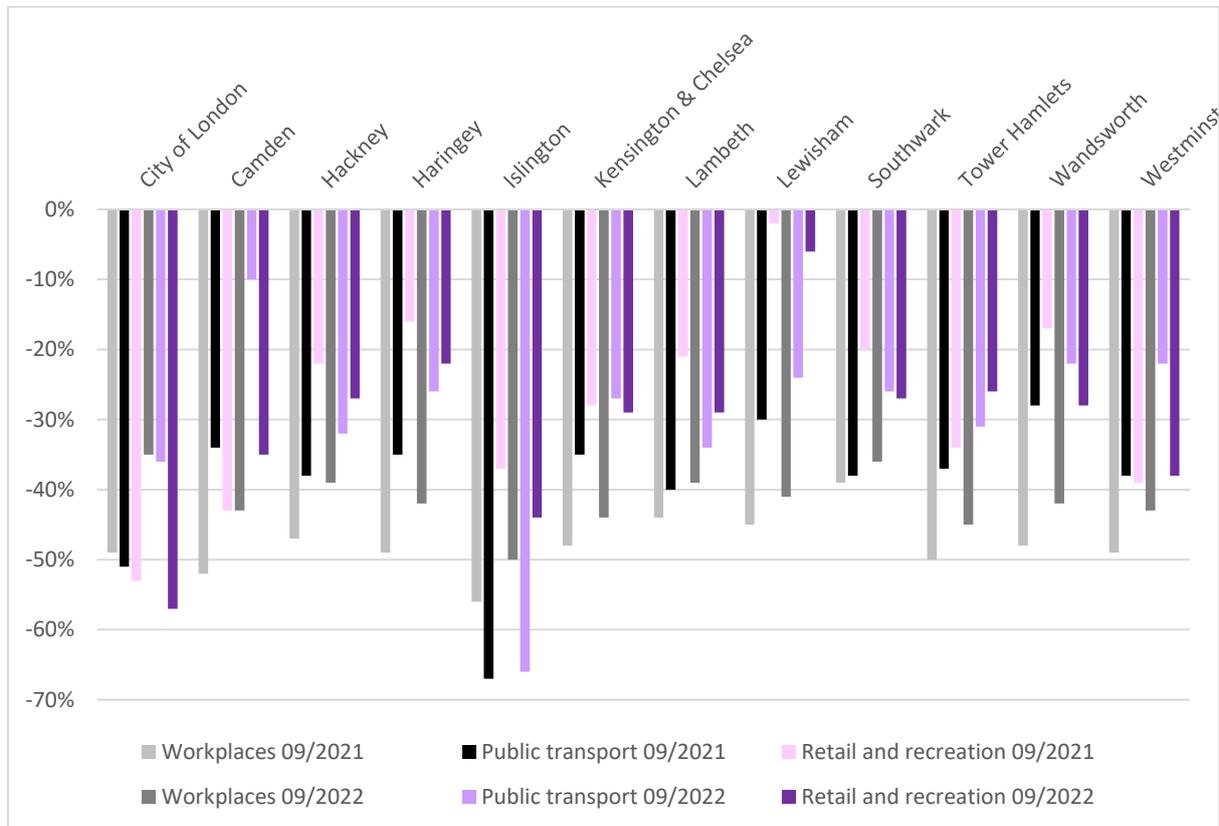
A mixed picture for mobility in central London

In every central London local authority ridership on public transport and workplace mobility has improved slightly from the same time last year.

Despite this slight increase in ridership on public transport, TfL continues to face financial difficulty. The most recent funding deal secured on 30th August 2022 will provide some breathing space, but it is only in place until 31st March 2024.

Mobility trends for retail and recreation places – which includes restaurants, cafes, shopping centres, museums, libraries and cinemas – has decreased when compared to September 2021. This may be due to the cost of living crisis, with 46% of Londoners saying they are spending less on non-essentials in an effort to manage living costs ([GLA Economics, 2022](#)).

Figure 4 – Mobility changes from September 2021 to September 2022
Mobility levels compared to baseline pre-pandemic levels across workplaces, public transport, and retail and recreation



Source: [Google](#)