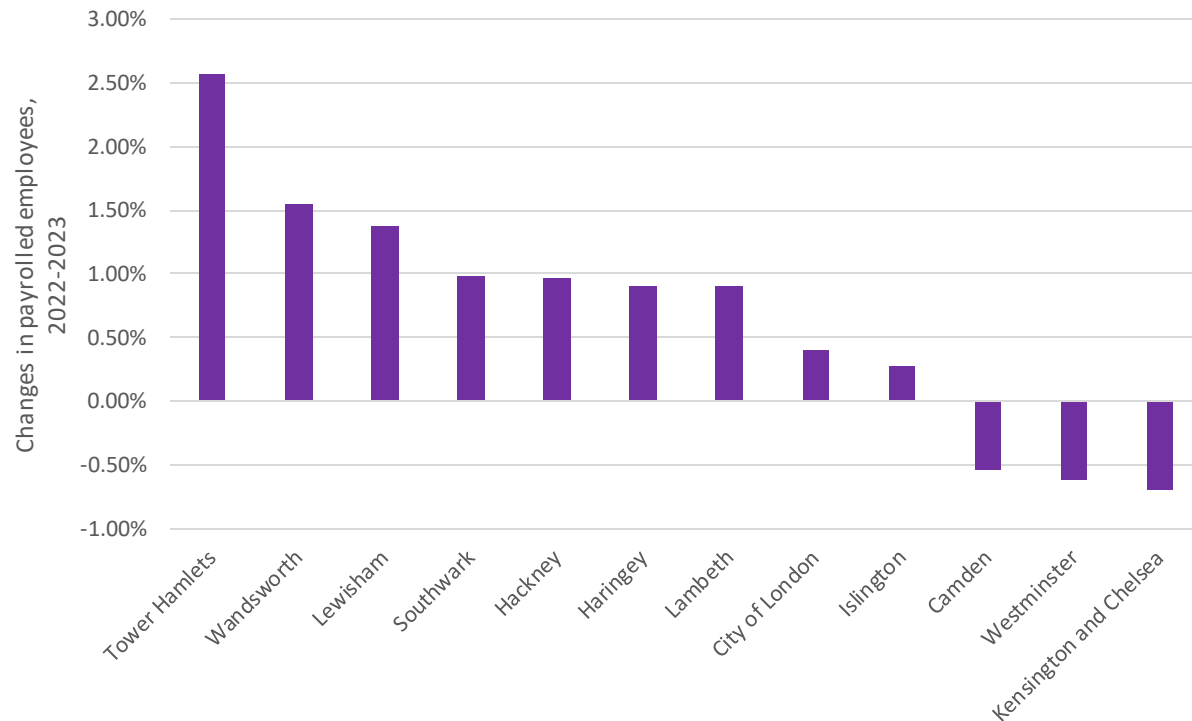


Central London
RECOVERY TRACKER

June 2023

Payrolled employment continues to increase

Figure 1: Percentage change of payrolled employees May 2022 to May 2023



Source: [ONS PAYE data](#)

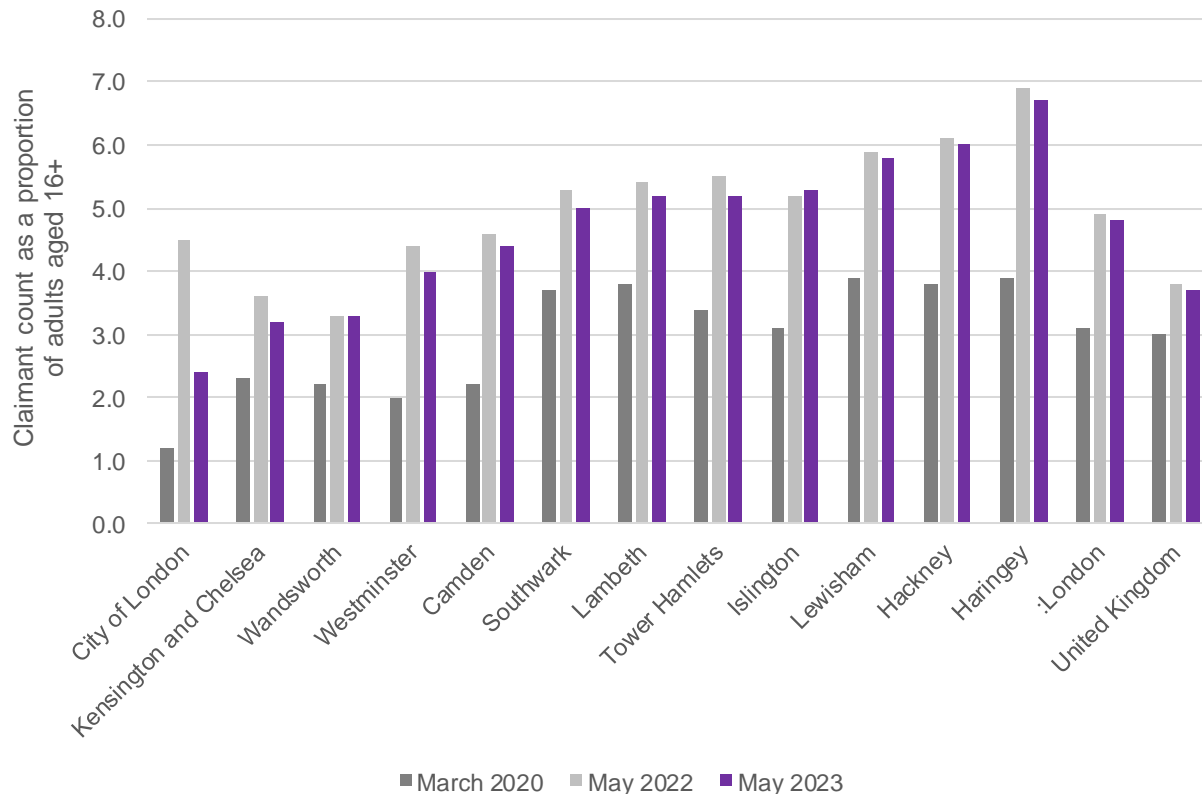
After seeing the biggest decline in employment during the pandemic, London has bounced back. The latest [Pay As You Earn data](#) shows the capital had the highest increase in payrolled employment of any region in the last year.

The number of residents in payrolled employment increased in nine out of 12 central London boroughs, with the biggest increases in Tower Hamlets (2.6%) and Wandsworth (1.5%).

The number of residents in employment in Camden, Kensington and Chelsea and Westminster declined in the last year.

Claimant count continues to decline

Figure 2: Claimant count rate by borough



Source: [GLA Economics](#)

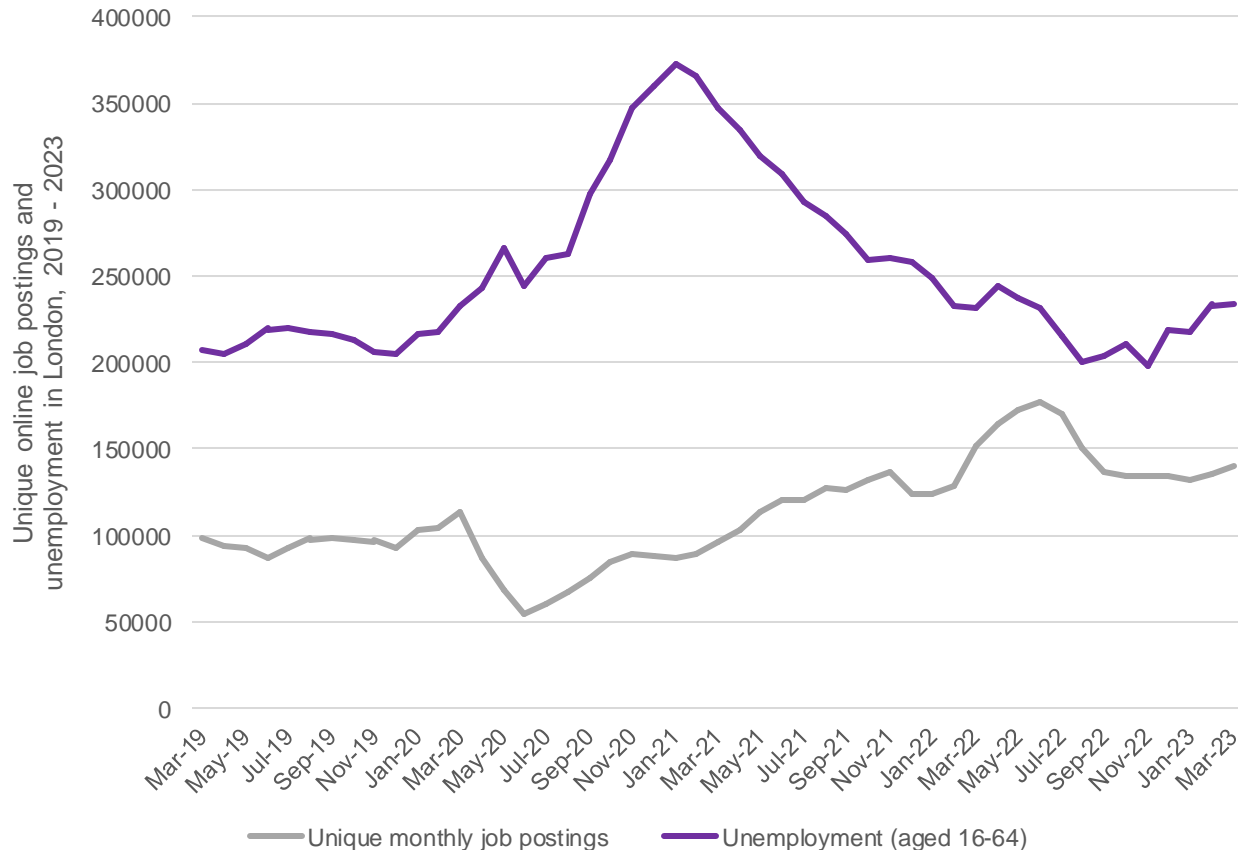
The claimant count has declined slightly over the last year. 106,000 residents were claiming unemployment related benefits in May 2023, down from 110,000 over the last year.

However, the proportion of residents claiming unemployment related benefits remains significantly higher in every central London borough than in March 2020 on the eve of the pandemic.

[OBR](#) forecasts suggest unemployment is set to increase again in the coming months as the economy slows.

London's labour market is less tight than last year

Figure 3: Online job postings and unemployment, London



Source: [ONS/Adzuna/GLA](#)

London's labour market has become significantly less tight in the last few months.

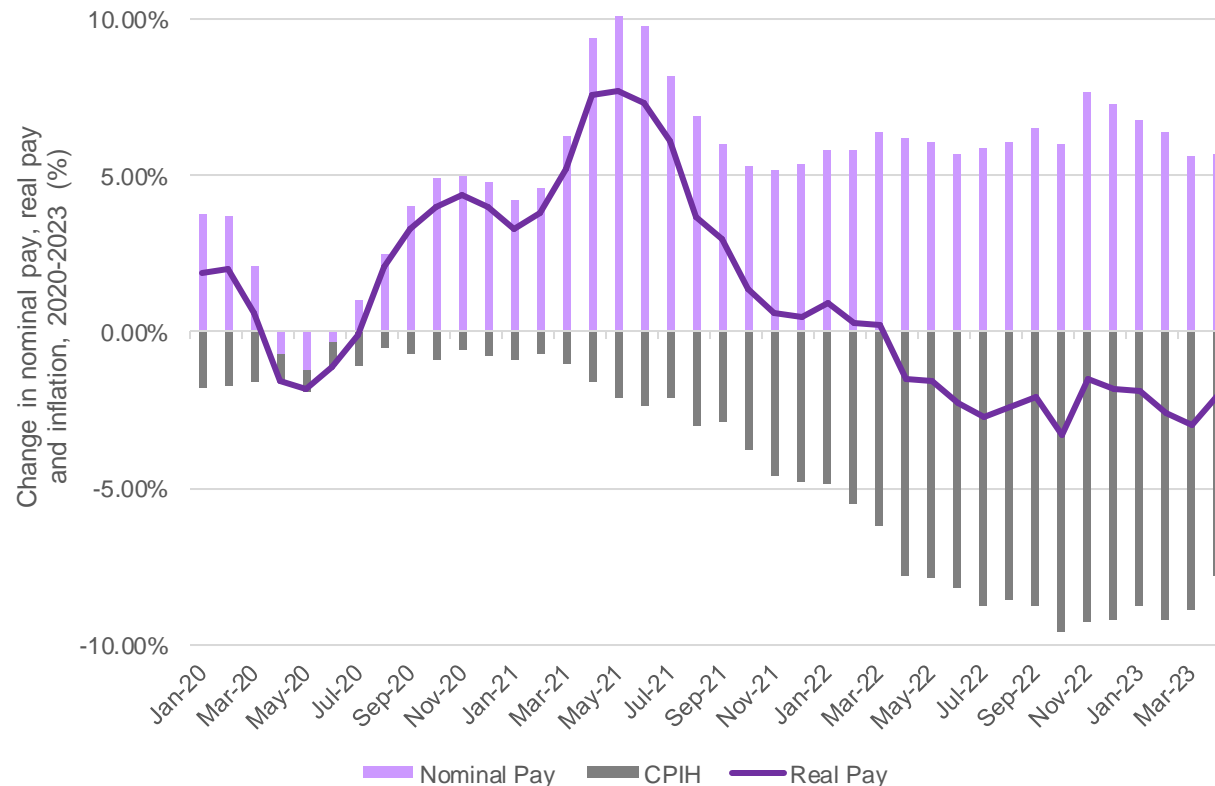
Figure 3 shows the number of unique monthly job postings and the number of unemployed people in London in the last four years.

The ratio of unemployed people per vacancy fell from a peak of 4.5 in June 2020 in the midst of the pandemic, to 1.3 in June 2022 as the economy unlocked.

The ratio has increased in recent months to 1.7 as the number of vacancies has declined, and unemployment has ticked up.

Inflation remains high as real pay declines

Figure 4: Decomposition of real median pay in London, % annual change



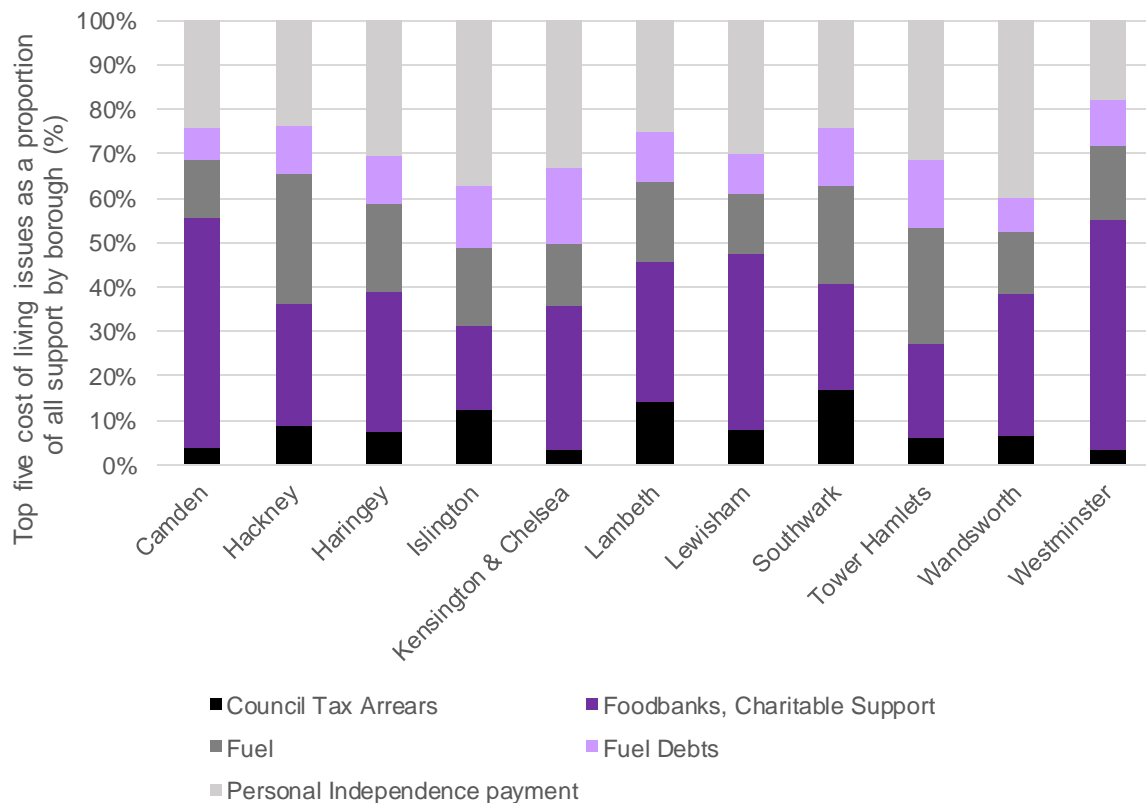
Inflation remains stubbornly high. The CPIH measure of inflation increased from 7.8% in April to 7.9% in May and core inflation – which strips out the impact of energy and food – rose to 7.1%, the highest rate since March 1992.

While nominal wages are increasing at a relatively high rate, wage growth remains below inflation. Average pay in real terms – which takes account of the impact of inflation – has fallen for 13 consecutive months.

With inflation remaining high, the Bank of England announced a 0.5 percentage point increase in interest rates, increasing borrowing costs for homeowners and businesses.

More Londoners reliant on foodbanks to make ends meet

Figure 5: Top five cost of living issues, January 2023, percentage of all support, by borough

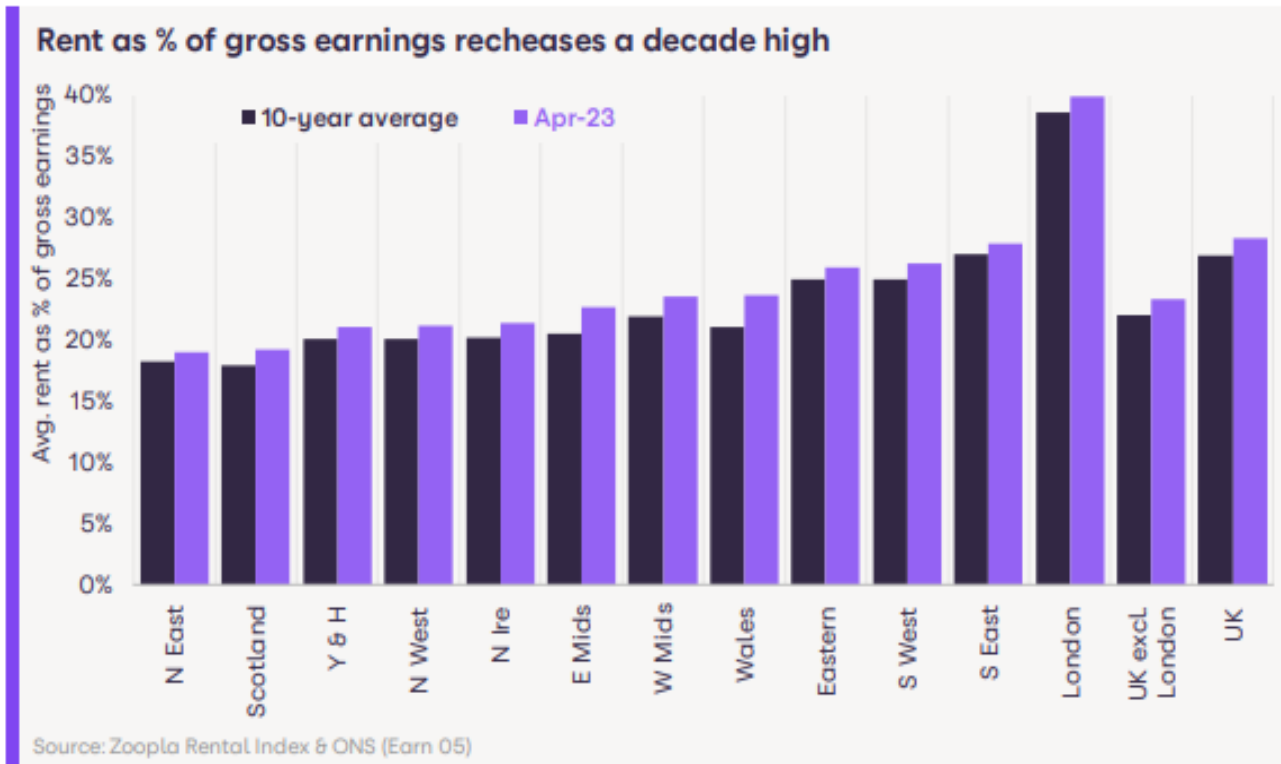


Recent [polling](#) shows the extent to which the cost of living crisis is hitting Londoners. Almost one in five (18%) say that on a regular or occasional basis they have been unable to buy food or essential items, or they have had to rely on outside support. This is double the figure from January 2022 (9%).

Data from [Citizens Advice Bureau](#) shows the number of Londoners seeking support has doubled since 2020, driven by a rapid growth in those seeking support from foodbanks and other charitable support. As figure 5 shows, support from foodbanks and other charitable support is the biggest issue for people approaching CAB in nine out of 11 boroughs.

Rents in London sees highest annual percentage change since 2012

Figure 6: Rent as % of gross earnings



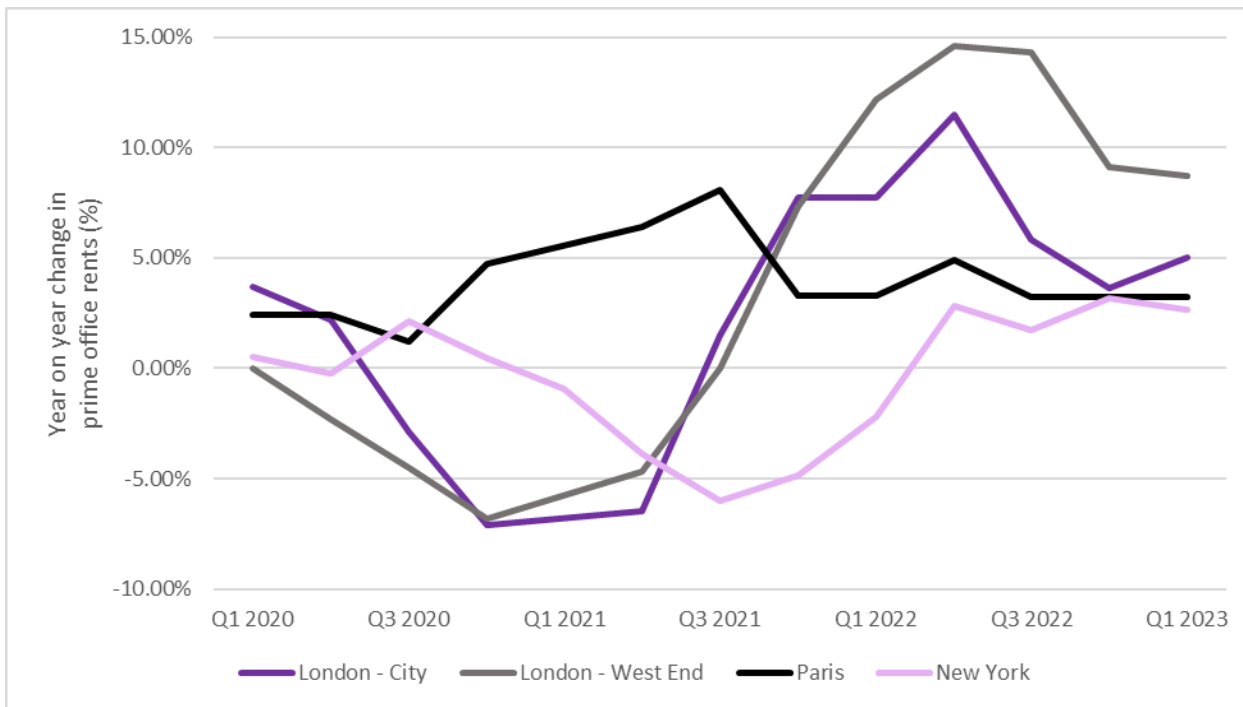
Increases in housing costs are set to put further pressure on households in central London.

London has the highest levels of rent of any region of the UK, and rents account for 40% of gross earnings. [Private rents increased by 5.1%](#) in London in the 12 months to April 2023, the highest annual percentage change since October 2012. Nearly half ([47%](#)) of renters say they will struggle to pay their rent in the next six months.

Increases in interest rates will also mean rising costs for homeowners. Annual repayments for those re-mortgaging next year are set to rise by [£2,900](#) on average.

Prime office rents see slight decline after recovery

Figure 7: Change in prime office rents



The pandemic led to a rapid increase in working from home, and predictions of a decline in demand for office space in city centres.

However, following a decline at the start of the pandemic, demand for office space has bounced back.

Data from the [London Property Alliance](#) shows that rents in the City of London and the West End have increased over the last two years in comparison to other global cities, though the increase slowed in the third quarter of 2022. Vacancy rates have also remained relatively stable.

You can read more about changes in demand for office spaces in CLF's report [The future of the office in Central London](#).

Source: [LPA](#) (Q1 2021 data unavailable)