Analytical update on London’s recovery

Presentation to the London Recovery Board

1 December 2021

CITY INTELLIGENCE

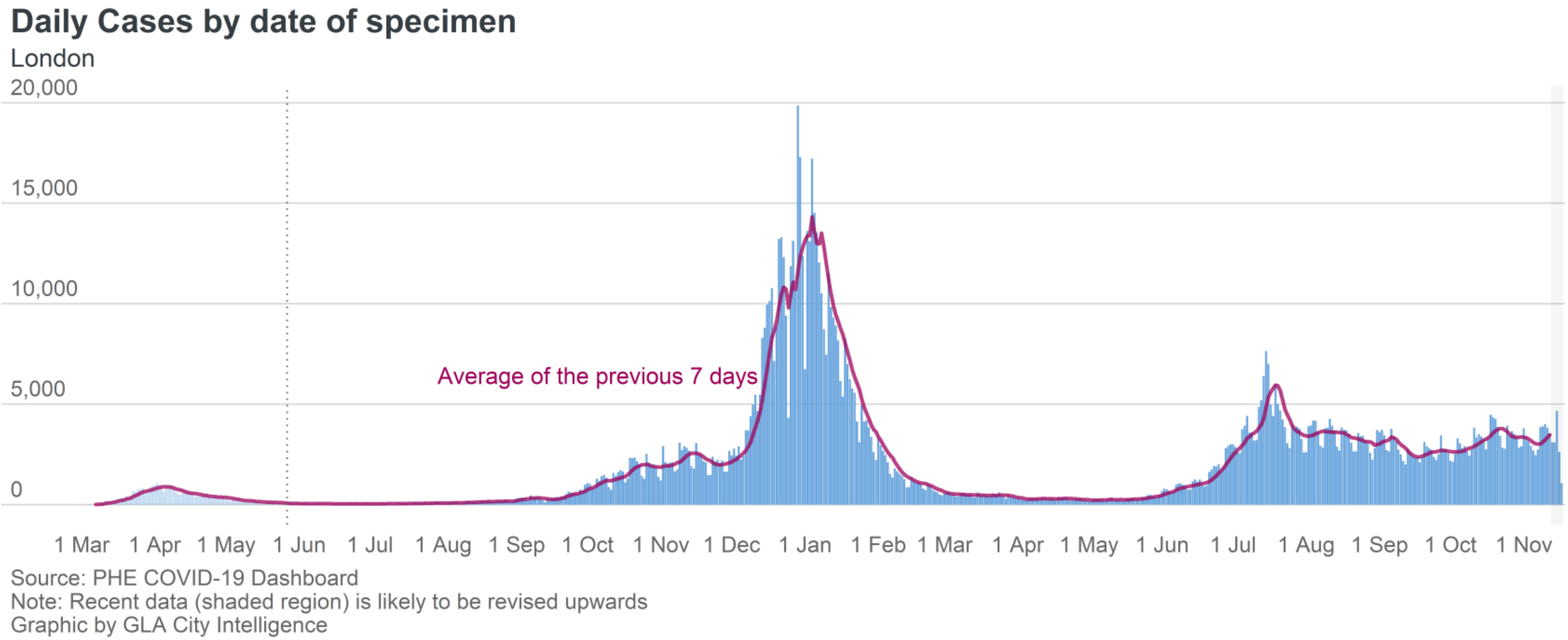
Pandemic situation

- COVID-19 infections among Londoners have been fairly steady since August 2021. Case rates are highest among primary age children and lowest among older age groups.
- In November 2021, the highest case rates were in South-West London boroughs.
- Londoners are most likely to say they are only partially socially distancing (one third), with almost another third fully socially distancing or isolating, and another quarter carrying on as normal.
- Over 6 million Londoners aged 16+ have had a first vaccine (80%) and over 5.5 million have had 2 doses (71%). One third of 12-15 year old Londoners have had a first dose.

London case numbers remain elevated, with an estimated 1.3%* currently infected with COVID-19

- In the week ending 12 November 2021, **24,301** people tested positive in London, a rate of **270 cases per 100,000** population.
- On 18 November 2021 there were **1,037** COVID-19 patients in London hospitals. This compares with **1,075 patients** on 11 November 2021.
- By 5 November 2021, 20,760 COVID-19 deaths had been recorded in London.

*ONS Infection survey for week ending 6 November 2021



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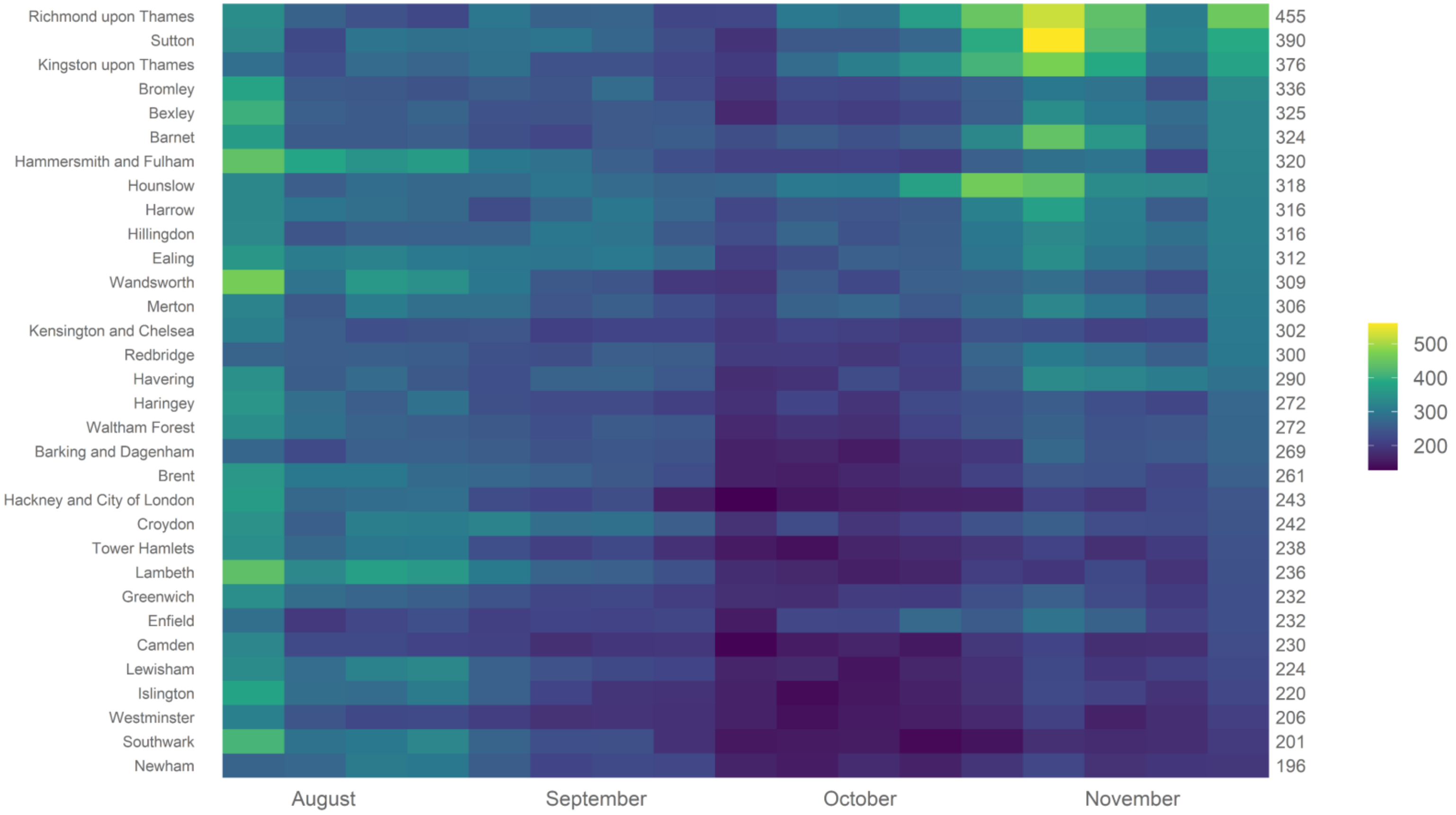
Cases are highest among primary school aged children and lowest among older ages. South-West London (Richmond, Sutton, Kingston) had the highest case rates in the week ending 13 November 2021.

Weekly case rates per 100,000 population

Most recent complete data for week ending 13 November (case rate shown on right hand column)



Source: PHE COVID-19 Dashboard
Sorted by case rate in most recent week. Colour scale may change with new data
Graphic by GLA City Intelligence

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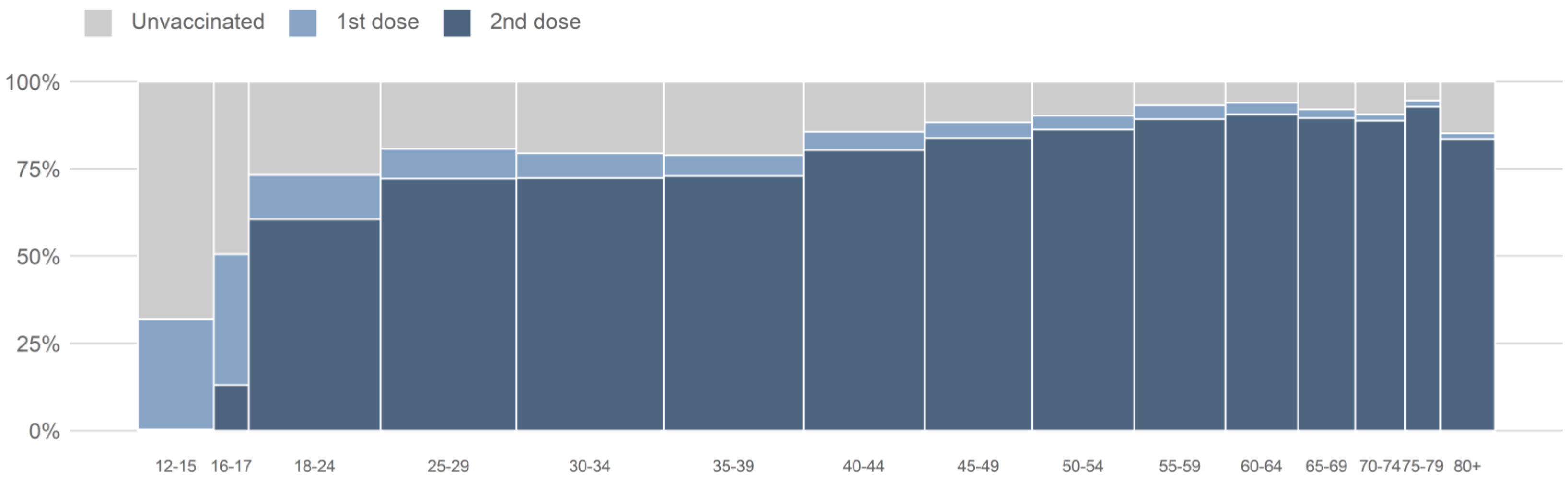
80% of London’s population aged 16+ have received a first dose of a COVID-19 vaccine

- Over 88% of people aged 50 and over have received both doses of a vaccine.
- By 17 November 2021, 80% (6,224,124) of London’s population age 16+ had received a first dose and 71% (5,540,182) had received two doses.
- 26,050 doses were administered in London in the most recent week.
- Close to three quarters of the Londoners who have not yet received their booster say they are likely to accept it if offered (74%, compared to 17% who are hesitant).

Percentage of the population by age band who have received COVID-19 Vaccinations

Vaccinations administered to London residents up to 17 November 2021
Width of blocks is proportional to population size



Source: PHE COVID-19 Dashboard
Graphic by GLA City Intelligence

Note: Figures for booster vaccines are not yet available by region

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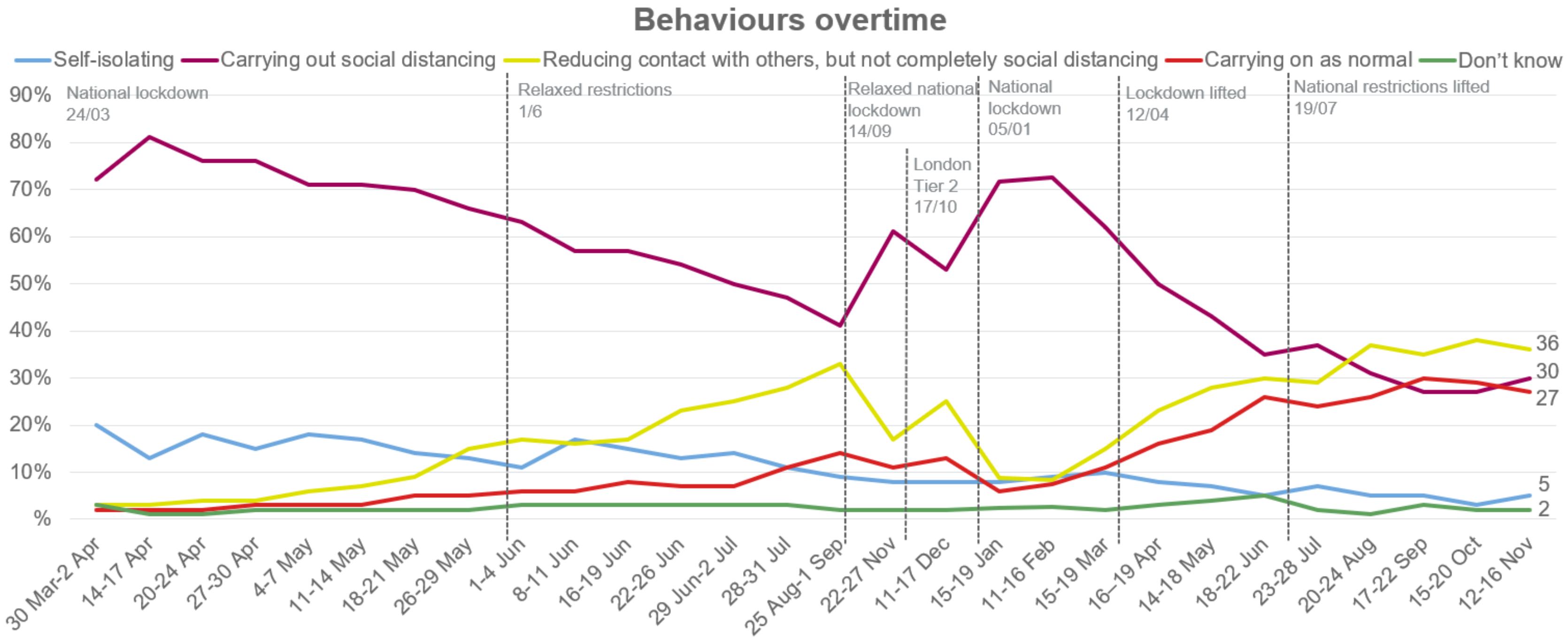
Since January 2021, Londoners have undertaken fewer measures to protect themselves and others, but November showed a slight increase in social distancing and self-isolating



- In October, 80% of Londoners said they always wear a mask on London Transport and 56% in shops.
- The proportion wearing a mask in a shop has fallen from 85% since April.

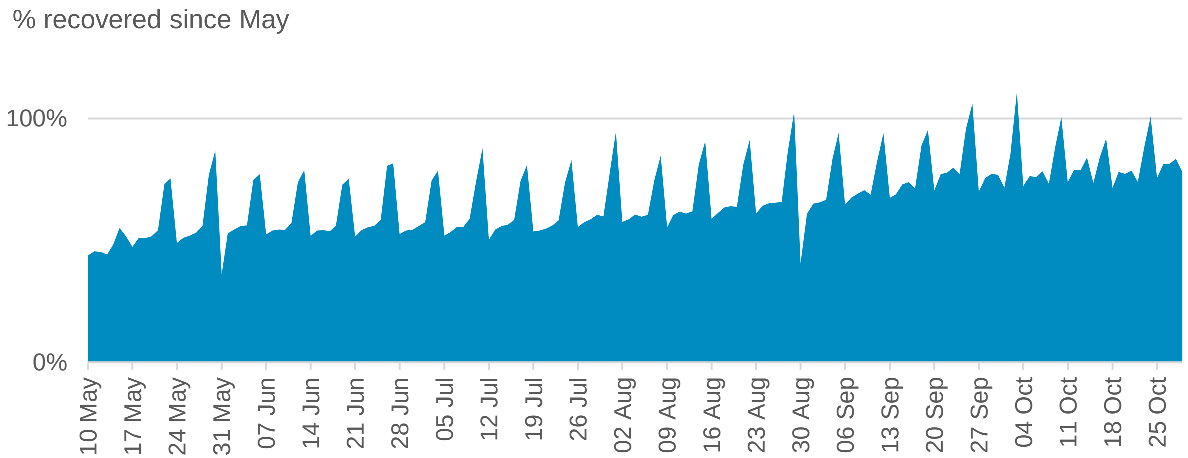
Source: GLA polling (Nov 21)

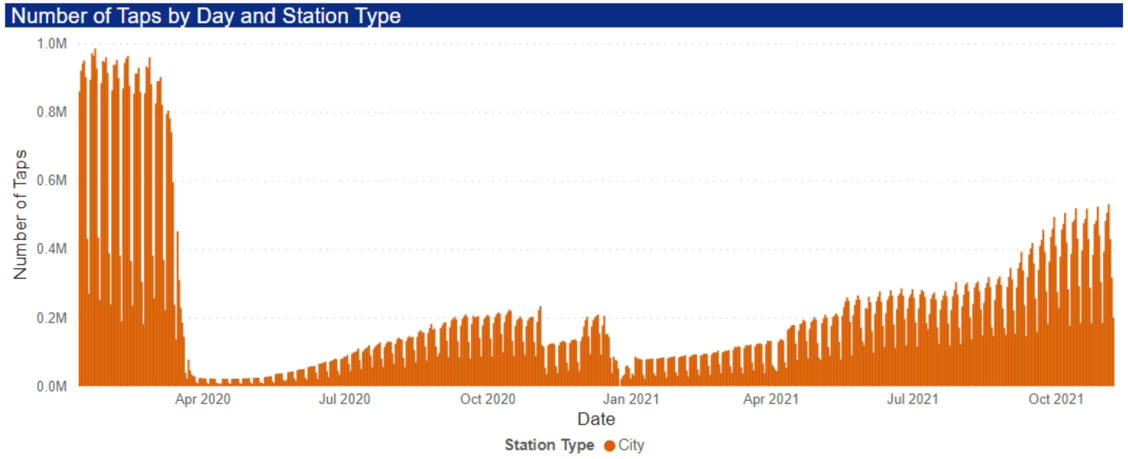
Mobility and expenditure

- At the end of October 2021, transport mobility was only around 70% of pre-COVID levels and City stations remained only about 56% as busy as they were in 2019.
- In many areas of London, the presence of daytime residents has reduced to nearer 2019 levels, however a persistent ring around Zones 2 and 3 remains.
- Retail and recreation footfall continues to be much lower than pre-COVID in central London but is close to having recovered in a number of outer London boroughs.
- Pan-London data suggest retail expenditure has been recovering rather strongly since reopening in May 2021, but there are big differences between individual high streets and central high streets remain quieter.

Visits to central London are increasing, but a large proportion of ‘City’ workers have not returned so far

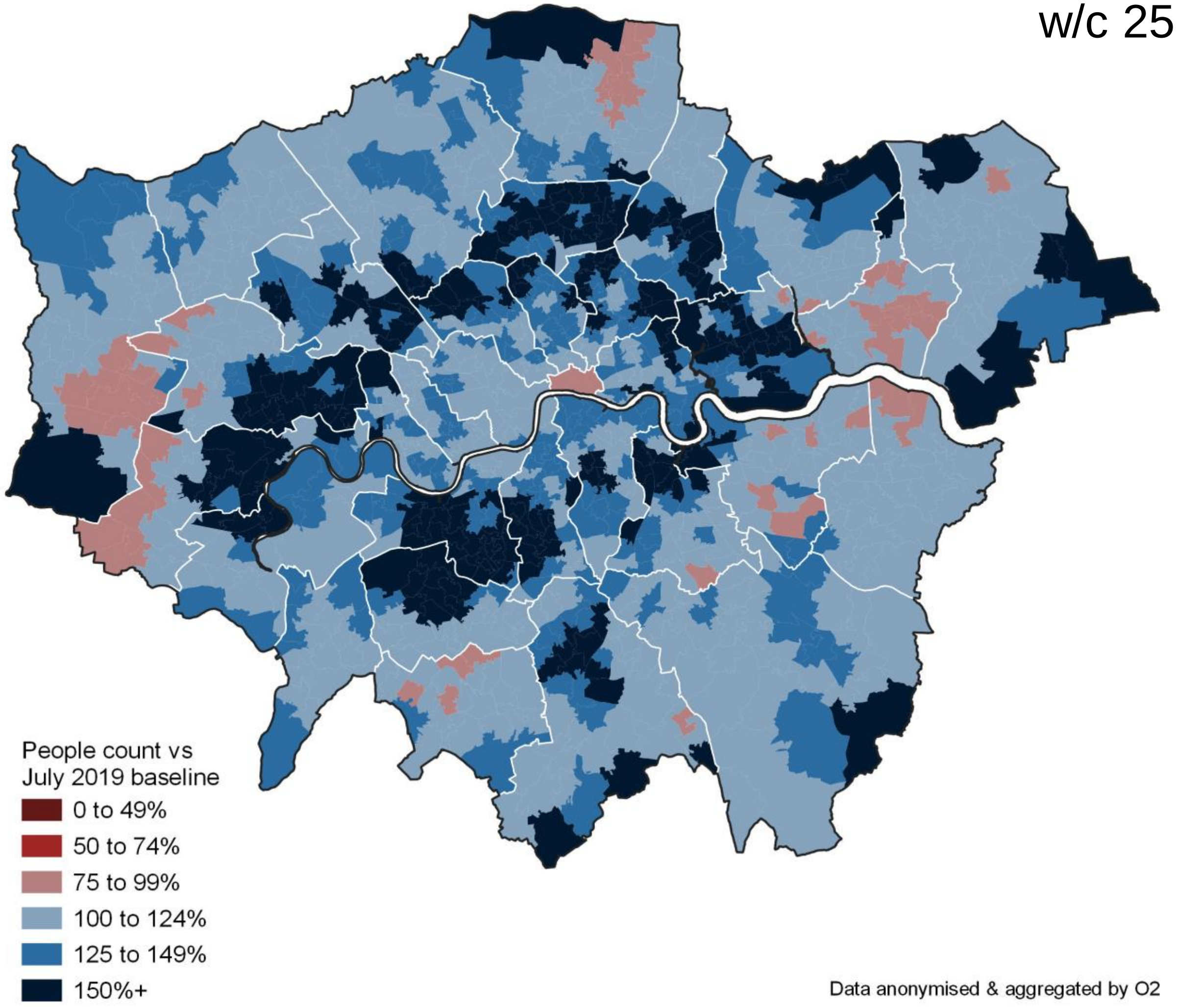
- Visitor numbers to central London climbed during August and September 2021, to 70% during weekdays and nearly 100% at the busiest weekends (having been less than 50% in May 2021).
- As an indication of workers, Oyster taps at ‘City’ stations are about 56% of 2019 levels.





In many areas of London, presence of daytime residents has reduced to nearer 2019 levels, however a persistent ring around Zones 2 and 3 remains

w/c 25 Oct



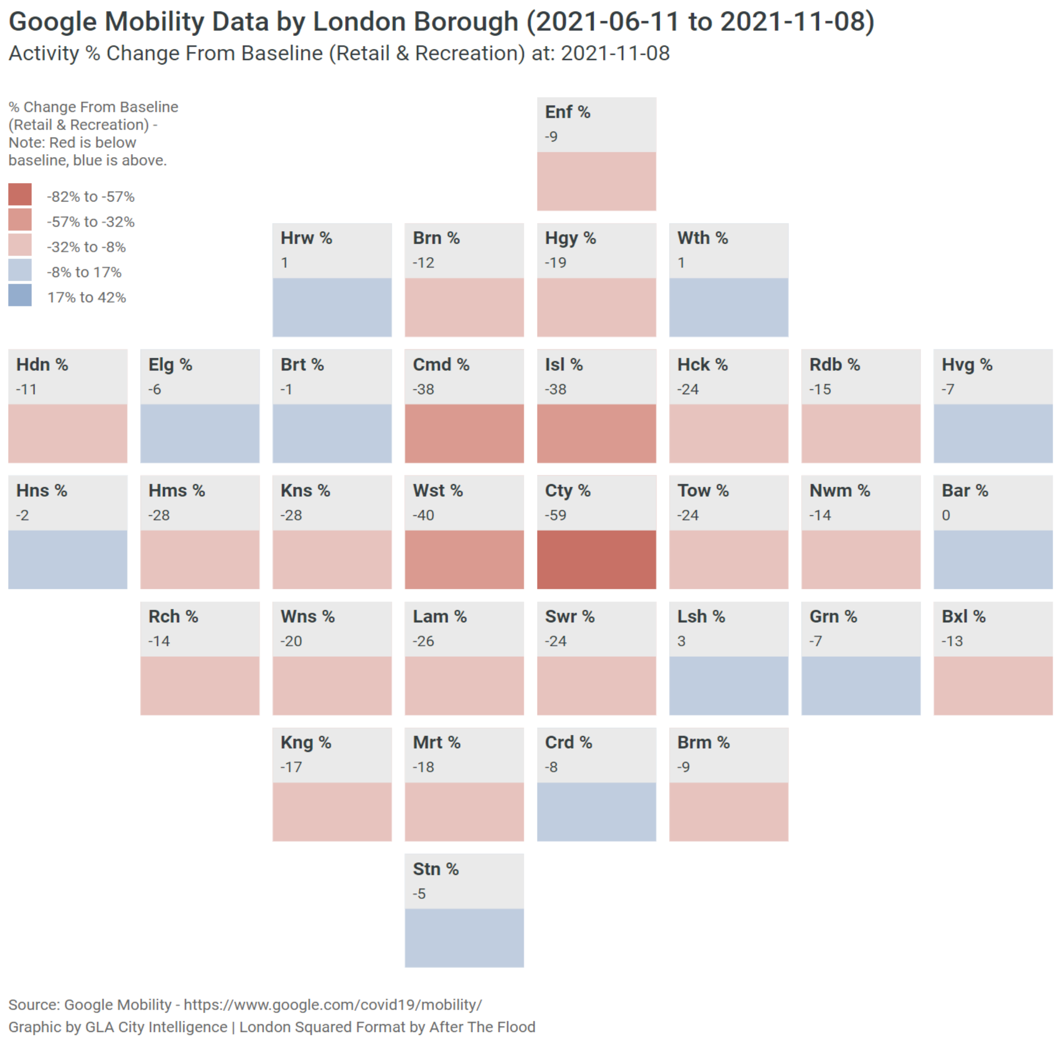
Note: while the additional daytime residents are likely to include many homeworkers, others may be students or others at home but not necessarily working

Retail and recreation footfall continues to be much lower than pre-COVID in central London, but is close to have recovered in a number of outer London boroughs

Mobility by borough
(Google, 8 November 2021)

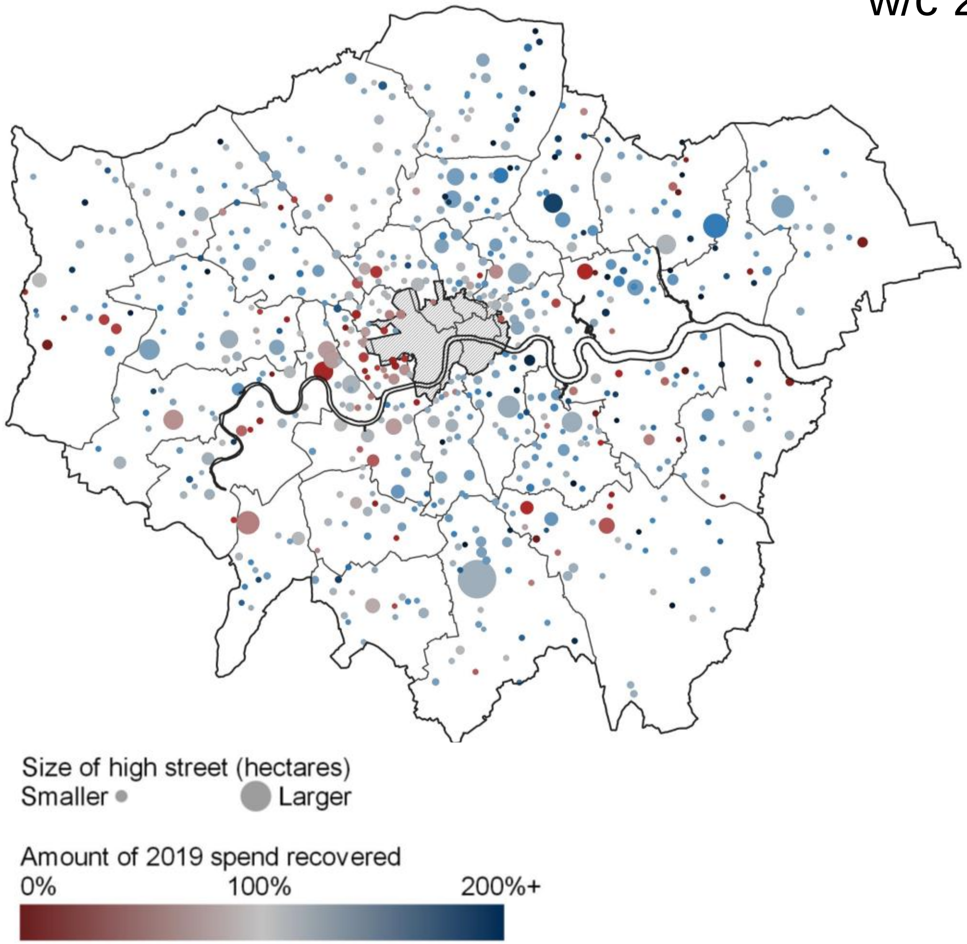
% Change From Baseline (Retail & Recreation) - Note: Red is below baseline, blue is above.

- -82% to -57%
- -57% to -32%
- -32% to -8%
- -8% to 17%
- 17% to 42%



Many local high streets outside the CAZ are back to 80% of 2019 card spend, but every borough has high streets that have recovered less well

Note: the switch away from cash tends to exaggerate recovery. Worldpay estimates that the share of cash purchases in UK stores decreased from 27.4% in 2019 to 13.4% in 2020.



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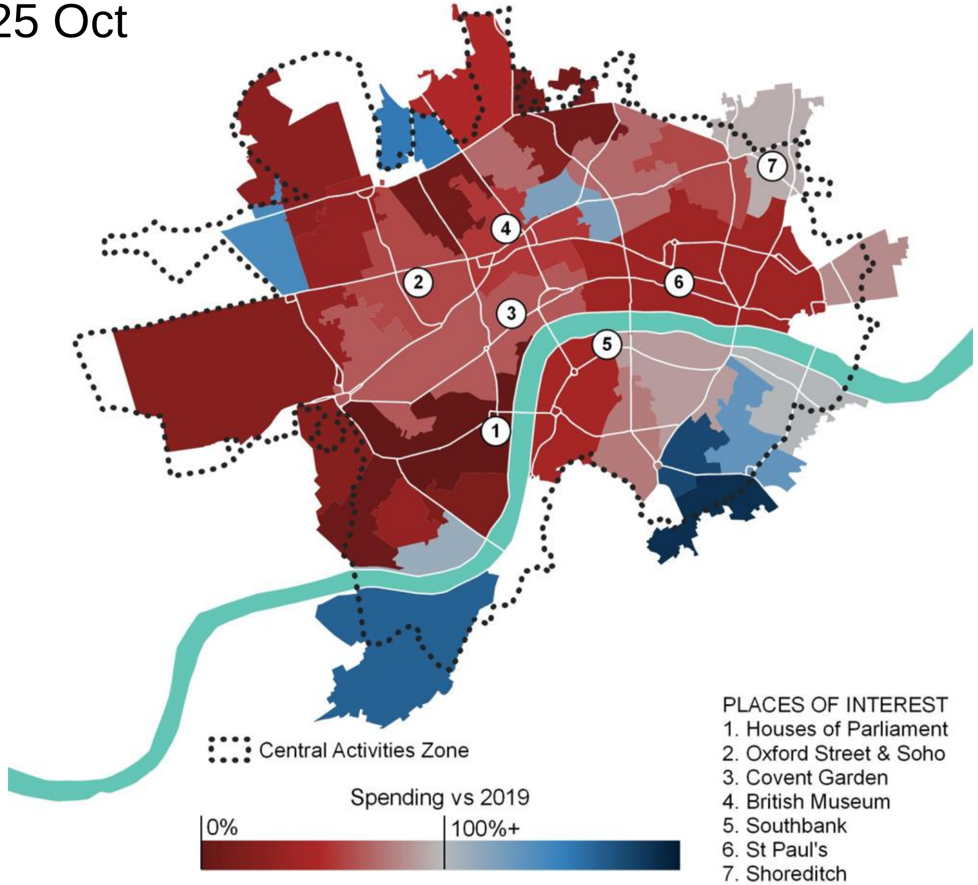

Source: Anonymised & Aggregated data from Mastercard

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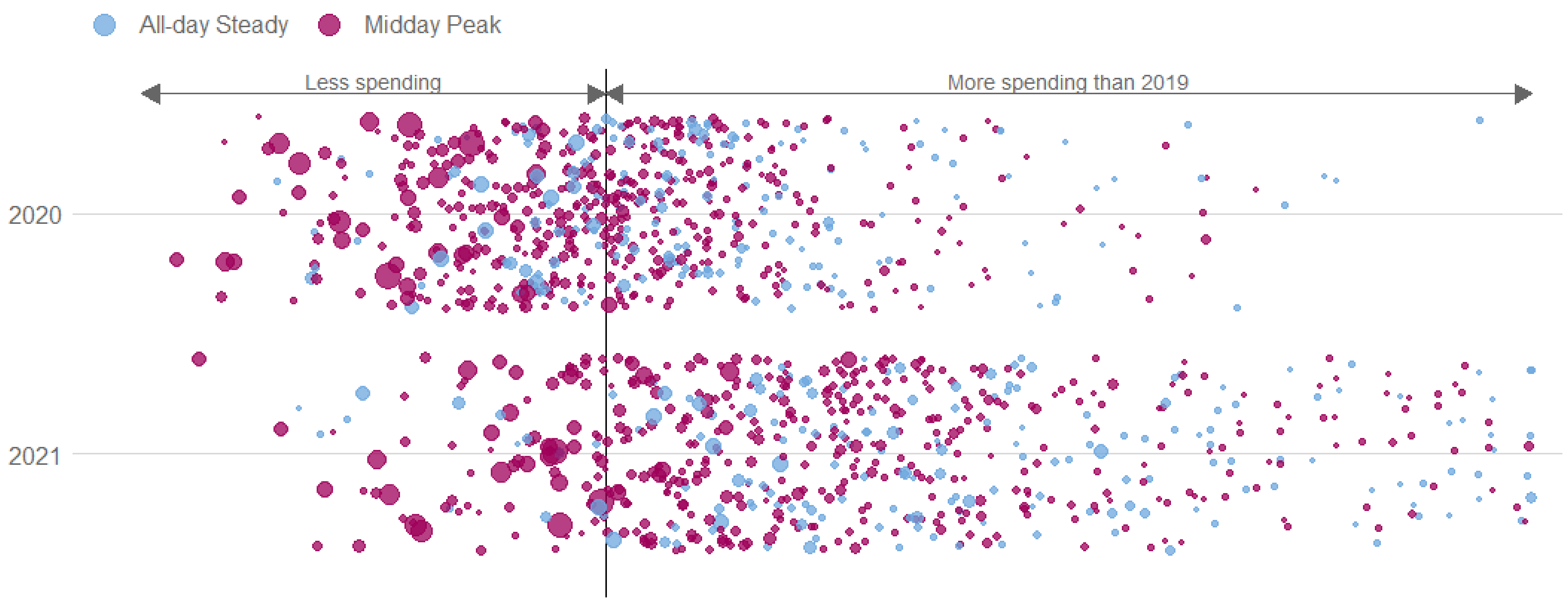
Mastercard spending recovery has been stronger in 2021 – larger high streets and high streets with midday peak footfall have recovered less well



Source: Anonymised & Aggregated data from Mastercard

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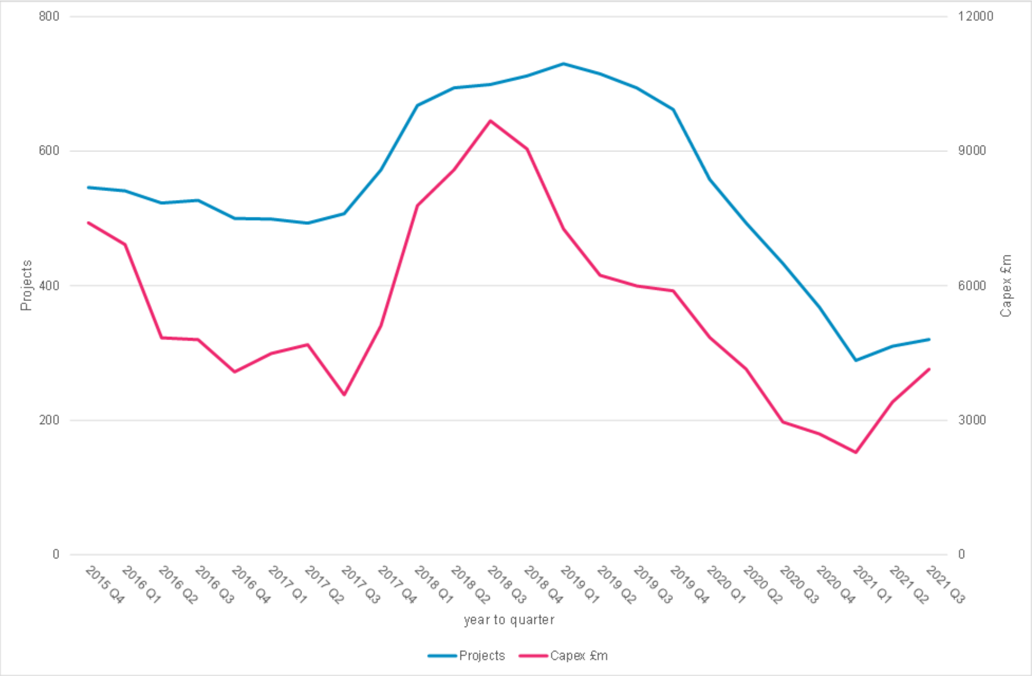
Global London

- London’s Foreign Direct Investment (FDI) flows (both in terms of project numbers and - especially - in terms of capital invested) have been recovering in 2021 after a few years of decline, as lockdowns were lifted and with an EU agreement now in place.
- UK trade levels have been recovering in 2021 but remain well-below pre-pandemic levels. Service imports are struggling to recover and this is primarily driven by a decrease in EU service imports, suggesting a Brexit effect at play.
- Heathrow passenger numbers were still very far from pre-pandemic levels at the beginning of October 2021, notwithstanding some easing of international travel rules over the summer.
- Looking at tourism international (and hence overall), tourist numbers are expected to take until 2026 to fully recover.

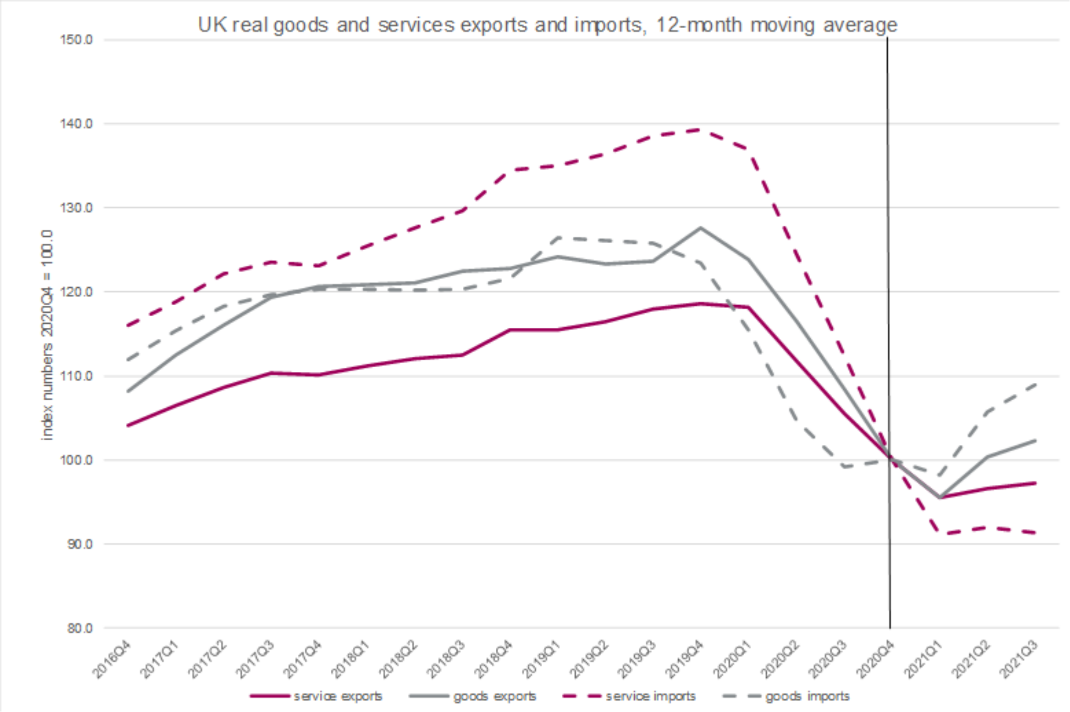
FDI flows into London have partially recovered in 2021 after a few years of decline, as lockdowns were lifted and an EU agreement is in place, but UK trade levels remain well below pre-pandemic levels

FDI into London (projects and capital expenditure), 12-months totals



Source: FDI Markets from the Financial Times Ltd 2021

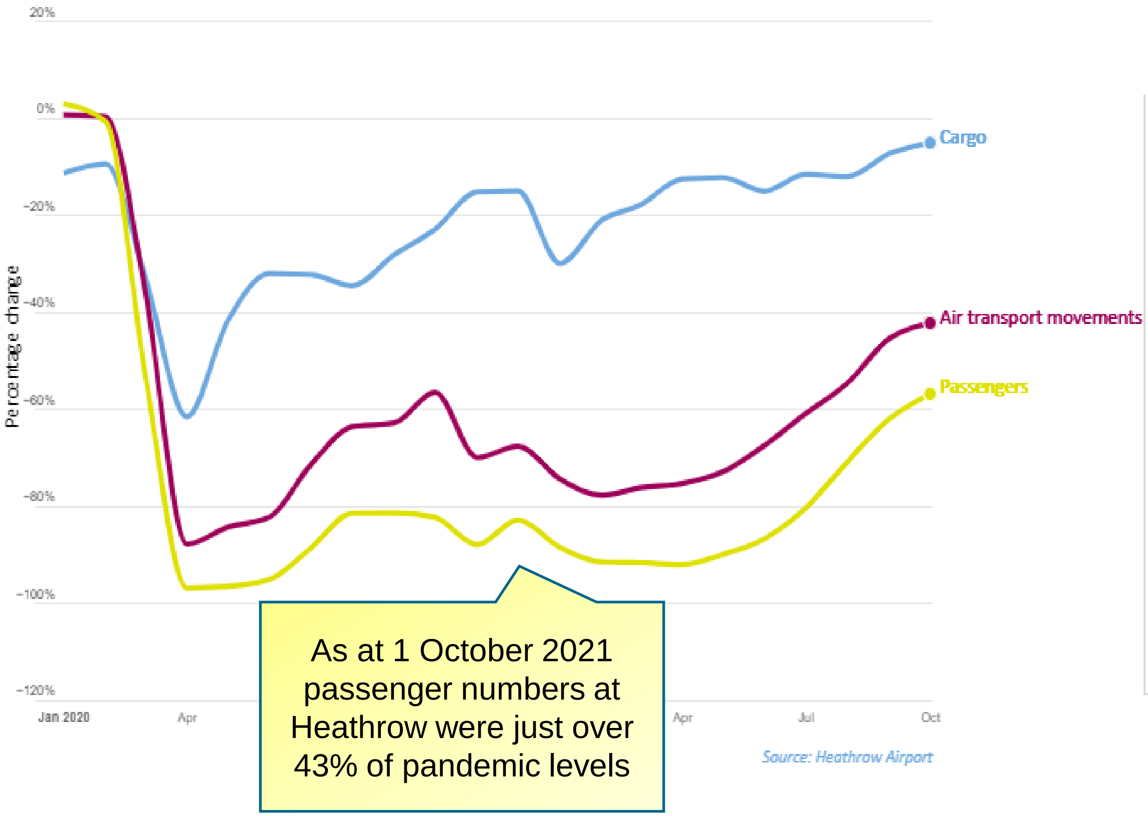
UK goods and service exports and imports in 2020 prices, 12-months moving averages



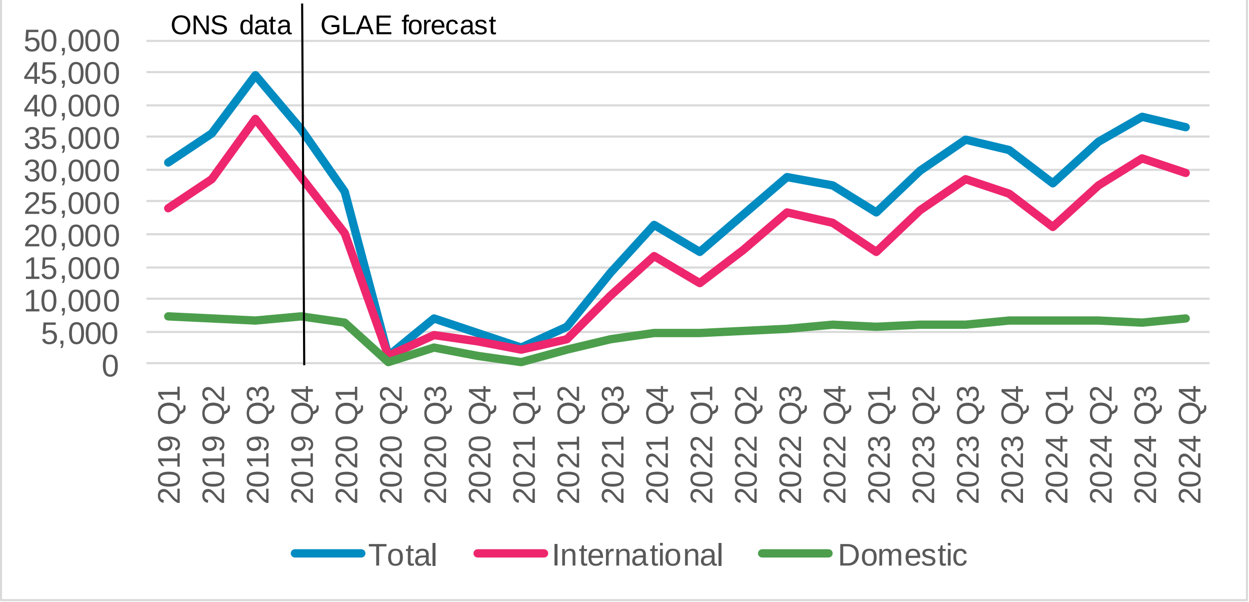
Source: ONS Monthly Trade Statistics

London air travel and tourism numbers are also still very far from pre-pandemic levels; tourist numbers are expected to take until 2026 to fully recover

Heathrow traffic, percentage change over the same month in London



International and domestic visitor nights in London



Source: ONS International Passenger Survey and GLAE forecast

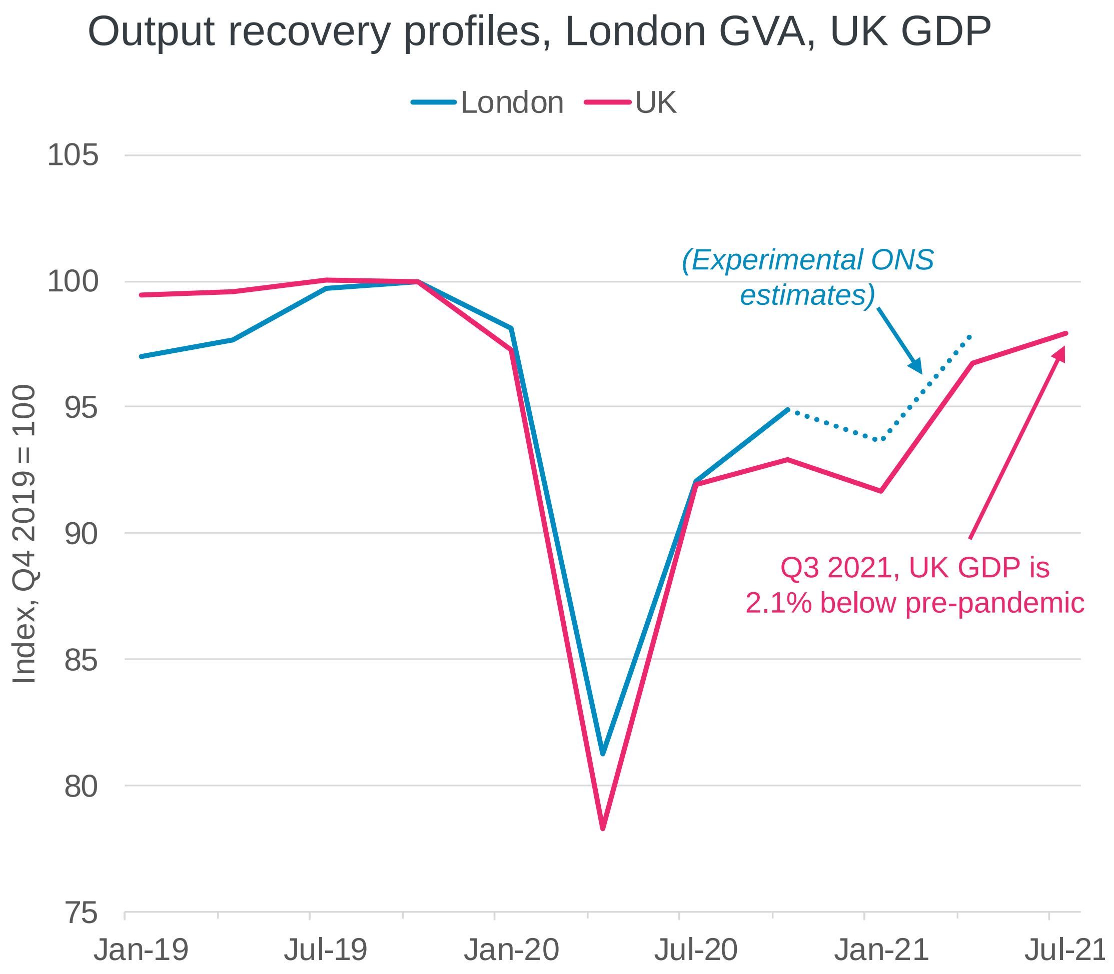
Economic activity and the labour market (1)

- London’s output recovery has outperformed the rest of the UK and GVA is on course to be close to pre-COVID levels by the end of the year.
- Looking at the labour market, payrolled employees in London rose sharply for the seventh month in a row, yet remain below February 2020 levels, while unemployment remains above the UK average.
- The impacts of the end of furlough on employment are still to be fully reflected in official data, but early evidence at a UK level is encouraging as they suggest that only a small share of furloughed employees were made redundant recently.
- There is substantial variation between sectors – payrolled employees in hospitality, the arts and recreation are still significantly down on pre-pandemic levels.

Economic activity and the labour market (2)

- Looking at sub-London geographies, numbers of payrolled employees have recovered in inner London but are still down in outer London.
- The boroughs of Ealing, Brent, Haringey, Waltham Forest, Newham, Barking and Dagenham and Lewisham all have claimant count rates above 8%.
- Some boroughs with relatively high claimant rates (e.g. Newham, Waltham Forest and Hounslow) have also recorded fast growth in online jobs postings since last year. This could reflect labour market frictions and/or skills mismatch.

London's output recovery has outperformed the rest of the UK and GVA is on course to be close to pre-COVID levels by the end of the year



Source: ONS,

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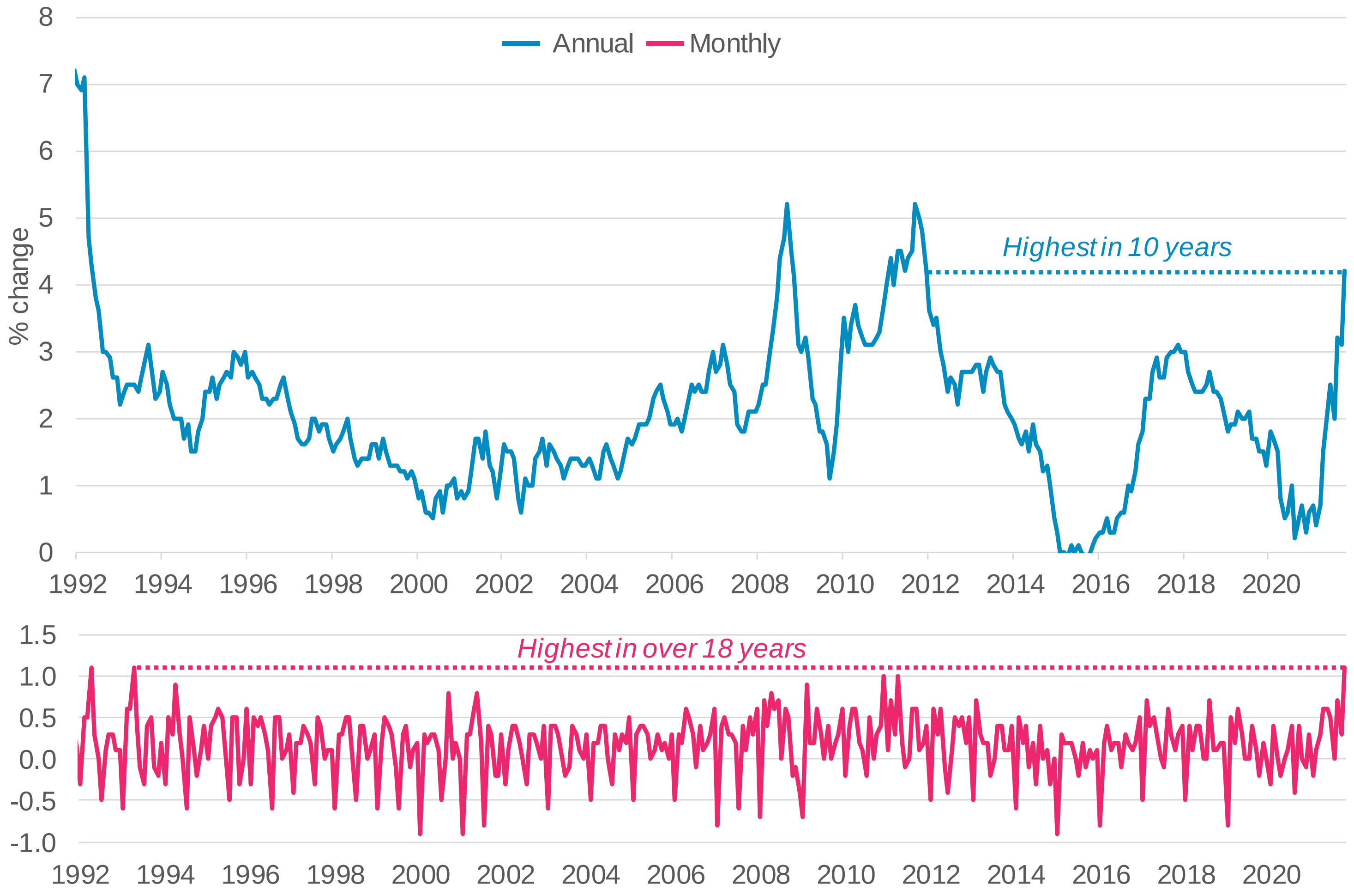
Inflation is at its highest in 10 years, as energy prices and supply bottlenecks push up prices, but this should ease over 2022



- CPI inflation reached an annual pace of 4.2% in October 2021, the highest since December 2011. While key factors like high global commodity prices and supply chain challenges should fade over the coming year, high inflation could become more persistent if inflation expectations start to rise.

- The monthly growth of 1.1% was the fastest since the early 1990s, as surging natural gas prices pushed up the Ofgem price cap, meaning energy bills picked up sharply.

Source: ONS, GLA Economics

Average rents for new tenancies are now rising faster in London than in any other region. By contrast, house prices are rising more slowly in London than elsewhere

Private rents

- Homelet report that average rents for new tenancies in London were 9.7% higher in October 2021 than a year before (the fastest rate of growth of any English region), and at £1,759 a month are 5.1% higher than their pre-pandemic peak.
- Whereas rents fell faster in Inner London during the pandemic, they are now generally rising more quickly in Inner London boroughs than in Outer London (see map overleaf).

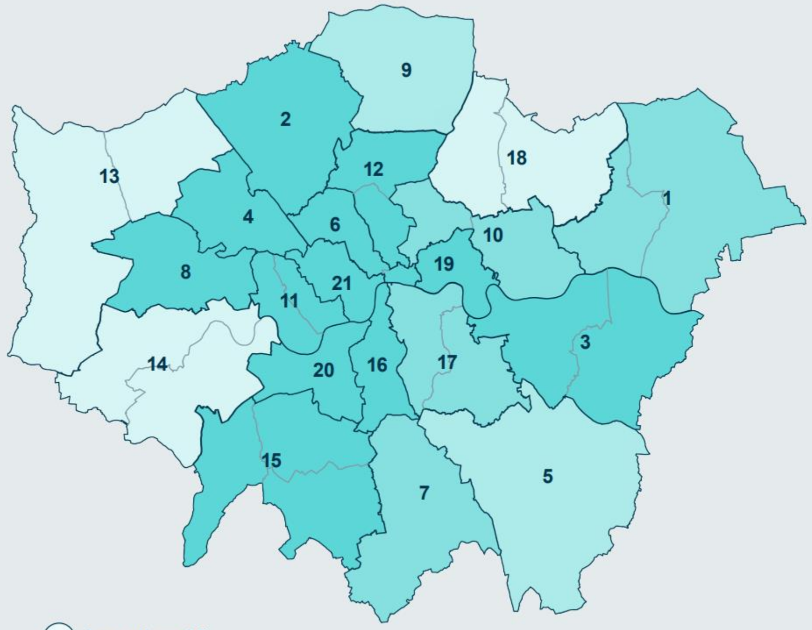
House prices

- Rightmove report that average asking prices in London were 2.7% higher in November 2021 than they were a year before, the second lowest rate of growth among English regions. Similarly, ONS reported that average sale prices in London rose 2.8% in the last year, well below other regions.
- The sales market was extremely active in mid-2021 ahead of the tapering of Stamp Duty relief, with mortgage lending to first-time buyers reaching its highest level since the global financial crisis.

https://homelet.co.uk/homelet-rental-index

Average rents for new tenancies are now rising faster in inner London than in outer London – This is consistent with demand returning but a steady reduction in supply is likely to have been a factor

Annual change October 2020 to October 2021



Less than 0%

0% to 2%

2% to 4%

4% to 6%

6% and over

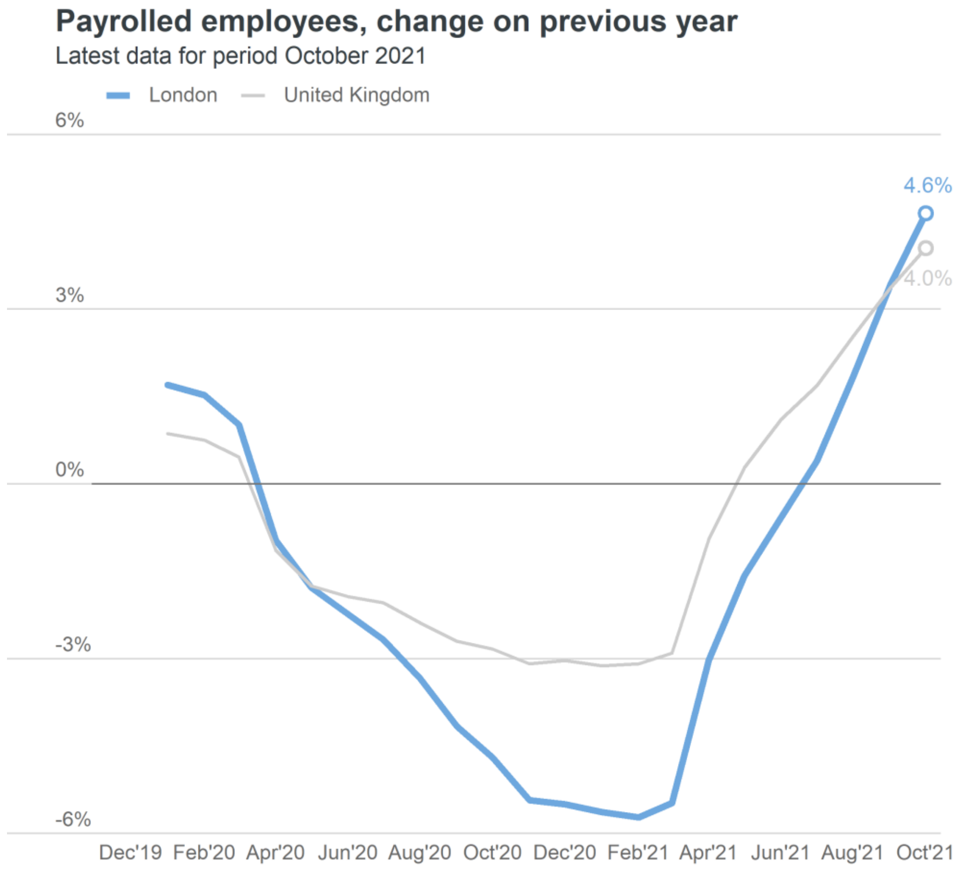
Aggregations of London Boroughs are based on the NUTS2 statistical classification model.

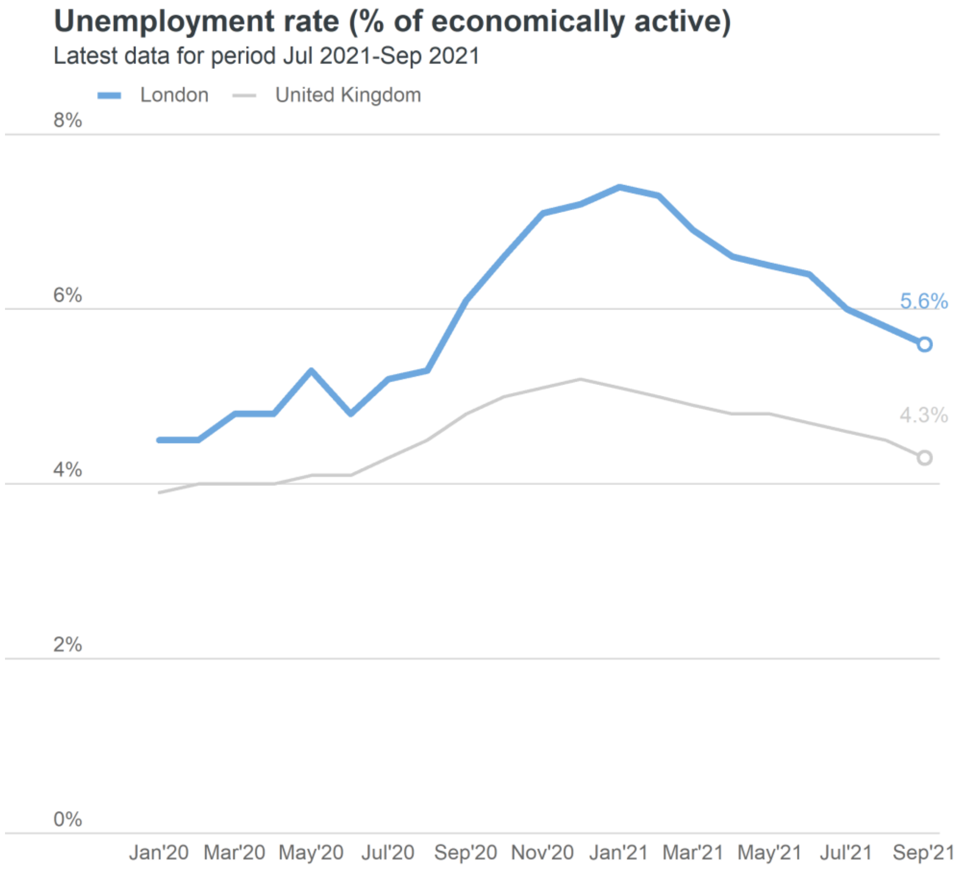
		Annual change	Average rent
1	Barking, Dagenham and Havering	4.0%	£1,339
2	Barnet	8.5%	£1,627
3	Bexley and Greenwich	6.4%	£1,397
4	Brent	11.4%	£1,671
5	Bromley	2.8%	£1,485
6	Camden, City of London	9.6%	£2,117
7	Croydon	4.8%	£1,206
8	Ealing	10.7%	£1,622
9	Enfield	3.2%	£1,554
10	Hackney and Newham	5.9%	£1,578
11	Hammersmith, Fulham, Kensington and Chelsea	10.7%	£2,190
12	Haringey and Islington	8.3%	£1,796
13	Harrow and Hillingdon	1.6%	£1,368
14	Hounslow and Richmond	1.6%	£1,562
15	Merton, Kingston upon Thames and Sutton	16.4%	£1,584
16	Lambeth	15.0%	£2,435
17	Lewisham and Southwark	4.6%	£1,745
18	Redbridge and Waltham Forest	1.9%	£1,322
19	Tower Hamlets	11.1%	£1,879
20	Wandsworth	14.7%	£2,054
21	Westminster	24.1%	£2,761

Next Five-year snapshot

https://homelet.co.uk/homelet-rental-index

Payrolled employees in London rose sharply for the seventh month in a row, yet remain below February 2020 levels, while unemployment remains above the UK average





Source: HM Revenue and Customs – Pay As You Earn Real Time Information.
Note: estimates are based on where employees live.

Source: ONS Labour Force Survey

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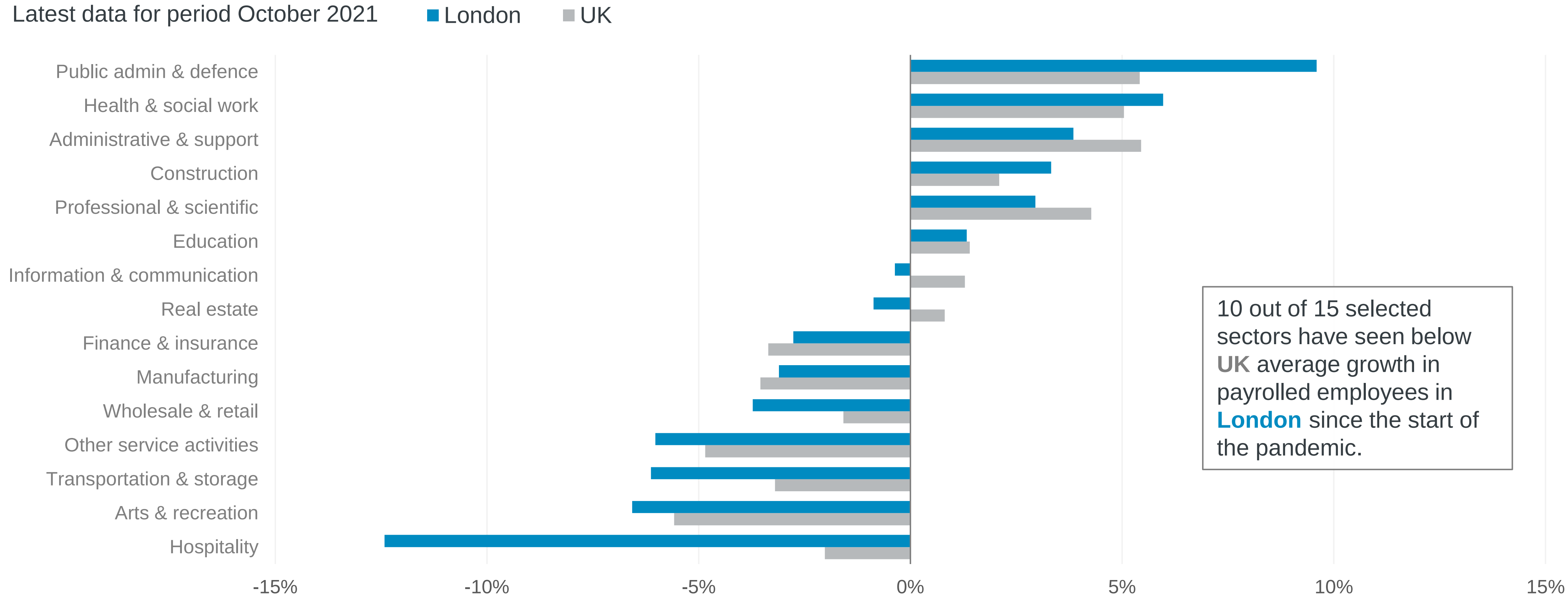
There is substantial variation between sectors – payrolled employees in hospitality, the arts and recreation are still significantly down on pre-pandemic levels

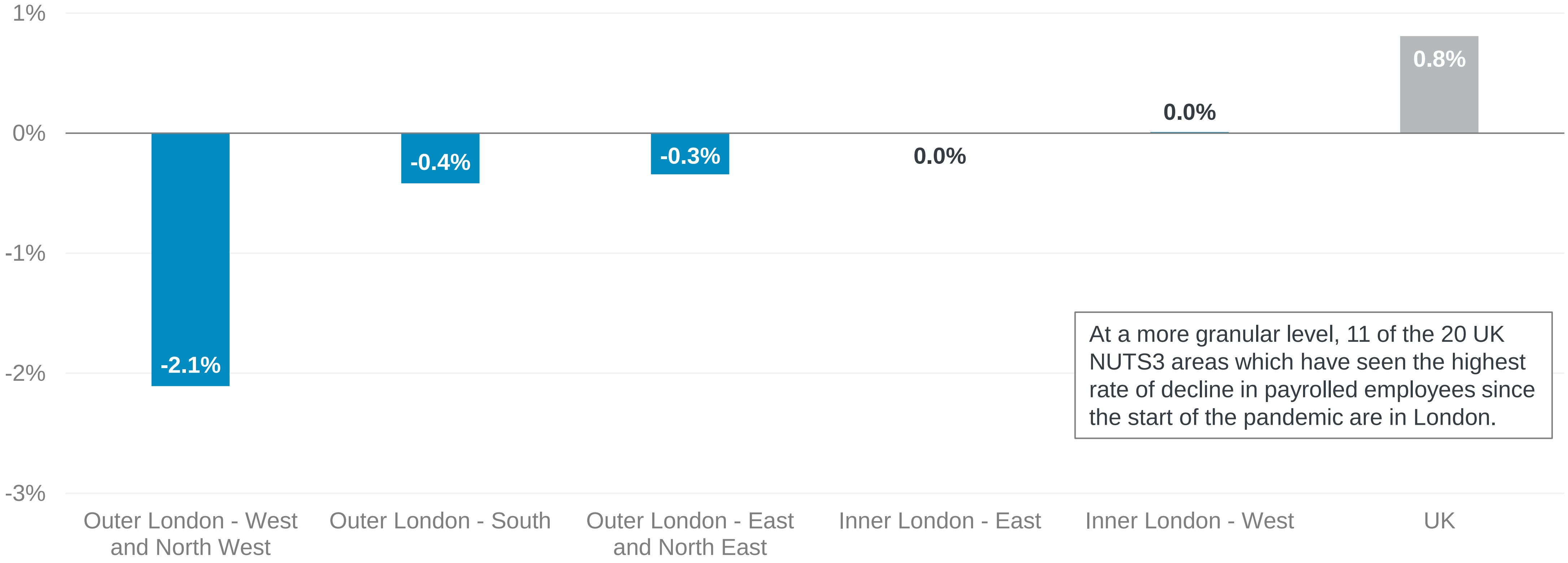
Payrolled employees, change since February 2020 by selected sector
Latest data for period October 2021



Source: HM Revenue and Customs – Pay As You Earn Real Time Information.
Note: estimates are based on where employees live. Chart excludes sectors with fewer than 25,000 payrolled employees in London.

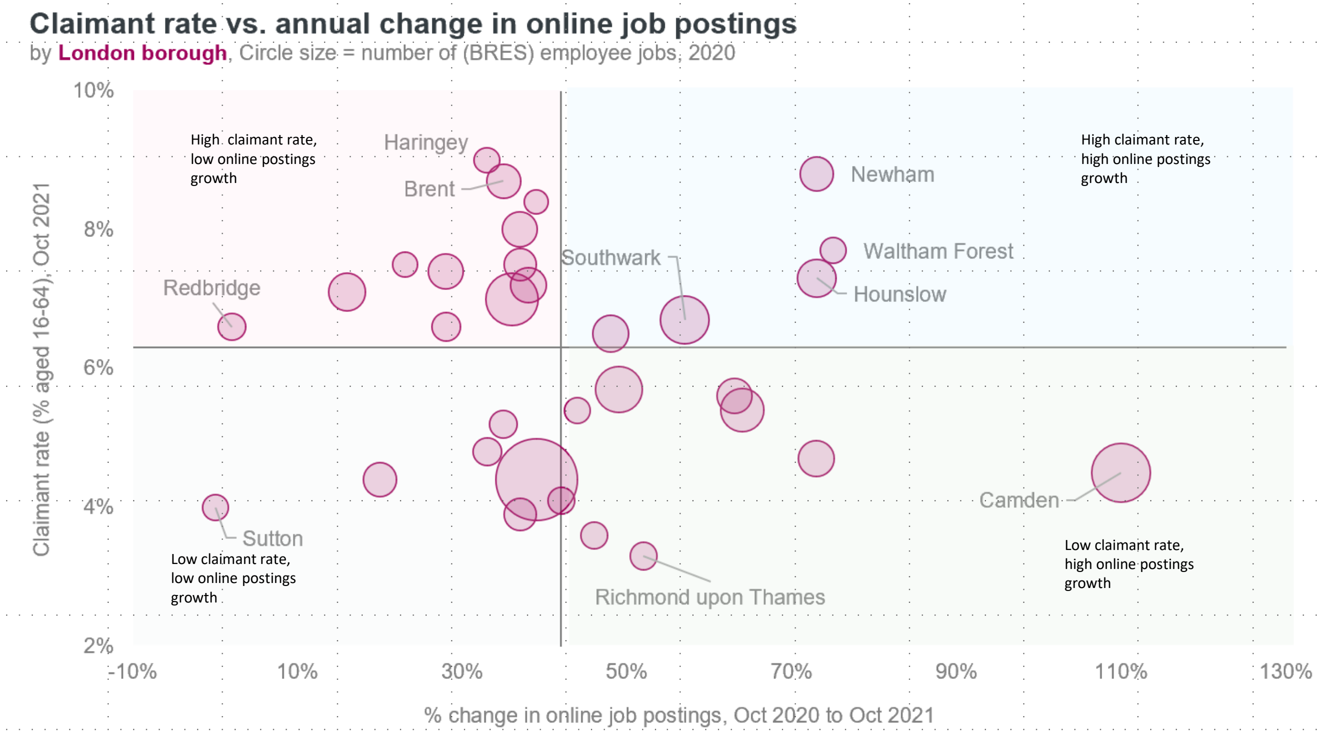
Looking at sub-London geographies, compared to February 2020 levels, numbers of payrolled employees have recovered in inner London but are still down in outer London

Payrolled employees, change since February 2020 by NUTS2 region
Latest data for period October 2021



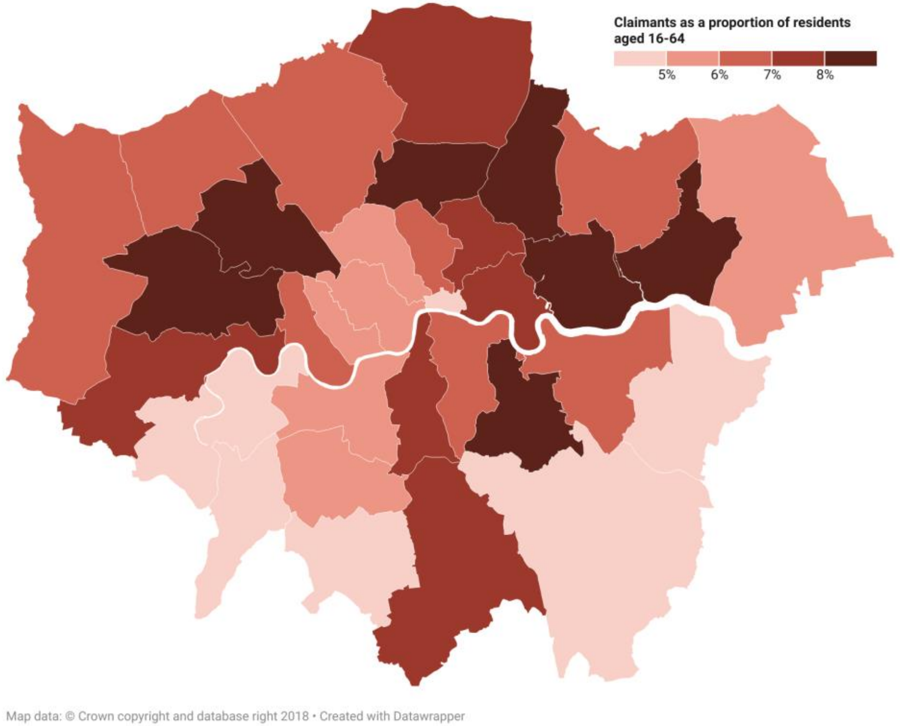
Source: HM Revenue and Customs – Pay As You Earn Real Time Information.
Note: estimates are based on where employees live.

Some boroughs with relatively high claimant rates have also recorded fast growth in online jobs postings in the last year – this could reflect labour market frictions and/or skills mismatch



Sources: ONS; Emsi; ONS BRES. Note: x-axis and y-axis represent London averages.

Latest claimant unemployment rate (October 2021)



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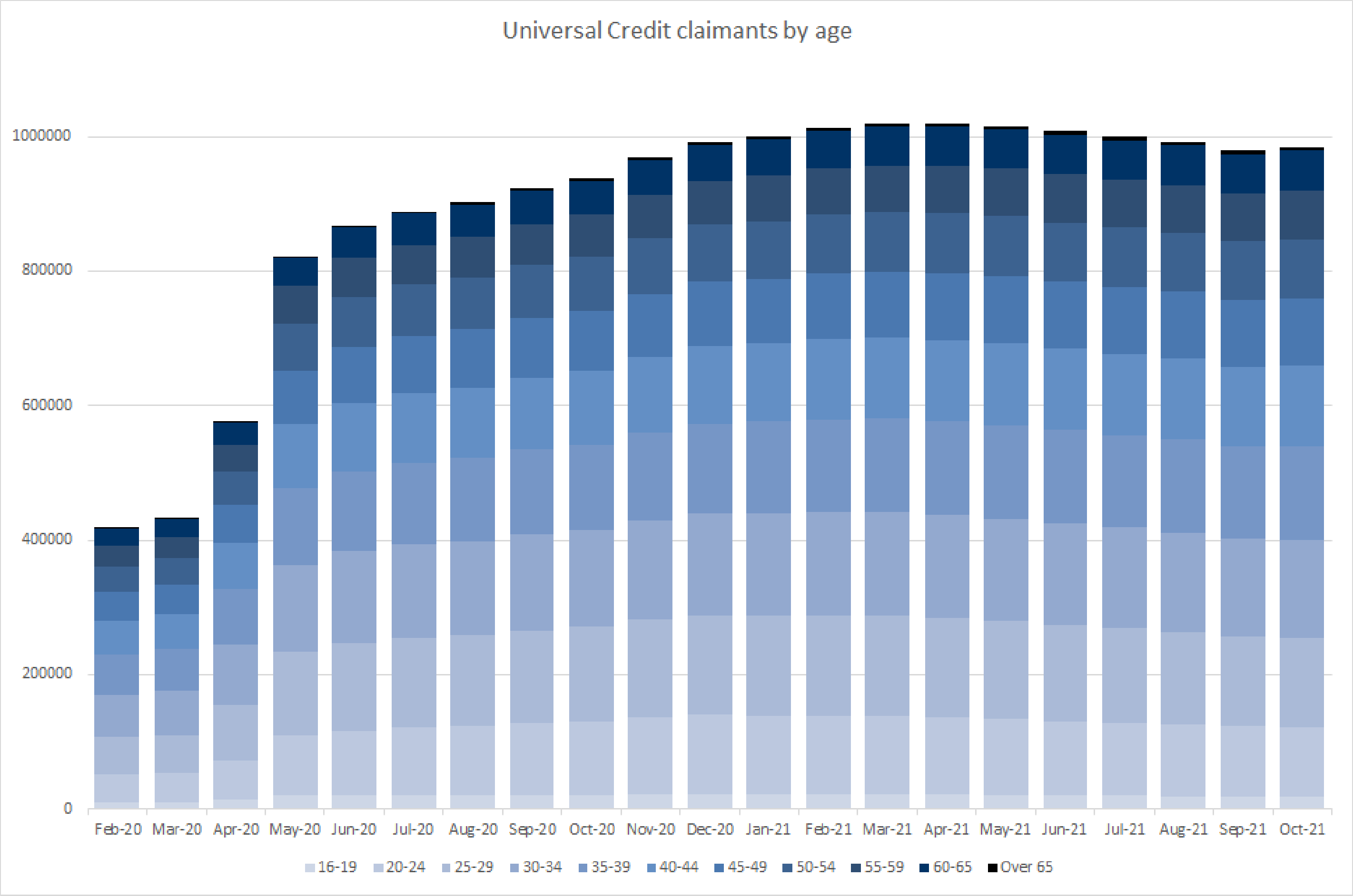
Socioeconomic impacts

- The number of Universal Credit (UC) claimants in London has started to fall, and only increased marginally in October following the end of the furlough scheme.
- There is evidence of claimants finding low-paid work – while the overall number is falling slowly, there is a faster fall in the number of claimants looking for work balanced by more claiming due to low income.
- Groups most likely to say they are struggling financially include the self-employed and part-time workers. Demographically, older working age, and Black Londoners are among those most likely to say they are struggling.
- Rough sleeping in July to September 2021 was still significantly lower than the same period the previous year – down 28%.
- There has been a significant increase in child obesity since the pandemic, showing the negative impact of lockdowns on diet and exercise. 1 in 3 Londoners aged 10-11 are obese – the highest proportion for any region.

The overall number of Londoners claiming Universal Credit is falling slowly with only a very marginal increase* in October after the end of the furlough scheme



- There are some signs that the characteristics of UC claimants are starting to return towards the pre-pandemic profile, with the proportion of men starting to decrease, and reductions in the proportion of younger claimants, under 40.
- The number of claimants over 65 is continuing to rise sharply, although the state pensionable age has been fixed at 66th birthday since October 2020.

Source: DWP

* Figures for the latest month are provisional and subject to change

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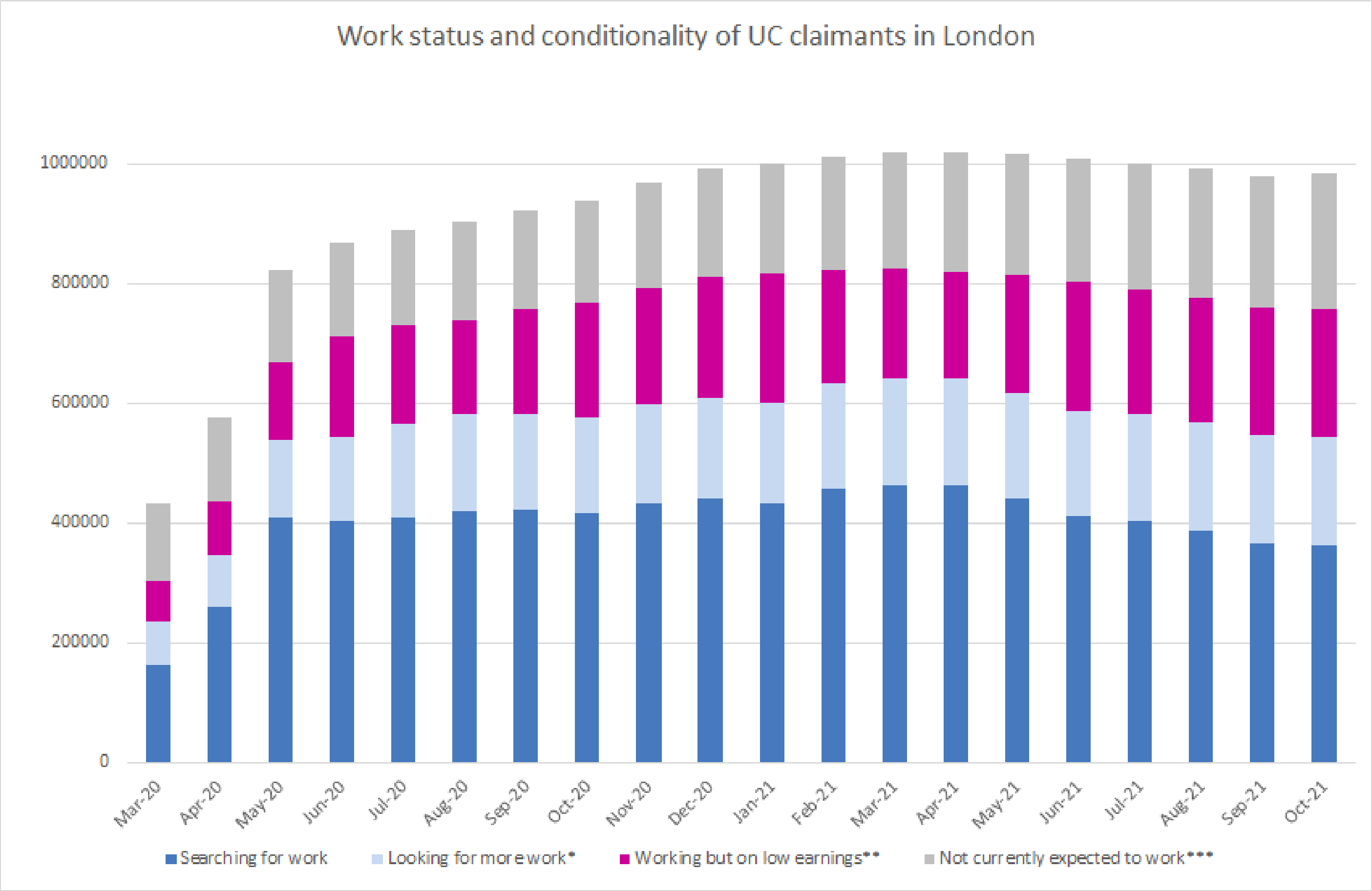
The number of claimants searching for work has been falling since April with the number in low paid work needing support increasing



- The number of London's UC claimants searching for work has been falling since April. However, the numbers in low paid work needing support have increased, as well as the numbers not expected to work through caring responsibilities or health issues.
- The percentage of London's claimants in employment at least some of the time continues to increase from around 35% through most of the pandemic to 40% in August and September.

Source: DWP
Notes: * Looking for more work means in work but could earn more or partner has low earnings
** Working but on low earnings means no requirement to look for further work
*** Not currently expected to work because of health or caring responsibilities, though this may change in future

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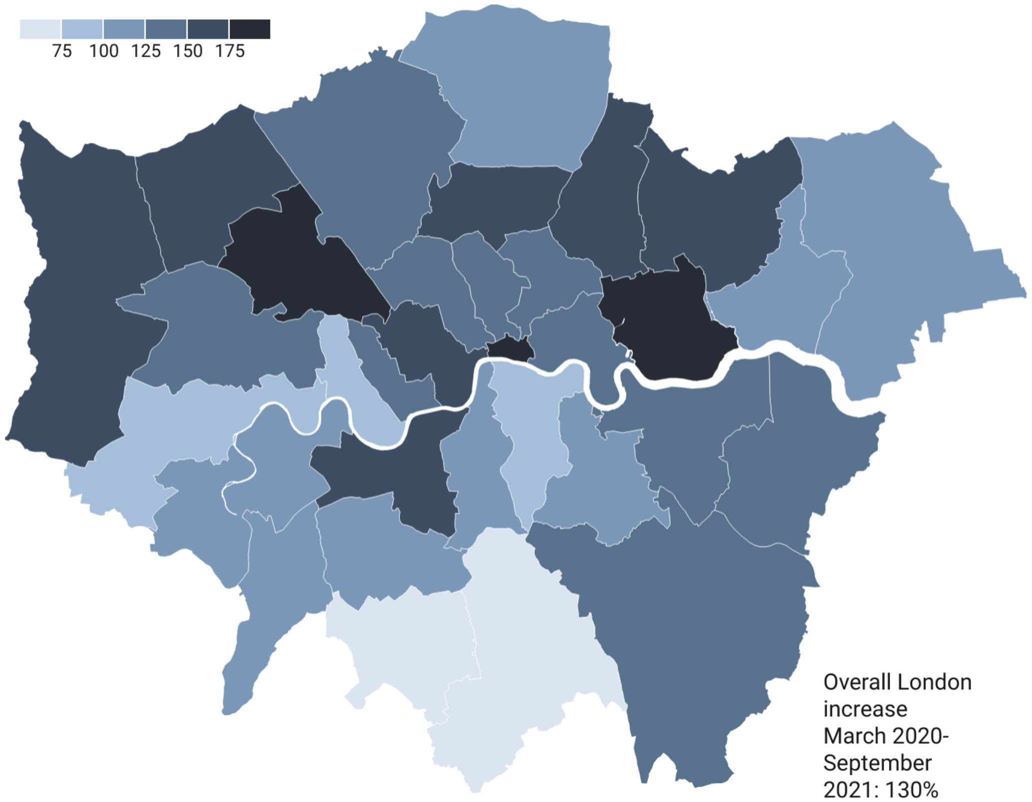
Brent and Newham have seen the highest percentage increase in UC claimants over the pandemic. Newham has the highest number of claimants (55,000)

Percentage change in the number of people claiming Universal Credit March 2020-September 2021



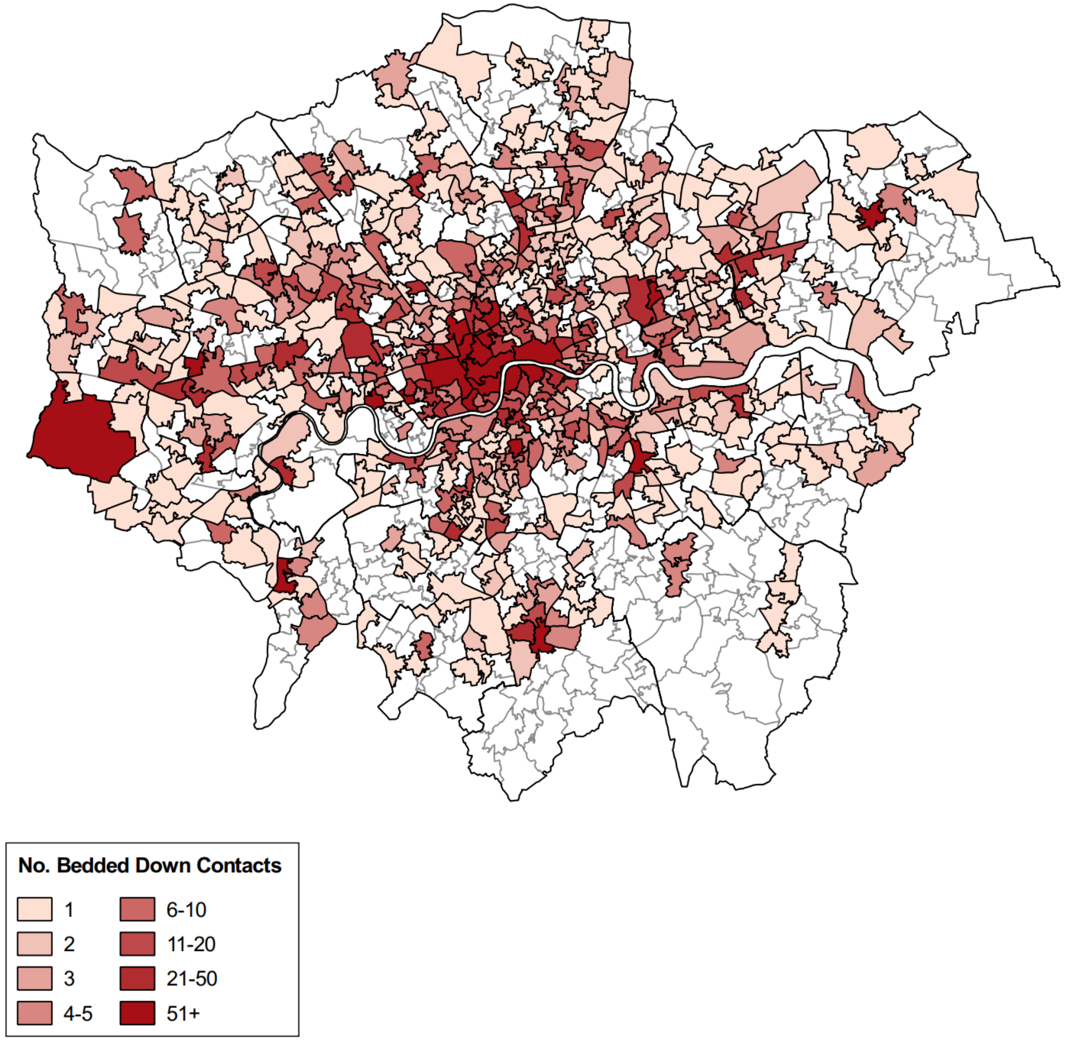
Source: DWP benefit statistics

- Brent has seen the greatest percentage increase in the number of UC claimants, a 186% increase from March 2020 to September 2021, followed by the City and Newham (177% increase).

- Newham now has the largest number of UC claimants of any borough at almost 55,000. This is also among the highest proportion of the working age population – more than 22%, second only to Barking & Dagenham (24%). The proportion of all working age Londoners claiming UC is around 17%*.

* there are higher levels of uncertainty than usual around these percentages as there is increased uncertainty around the population estimates. The working age population is taken as age 18-65.

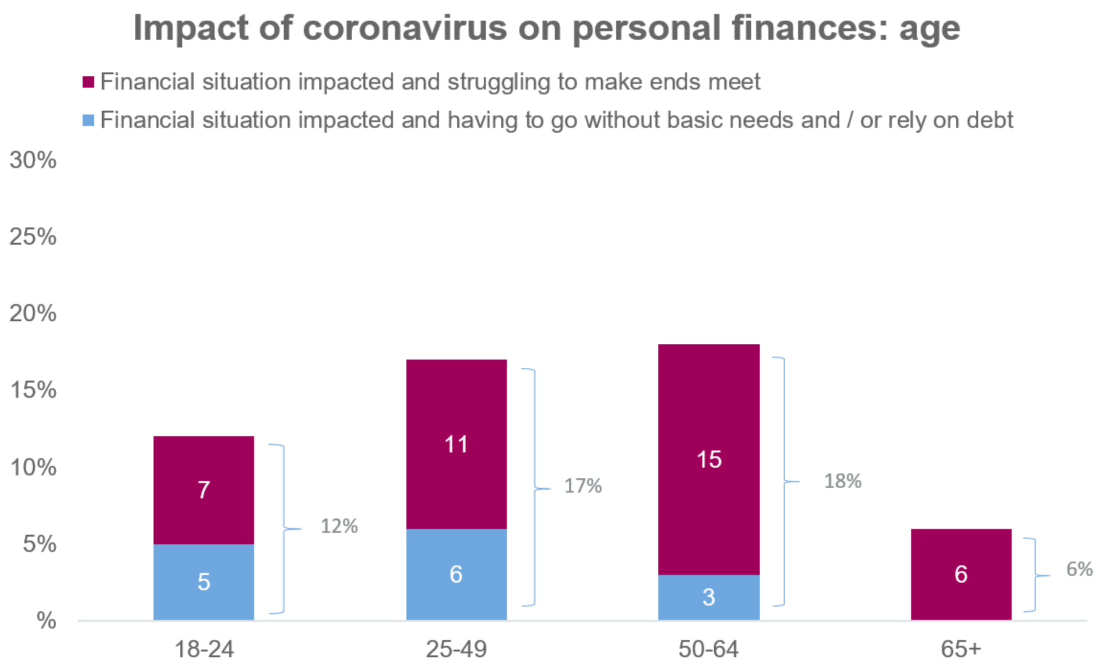
The number of new rough sleepers recorded during this period was 28% lower than the same period last year

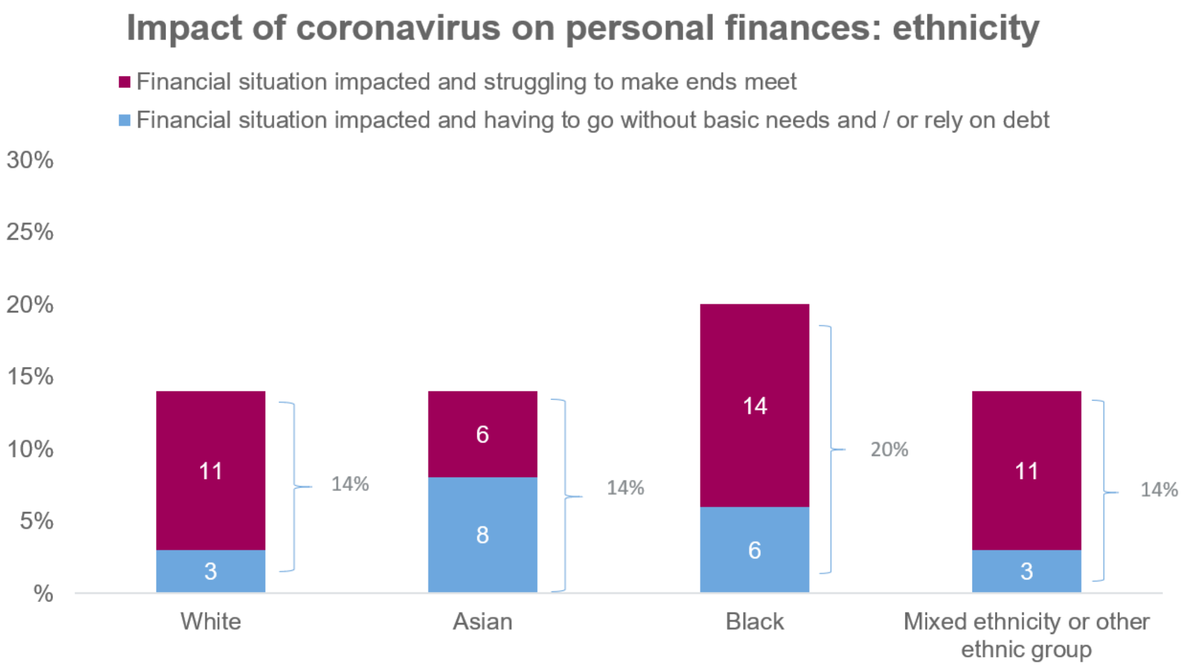


- In the period July to September 2021 outreach teams recorded 1361 people in London sleeping rough for the first time

- Of these:
  - 1,059 (78%) spent just one night sleeping rough
  - 277 (20%) slept rough for more than one night but did not go on to live on the streets
  - 25 (2%) were deemed to be living on the streets

In October 2021, older working-age Londoners are more likely to report that they are struggling to make ends meet, as well as Black Londoners





- Since last polled in June 2021, the impact on personal finances on Londoners overall in October 2021 remains roughly unchanged. However, there are notable differences between different groups of Londoners.
- Londoners aged 50-64 are most likely to report that they are struggling to make ends meet.
- Impact on finances increases with age, but then drops off for those aged 65 and over.
- Black Londoners are mostly likely to be financially impacted and struggling to make ends meet.

Source: GLA coronavirus tracker – October 2021

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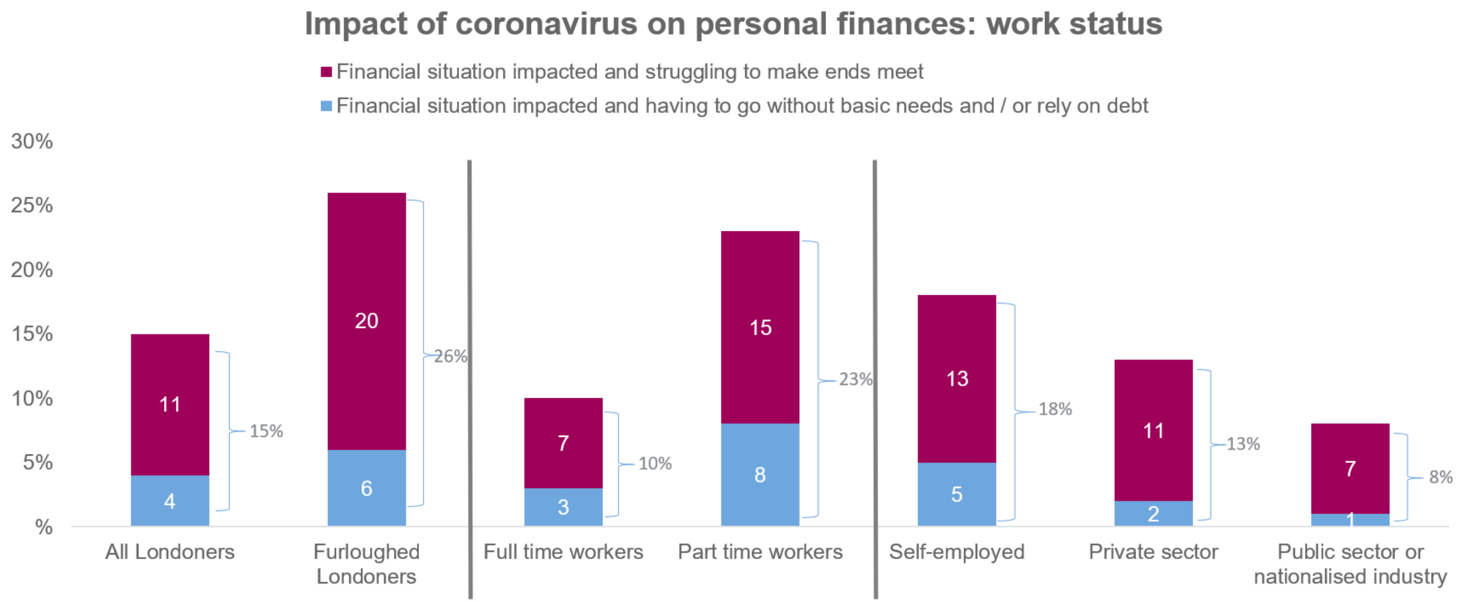
In October 2021, part time workers and self-employed Londoners are more likely to report struggling financially compared with full time workers and employed Londoners

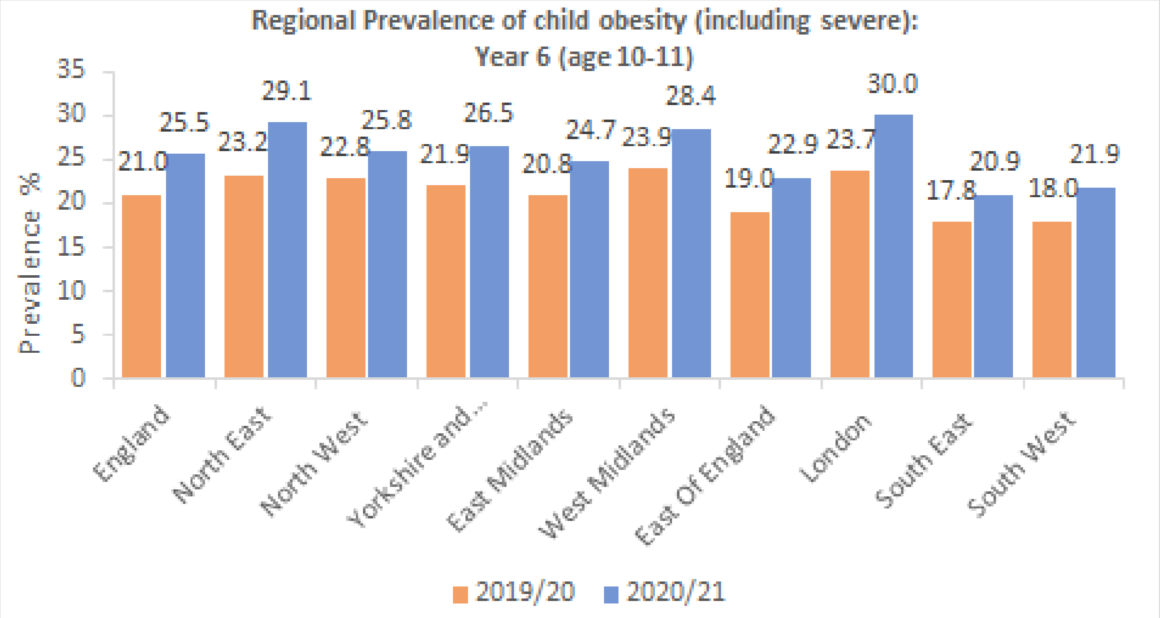


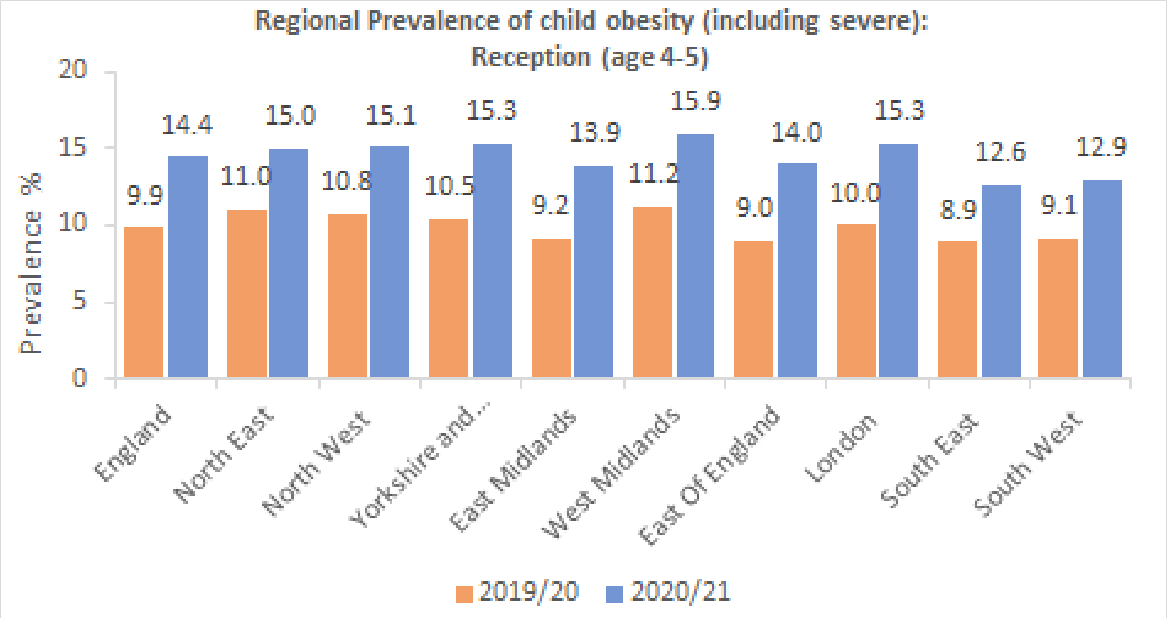
Source: GLA coronavirus tracker – October 2021

- Part time workers are more likely than full time workers to report that they are struggling financially (23% vs 10%).
- Self-employed Londoners are the most likely to say that they are struggling (18%), followed by those employed in the private sector (13%) and public sector / nationalised industry (8%).
- Around a quarter of furloughed Londoners say that they are seriously struggling; comprised of 20% who are struggling to make ends meet and 6% who are going without basic needs / relying on debt.

Prevalence of child obesity has increased markedly across England between 2019/20 and 2020/21. London increases are highest or almost highest in both absolute and relative terms

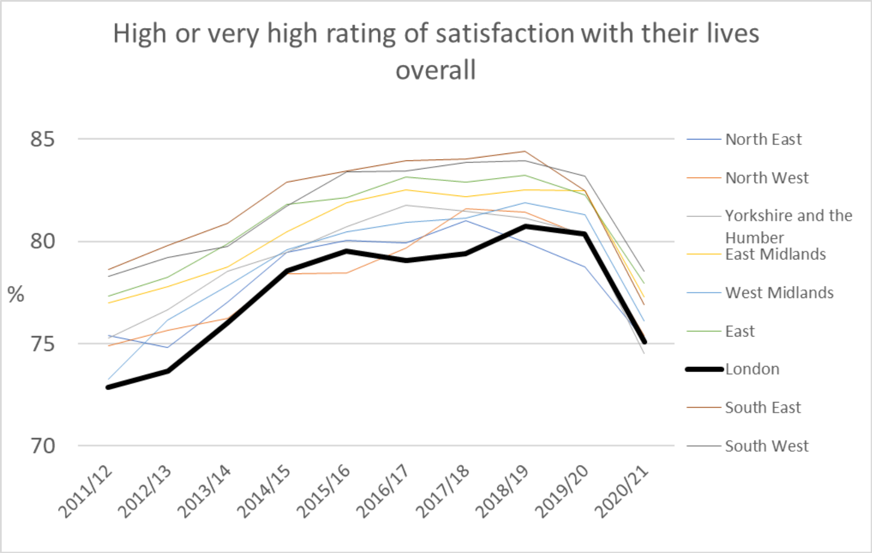
- 15% of 4-5 year olds and 30% of 10-11 year old Londoners are obese, up from 10% and 24% respectively before the pandemic



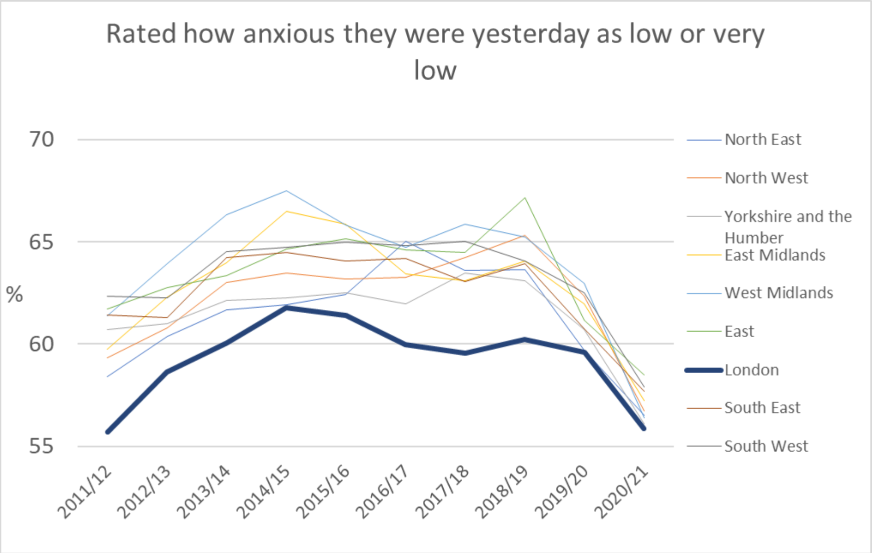


Source: NHS Digital, National Child Measurement Programme, publication date 16th November 2021. 2020/21 data is based on sample due to lockdown collection disruption, but all differences between 2020/21 and 2019/20 are statistically significant.

Ratings of quality of life and subjective well-being have deteriorated in the year ending March 2021, with London among the regions that score lowest



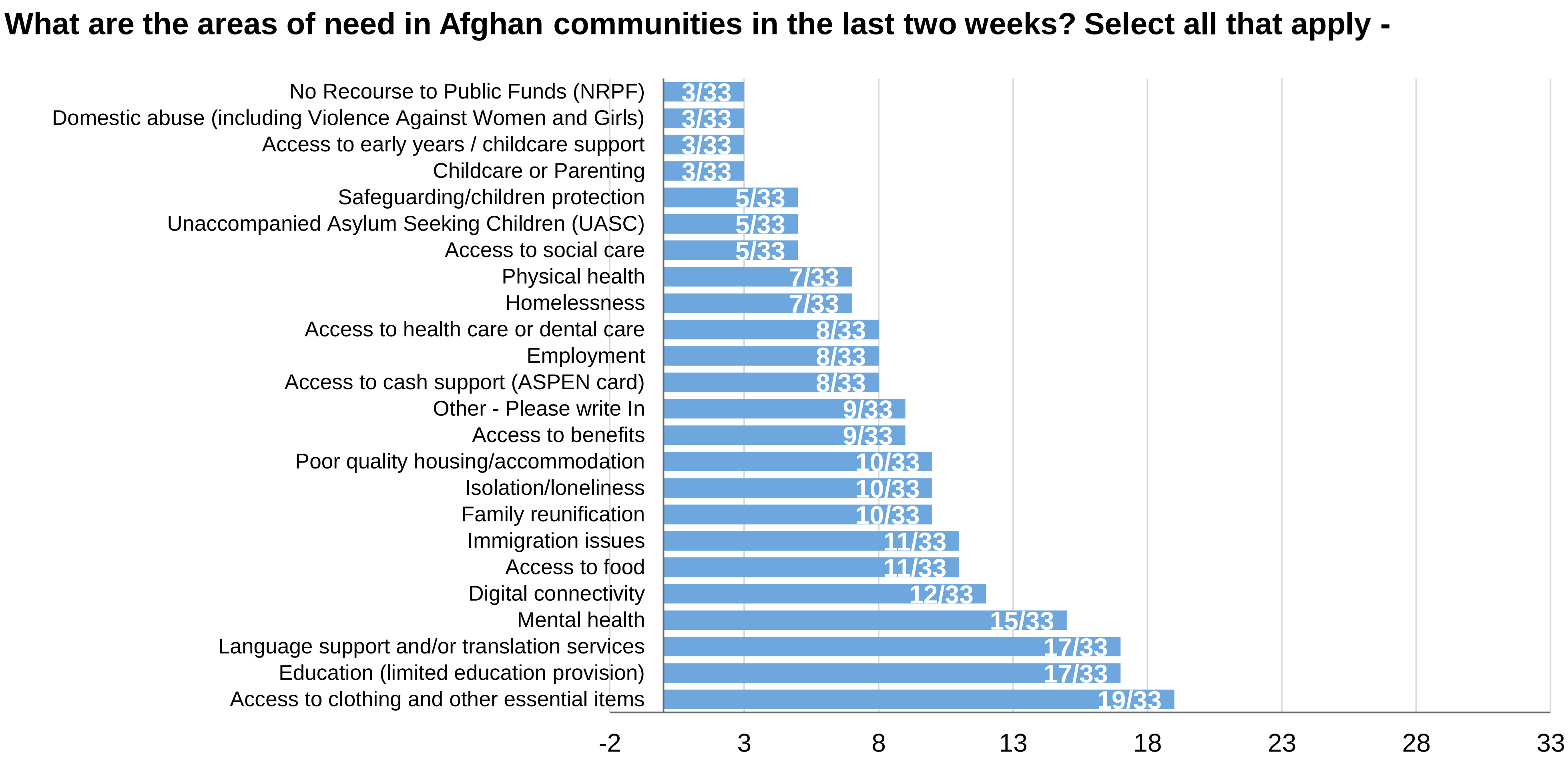
Source: ONS Annual Population Survey



Source: ONS Annual Population Survey

- The proportion of Londoners reporting high or very high life satisfaction has decreased from 80% to 75% from 2019/20 to 2020/21 (the second lowest of all English regions).
- The proportion of Londoners reporting low or very low anxiety has decreased from 60% to 56% from 2019/20 to 2020/21 (the lowest of all English regions).

The GLA has published the first findings from a monthly survey of organisations supporting new Afghan refugees



CITY INTELLIGENCE