

London's Economy Today - Issue 257 - January 2024

Key information

Publication type: General

Publication date: Thursday 25 January 2024

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Overview

- UK inflation ticks up in December
- London sees strong growth in services exports
- Gross disposable income in London more than £10k less than it could have been

Economic Indicators

- The underlying trend in passenger journeys on London public transport remains very marginally upward. 252.4 million passenger journeys were registered between 12 November and 9 December 2023, 10.2 million more than in the previous period. In the latest period, 101.8 million of all journeys were underground journeys and 150.7 million were bus journeys.
- In December 2023, the sentiment of London's PMI new business activity remained positive and increased with the PMI new business index in London increasing from 54.8 in November to 59.4 in December. An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.
- In December 2023, fewer property surveyors had negative expectations for house prices in London over the next three months with the net balance of house prices expectations in London at -10 in December, up from -17 in November. The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

Changes to UK immigration policy: Impacts & implications for London

- On December 4, 2023, Home Secretary James Cleverly announced a series of changes to the UK's immigration policy. Given the substantial nature of the changes, they are likely to impact on various sectors of London's economy and carry implications for the capital's broader economic growth and labour-market outcomes.
- While it would be difficult to isolate the exact effect of each of the changes announced by the Home Secretary on a given sector of London's economy, it is evident that collectively, these changes are expected to make recruitment and retention of non-UK employees more difficult. This is likely to affect sectors that have an over-representation of non-UK employees, which also happen to be crucial to London's economy and its standing as a global, 24-hour city.
- As the changes are expected to affect hundreds of thousands of employees, they could reinforce existing shortages that have been reported in sectors such as hospitality, retail, and construction. In turn, this is likely to carry considerable implications for London's economic growth and labour market outcomes.

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