

Capital Losses

The role of London in the UK's productivity puzzle

- 17:00 – 17:15** | Arrival and welcome
- 17:15 – 17:30** | Opening remarks and presentation
- 17:30 – 18:15** | Panel discussion and closing remarks
- 18:15 – 19:00** | Networking reception

Opening remarks and presentation

17:15 – 17:30

Andrew Carter | Chief Executive, Centre for Cities

Presenter:

Guilherme Rodrigues | Senior Analyst, Centre for Cities

Capital losses

The role of London in the UK's productivity puzzle

March 2023

Guilherme Rodrigues

Analyst | Centre for Cities

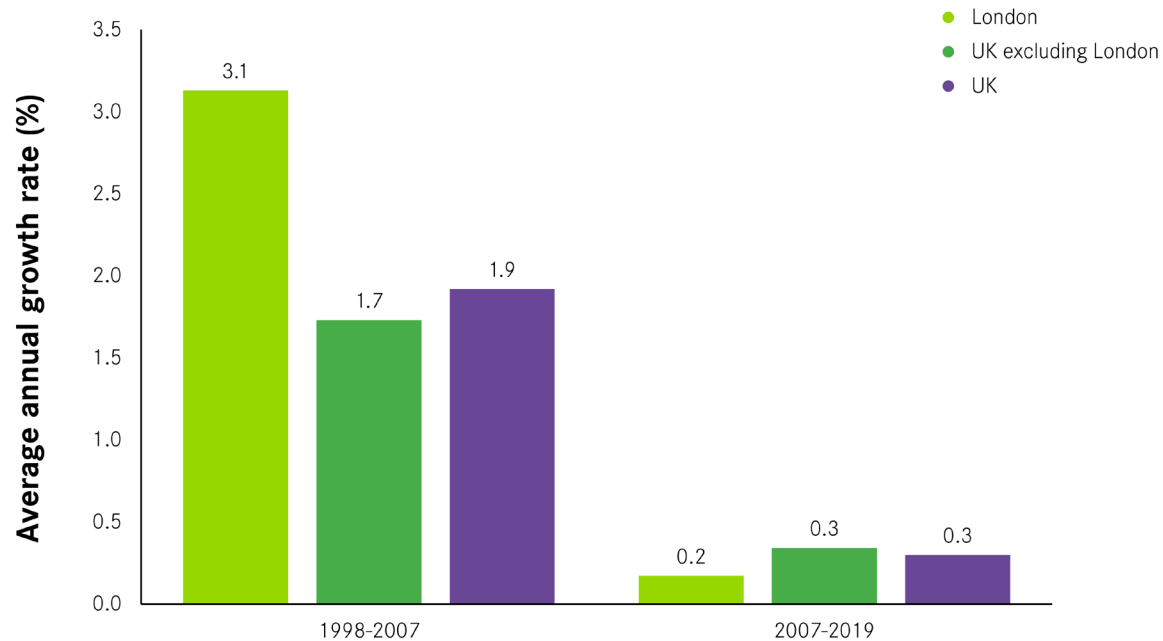
@gpriorrodrigues

@CentreforCities



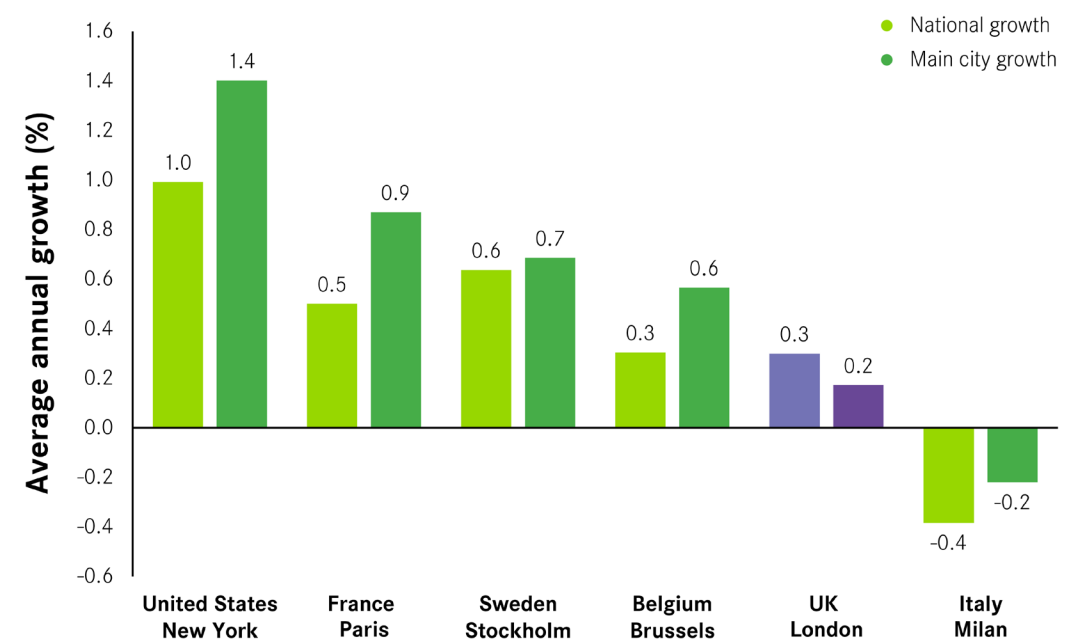
London leads the slowdown and underperforms global cities

Productivity: average annual growth rate



Source: ONS, Output per job at constant Price (CVM) by region (ITL). London defined as Greater London.

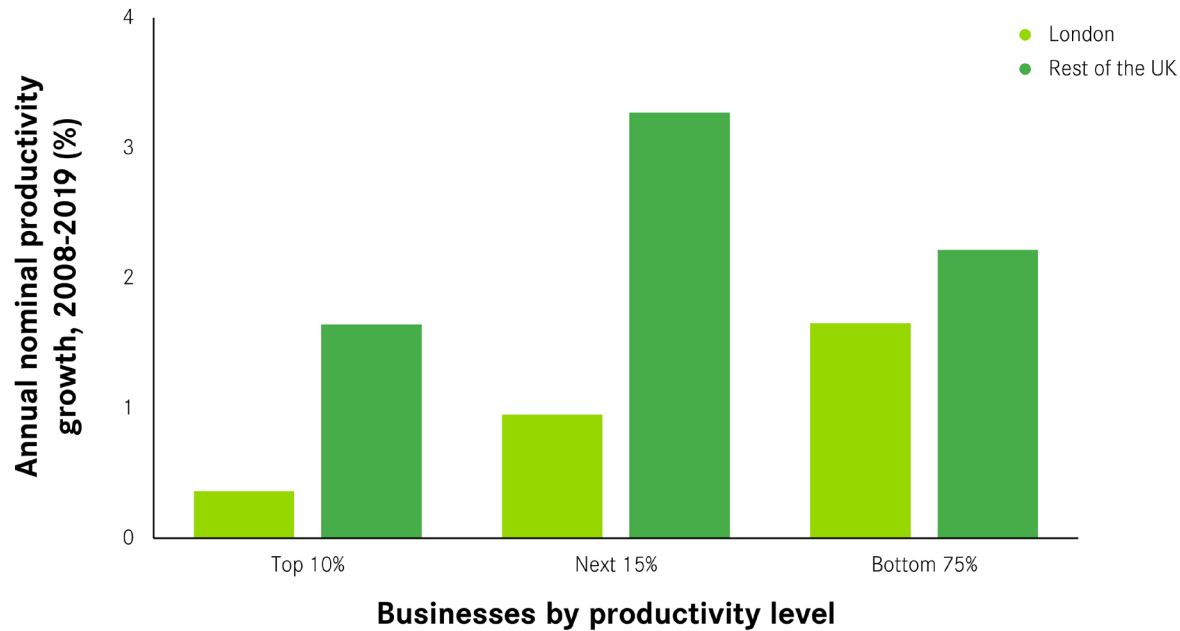
Annual productivity growth: 2007-2019



Source: ONS and OECD. Methodology: Greater London definition for London and the remaining cities is the OECD metropolitan area definition. International peers calculated using GDP per worker in USD, constant prices, constant PPP, base year 2015.

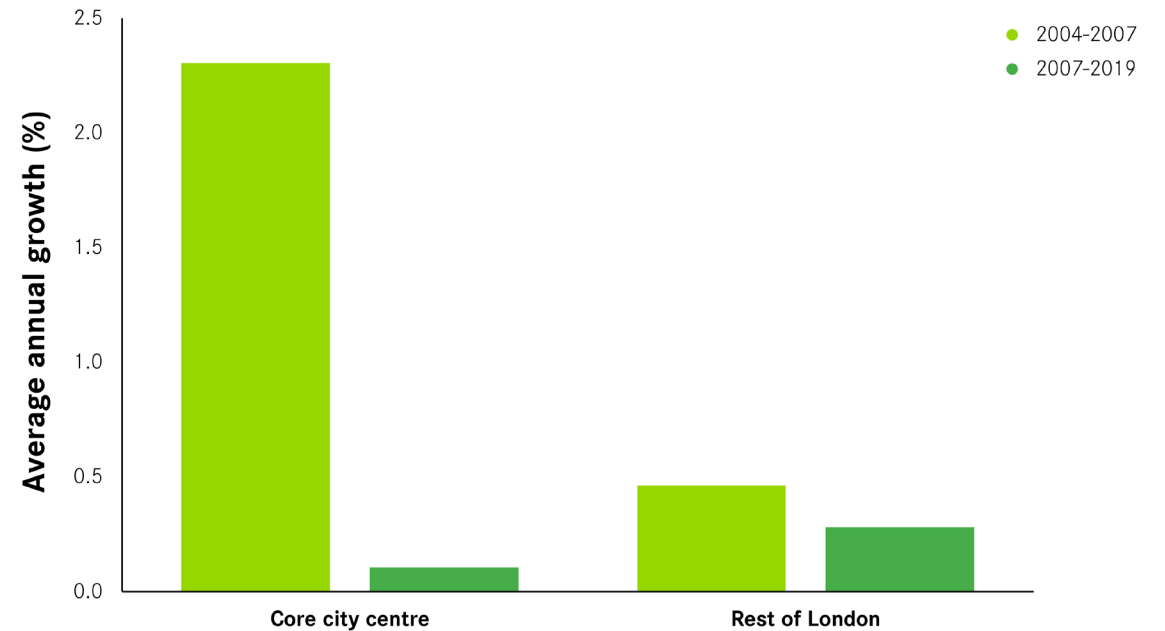
London's 'superstar' firms had the weakest performance

Productivity growth of exporters



Source: ONS, Annual Business Survey. The data does not include finance and insurance sectors.

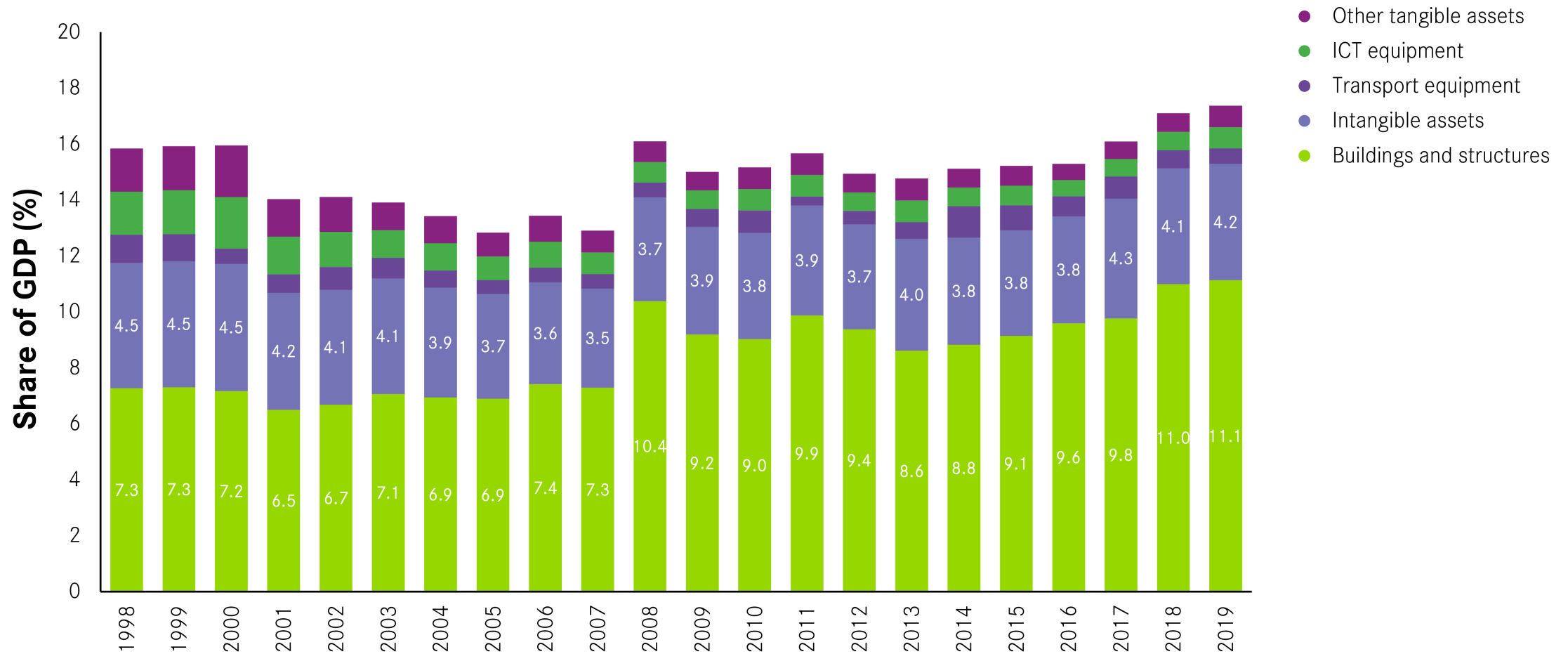
Real productivity growth per year



Source: ONS, Annual Business Survey.

Intangible investment low and diverging

Components of investment in London



Source: ONS. Regional gross fixed capital formation (GFCF) estimates by asset type: Experimental data. Note: intangible assets are also known as intellectual property products; computer software and databases are allocated to the region where they are used and are estimated using employee location; research and development is allocated according to where the investment takes place using survey data.

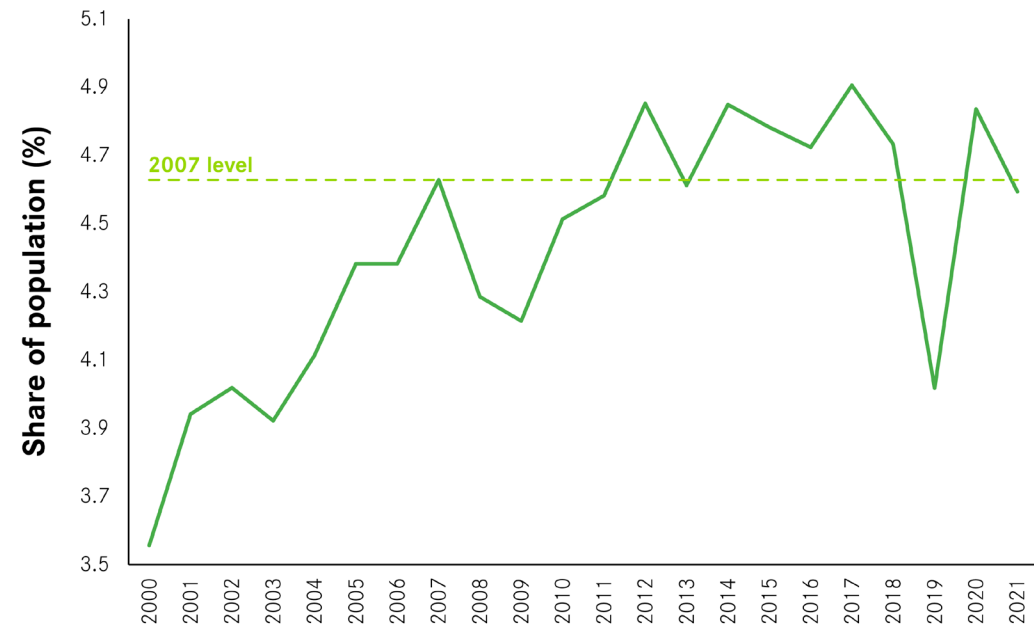
London's wage premium is eroding, reducing access to talent

London's median equivalised income after housing costs



Source: GLA.

London: Residents from high income countries*



Source: ONS. *Countries included: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Israel, Japan, Luxembourg, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, United States of America.



What needs to change

- Improve the **attractiveness of the UK and therefore London for foreign talent** by extending the graduate visa to five years.
- Address rising housing and commercial space costs by **reducing uncertainty in the planning system.**
- Pursue **fiscal devolution** not only to provide greater freedom but also to increase incentives to tackle economic change.
- Consider **emerging issues**: Brexit and recovery from the pandemic.

Panel discussion

17:30 – 18:15

- **Chair: Andrew Carter | Chief Executive, Centre for Cities**
- **Chris Giles | Economics Editor, Financial Times**
- **Kate Hart | CEO, EC BID**
- **Professor Tony Travers | Director, LSE London,**
- **Paul Swinney | Director of Policy and Research, Centre for Cities**

Networking Reception

18:15 – 19:00

