

London *Activity Monitor*

A review of high frequency data influencing the London market

October 2021

❖ Business activity growing but at slower pace.

- Current workloads exceed existing capacity levels.
- London vacancies remain high.
- Growth in new orders has eased in line with global trends.

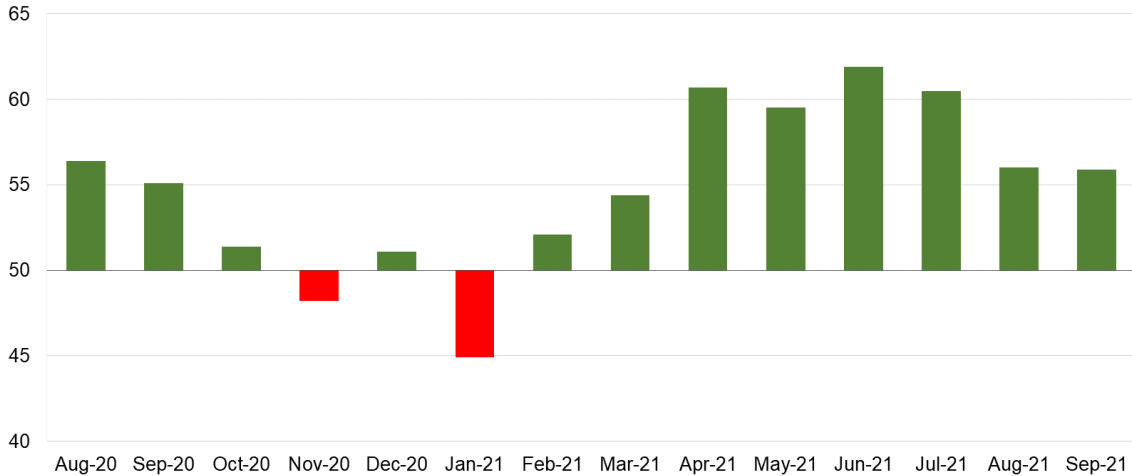
❖ Mobility in London continues to improve.

- Greater usage of public transport.
- Big improvement in mobility to the City of London.
- Residential rents rising suggesting workers returning to London.

BUSINESS ACTIVITY GROWTH SLOWS

Purchasing Managers Index

Growth in Business Activity (50 = No Growth)



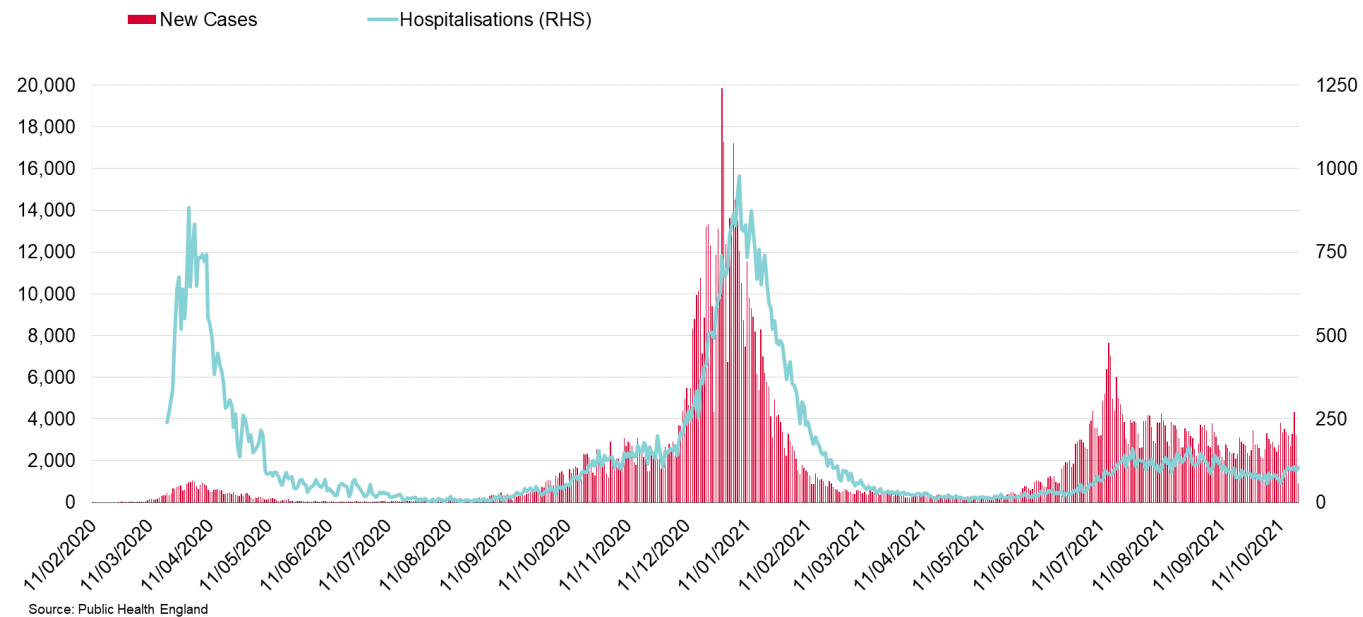
Source: NatWest

- ❖ A marginal easing in September has resulted in slower business activity growth since the summer.
- ❖ Hiring intentions remain high across many office based sectors.
- ❖ Growth in new business volumes has slowed down fractionally.

COVID INFECTIONS RISING

Covid-19 in London

New cases and hospitalisations per day

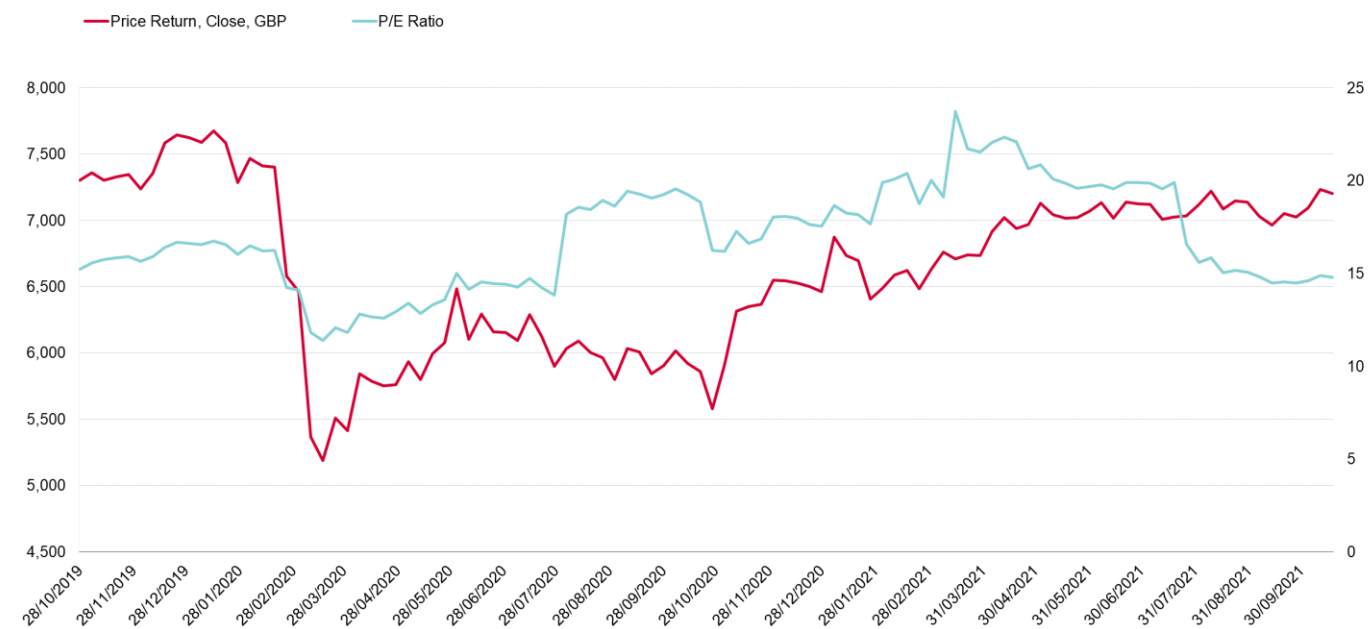


- ❖ New Covid-19 infections have been rising in recent weeks from 2,191 on October 1st to 3,840 on October 21st.
- ❖ Hospitalisation rates have not rebounded as in previous waves.
- ❖ London has the lowest infection rate per 100,000 of the population of any region.

5 FTSE100 RISING WITH VALUATIONS ATTRACTIVE

UK Equity Indices

FTSE100 Share Index and Price to Earnings Ratio

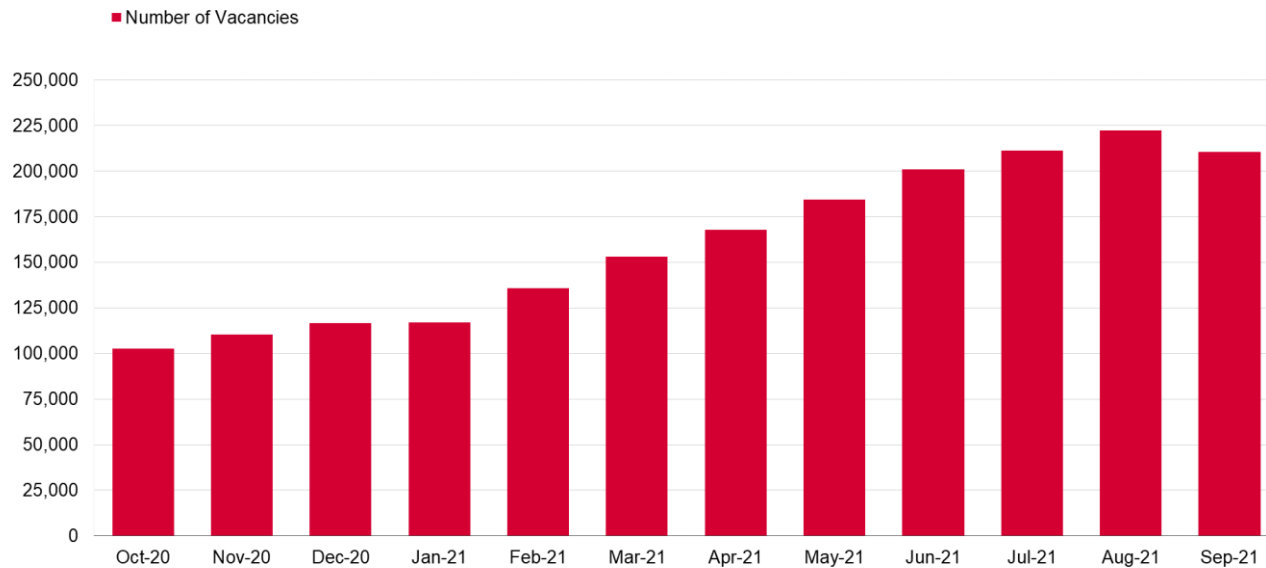


- ❖ The FTSE100 rose by 3.9% in the last month.
- ❖ The Price Earnings Ratio is marginally above its lowest level since July 2020.
- ❖ The P/E ratio remains 2.1 points below the long-term average (LTA = 17) suggesting UK stocks are attractively priced.

VACANCIES MARGINALLY DOWN

Vacancies in London

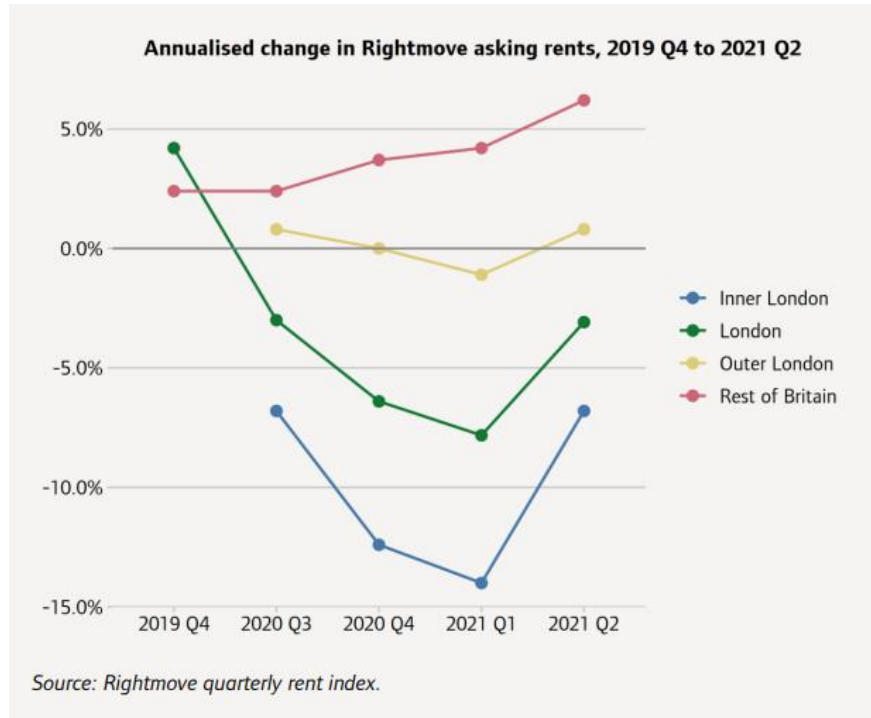
Total number of unfilled positions



Source: Adzuna

- ❖ Vacancies fell slightly for the first time in 12 months in September 2021.
- ❖ Recruitment in London continues to outpace the rest of the country.

7 RESIDENTIAL RENTS RISING

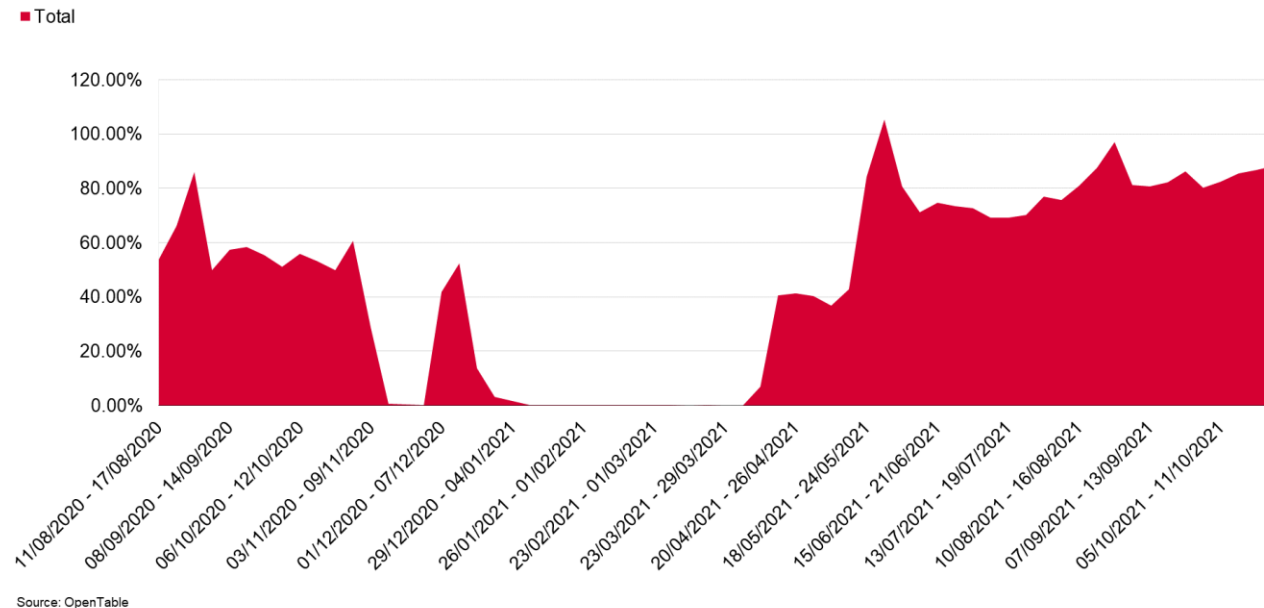


- ❖ Asking prices for residential rents in Central London grew sharply during Q2 2021, although remain below pre-pandemic levels.
- ❖ The opening up of the economy and the returning of employees to the office has resulted in an upturn in rental growth.
- ❖ This indicates that the migration of workers out of London to other locations during the lockdown period is reversing.

8 RESTAURANT RESERVATIONS STABILISING

OpenTable Restaurant Reservations

Weekly average reservation levels as a percentage of the 2019 baseline

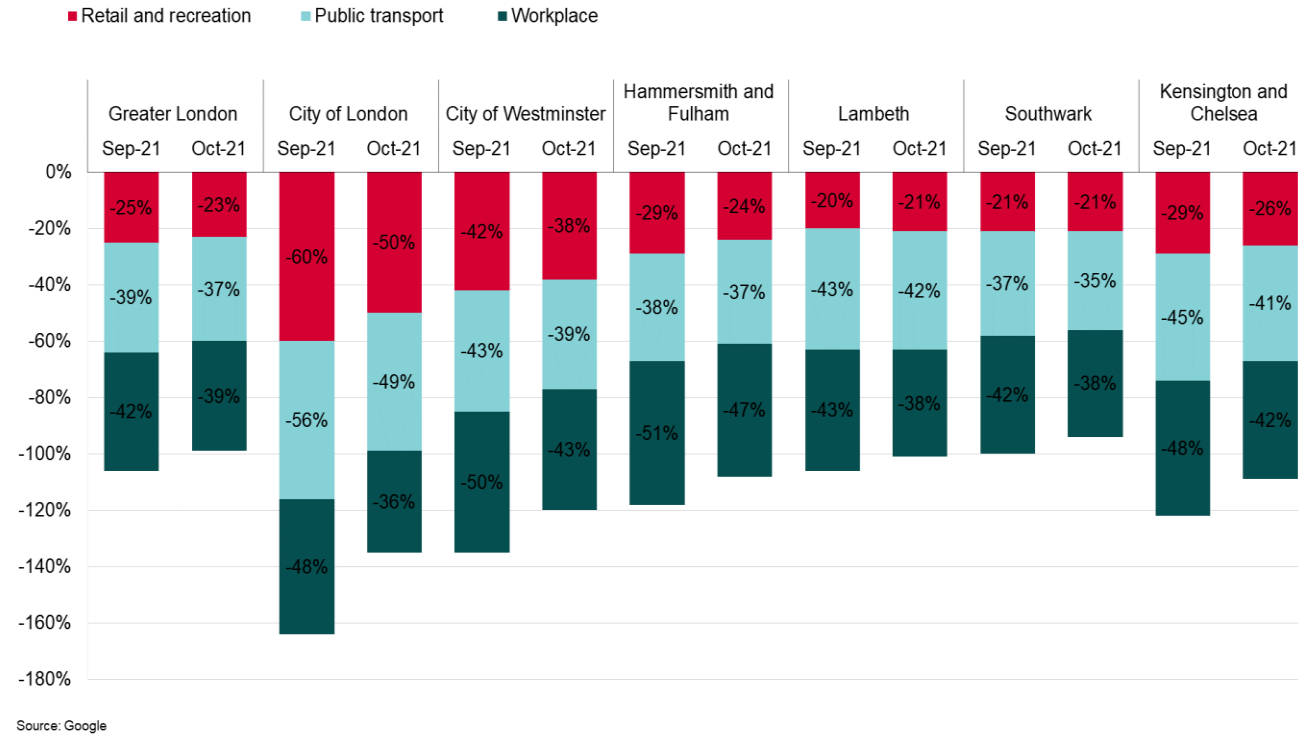


- ❖ At weekends, restaurants are now consistently achieving reservation levels of 90%+ compared to 2019 but midweek bookings remain noticeably lower.
- ❖ The factors affecting reservations are:
 - Rising costs.
 - Colder weather.
 - Labour shortages in the hospitality sector.

MOBILITY IMPROVING

Mobility Across London Boroughs

Compared to Pre-pandemic Baseline

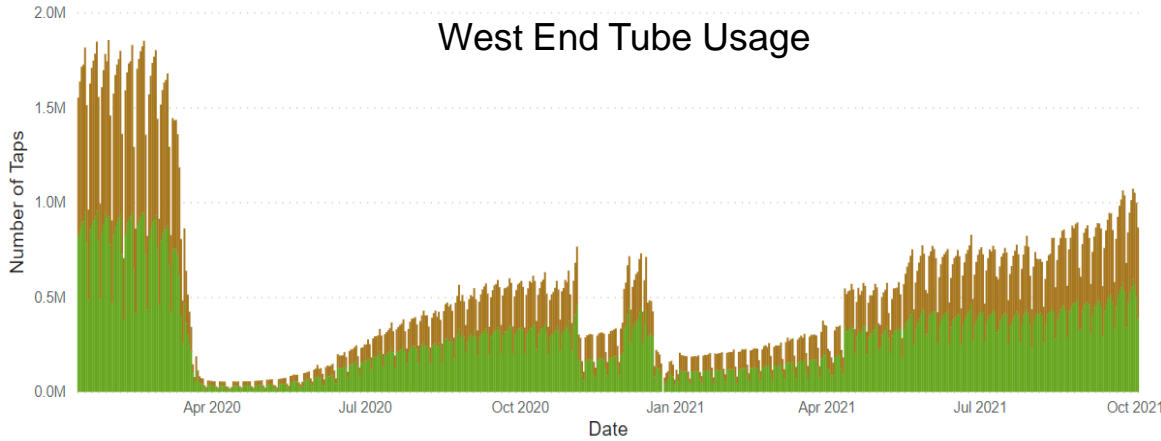
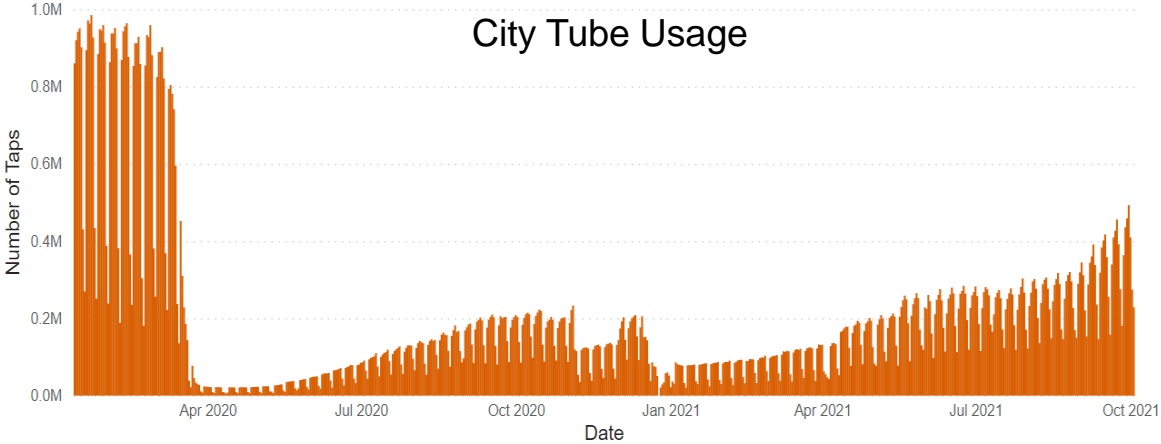


- ❖ Mobility continues to rise across the Greater London area.
- ❖ The City of London saw the biggest month-on-month increase in mobility.
- ❖ Resurgent levels of travel to and from the workplace were the biggest contributing factor.

PUBLIC TRANSPORT USAGE CONTINUES TO RISE



Tube Passenger Levels Across the City and West End



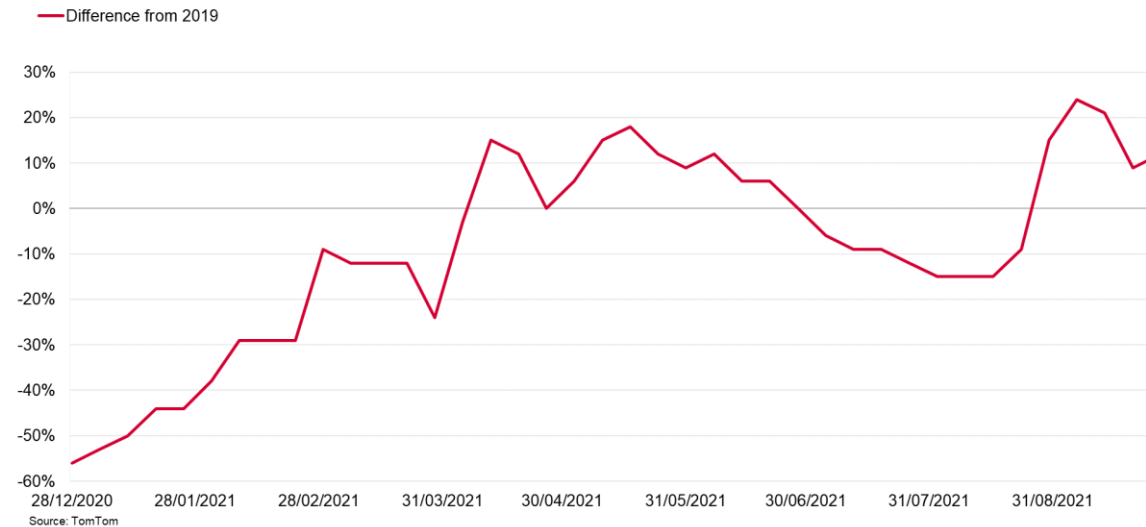
Source: Transport for London

- ❖ City of London stations saw a significant acceleration in passengers as more employees return to the office.
- ❖ Despite slower growth in percentage terms, total usage remains significantly higher in the West End than in the City.

CONGESTION REMAINS ABOVE PRE-COVID LEVELS

Congestion in London

As a Percentage of 2019 Baseline

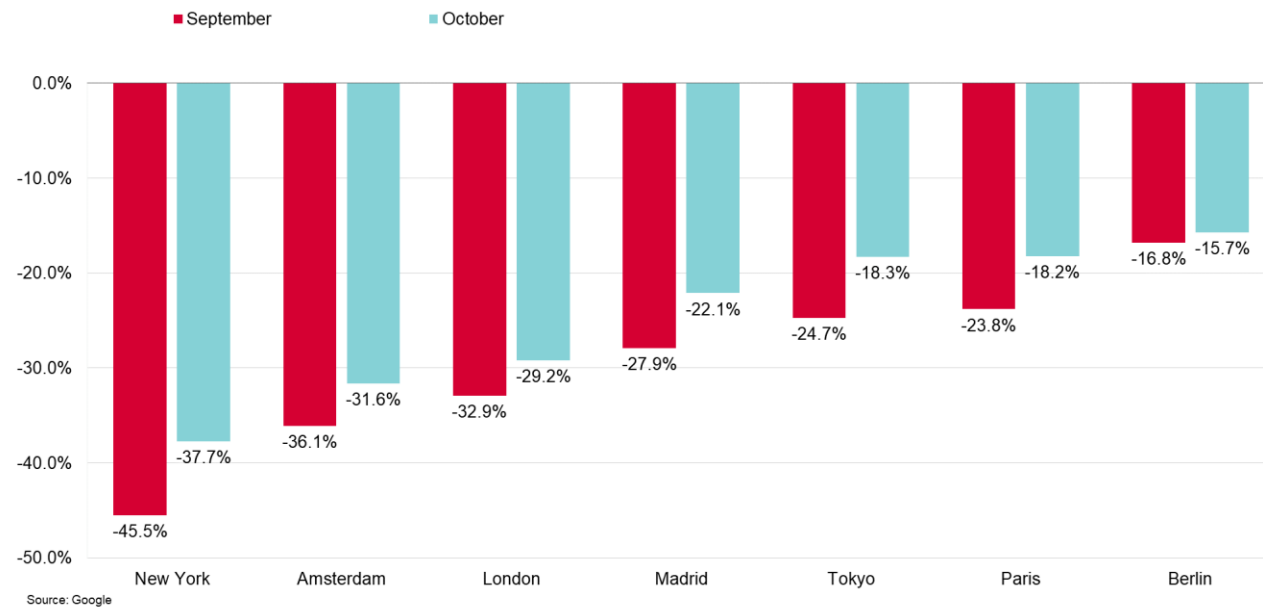


- ❖ Fears of fuel shortages led to road congestion falling 15% in late September.
- ❖ However, fears were exaggerated and the fall in road traffic did not fall to below pre-pandemic levels.
- ❖ October saw a 3% rebound in congestion as fuel supply chains were shored up.

MOBILITY IMPROVING FASTER IN GATEWAY CITIES

Monthly Average Workplace Mobility Compared to Pre-Pandemic Baseline

Percentage Difference



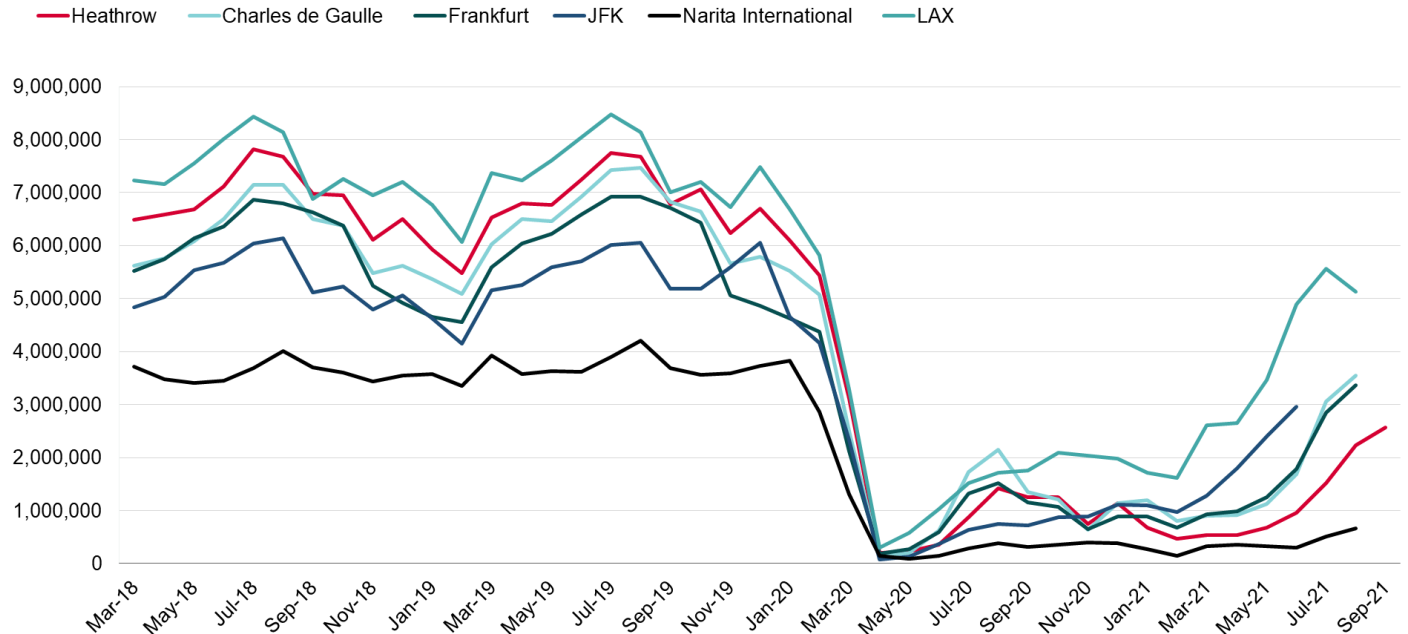
- ❖ Workplace mobility in London remains below comparable cities, and is only above New York and Amsterdam.
- ❖ The noticeable uptick in European cities coincided with the end of the traditional summer vacation period.
- ❖ London's recovery has been supported by the return to work and school, but to some extent remains negatively impacted by infection fears on public transport.

AIR PASSENGER VOLUMES SLIGHTLY LOWER



Passenger Levels at Major International Airports

Monthly total passenger footfall



Source: Heathrow Airport, Charles de Gaulle Airport, Fraport Group, The Port Authority of New York and New Jersey, Narita International Airport Corporation, Los Angeles World Airports

- ❖ Growth in air passenger numbers has decelerated.
- ❖ This cooling is seasonal following the end of the summer vacation period.

WE LIKE QUESTIONS

GET IN TOUCH

Shabab Qadar
London Research Partner
+44 20 7861 1234
shabab.qadar@knightfrank.com

Jamie Hall
Graduate – Commercial Research
+44 20 3307 4146
jamie.hall@knightfrank.com

Philippa Goldstein
Senior Analyst – Hotels & Leisure
+44 20 3826 0600
philippa.goldstein@knightfrank.com

FURTHER READING



Important Notice

© Knight Frank LLP 2021 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.