

Lloyd's City Risk Index 2015-2025

Analysing the economic exposure from 18 threats over ten years from 2015

Understand the risks: www.lloyds.com

London, United Kingdom

Average GDP growth rate: 0.77%

Average annual GDP: \$605.02bn*

Total GDP@Risk: \$53.43bn

Share of Average annual GDP: 8.83%

GDP@Risk ranking

Global: 17 Regional: 2 National: 1

GDP@Risk by threat type

Threat	GDP@Risk	Share of Total GDP@Risk
Market crash	\$14.08bn	26.36%
Flood	\$9.71bn	18.18%
Oil price shock	\$8.81bn	16.49%
Cyber attack	\$7.89bn	14.77%
Human pandemic	\$4.67bn	8.74%
Drought	\$2.80bn	5.25%
Solar storm	\$1.18bn	2.21%
Wind storm	\$1.11bn	2.08%
Power outage	\$0.93bn	1.75%
Terrorism	\$0.58bn	1.09%
Freeze	\$0.54bn	1.01%
Plant epidemic	\$0.44bn	0.83%
Heatwave	\$0.27bn	0.51%
Sovereign default	\$0.27bn	0.51%
Nuclear accident	\$0.12bn	0.23%
Earthquake	\$0.00bn	0.00%
Tsunami	\$0.00bn	0.00%
Volcano	\$0.00bn	0.00%

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Insight

One of the world's largest financial centres, London is located in close proximity to the crisis-hit euro zone and has extensive ties to international markets - the result of a long history as the capital of a trading nation. The city's biggest potential threat to GDP is from Market crash, which accounts for more than a quarter of its overall economic exposure.

It has the 8th highest GDP@Risk from Oil price shock - one of a number of threats for which it ranks in the top ten.

While London sits 9th in the world for Manmade risks (61.19%, \$32.69bn), it also has significant exposure to Natural shocks. The city has long been susceptible to Flood, but this risk has grown in recent years: in the 1980s, the Thames Barrier was closed four times; from 2010 to March 2014, it was closed 65 times. London is now the 10th most vulnerable city in the world by GDP@Risk from this threat type.

Other climate-related catastrophes incurring significant potential losses include Drought, for which London ranks 5th globally, Freeze (10th) and Heatwave (10th). Despite its location astride the river Thames, and its position in northern Europe, London is also one of the world's most water-stressed cities.

London features the 13th highest economic exposure to Emerging threats (26.54%, \$14.18bn). Its potential losses from Cyber attack and Solar storm are the 5th and 6th highest in the world respectively - courtesy of a well-developed IT infrastructure and ubiquitous internet connectivity. It also ranks highly for Power outage (17th) and Nuclear accident (19th).

Sources:

<https://www.gov.uk/the-thames-barrier>

<http://www.sciencedirect.com/science/article/pii/S0959378014000880>