

SKILLED NON-EU MIGRANTS: SMALL IMPACT ON THE UK HOUSING MARKET

Skilled migrants from outside the European Union have only a small effect on the UK's housing market, according to London School of Economics research, to be presented to the NORFACE migration conference at University College London this week.

About 45,000 such migrants arrive annually, including dependants, accounting for roughly 8% of the 566,000 long-term migrants that arrived in 2011. There are concentrations in particular areas of the country, including London, Ipswich and Aberdeen – but even here they make up only a small proportion of the housing market and transactions.

Kath Scanlon, research fellow at LSE London and one of the research team, says:

‘Overall the impact of these migrants, even in those markets where they are concentrated, is small – certainly much lower than the effect of EU migration.

‘The impact on house prices over a five-year period is likely to be well below 1%.

‘This might generate some transfer of properties to the rented sector but the effect on total new supply is likely to be very limited.’

Skilled migrants (defined as those who enter the UK under Tiers 1 or 2 of the points-based system) tend to be younger than the general population and to be either single persons or couples.

When they first arrive in the UK, about 70% live in private rented housing. This figure rises to 80% including those who live with friends and family or are housed by their employers.

The remaining 20% go into owner-occupation; there are virtually none in social housing. This changes only slowly, with owner-occupation rising to 45% after five years. This implies that the most important housing market impact is on the rented sector, especially given the extent of turnover among migrants.

In the past, after five years nearly 30% of these sorts of immigrants had become eligible to stay permanently in the UK. If this trend remains constant, by 2017 they will account for about 112,000 additional households. This compares with projections of around 1.5 million additional households in the UK overall during the same period.

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The research was carried out by Christine Whitehead, Ann Edge, Ian Gordon, Kath Scanlon and Tony Travers of LSE London for the Migration Advisory Committee of the Home Office.

The full report is available at:

<http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/workingwithus/mac/27-analysis-migration/02-research-projects/lse-housing?view=Binary>

