The impact of migration on access to housing and the housing market

A project for the Migration Advisory Committee

FINAL REPORT

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1. Executive summary

- The main objective of the research was to analyse the possible impact of Tier 1 and Tier 2 migrants on the market for housing and access to that market.

- The numbers involved are relatively small as compared to the total number of immigrants overall. However they are likely to be in relatively skilled and well paid jobs and to be concentrated in particular locations.

- The administrative evidence points to around 30,000 Tier 1 and 2 entrants per annum who expect to stay for more than one year. Including dependants, the total number of immigrants is estimated at around 45,000.

- Existing literature has little to say about this type of migrant as much of the research relates to refugees, asylum seekers and poorer migrant households. What we do learn is that in the early years even better off migrants tend to form fewer households as compared to the indigenous population; to live disproportionately in private renting; and to live at higher densities. However the longer they stay, the more their housing consumption resembles that of similar indigenous households.

- The methodology employed included estimating the number of migrants and their length of stay; characterising these migrants in terms of attributes relevant to housing decisions; using past evidence to judge their likely impact on housing demand in terms particularly of tenure and location; assessing likely price and supply responses; and thus identifying significant effects on the housing market.

- The majority of the analysis was quantitative, using the Quarterly Labour Force Survey/ Annual Population and the Survey of English Housing. We also carried out qualitative research through a web based survey and interviews with companies and agents.

- Tier 2 migrants were found to be concentrated in London, Reading, Ipswich and Aberdeen – but even in these areas made up a small proportion of the housing market and transactions.

- Evidence on length of stay, based on past experience, was that after five years nearly 30% of Tier 2 equivalent migrants achieved permanent status .This excludes intra-company transfers who do not have the right to apply for such status.

- Among visa holders perhaps 75% or so form separate households in the first year. The rest will mainly share private rented accommodation.

- Migrants tend to be younger than the general population and to be either single persons or couples. Over time the proportion forming households and their household structure moves more towards the UK average.

- Initially perhaps 70% live in the private rented sector with only 20% becoming owner-occupiers. This tenure mix changes only slowly - with owner-occupation rising to 45% after 5 years. This implies that the most important impact is on the rented sector, especially given the extent of turnover among migrants.

- Starting from 2011/12 and assuming constant levels of entry, by 2017 our estimates suggest that perhaps 112,000 additional households will have entered and remained in the UK to that date. This compares to around 1.5 million additional households in the UK overall during the same period.

- Qualitative evidence points to competition for housing being strongest with other migrants. But overall the impact even on local markets was seen as small.

- The impact on house prices of the accumulated increase in Tier 2 type immigrants 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.

2. Introduction

The brief for this project requires us to improve the existing evidence base on how the housing market and access to housing are affected by

- the total inflow of migrants into the UK; and particularly by

- 'economic' migrants from outside the European Economic Area[1], specifically those covered by Tiers 1 and 2 of the current Points-Based System.

The emphasis of this research is on the effects on the housing market of economic migrants from outside the EEA rather than on effects of more general migration from within the EEA, or of refugees and asylum seekers from outside the EEA. However, much of the existing data do not distinguish effectively between these groups. It is also important to compare demand generated by the different groups.

The main issues we were asked to address in this report are

a) the levels of demand from Tiers 1 and 2 migrants for the three main sectors of the housing market (owner-occupation, private renting and social housing), especially those in regions and localities where such migrants are concentrated;

b) the impacts of this demand on prices, additions to supply, and availability of housing in these sectors; and

c) how migrants' demand differs from that of UK residents and how it affects the access of existing residents to housing.

The focus on economic migrants from outside the EEA who are expected to take up relatively skilled (and well paid) jobs differs from the balance of previous research, which has tended either to be directed at the character and impacts of aggregate flows or at other sub-groups (e.g. economic migrants from A8 countries within the EEA, non-economic migrants such as refugees from outside the EEA, or recruits into mostly relatively unskilled/low paid jobs from outside the EEA).

By contrast with the subjects of much of this work, the group of Tiers 1 and 2 migrants from outside the EEA is relatively small (totalling in 2011/12 perhaps 45,000 people including dependents [2]). Although the characteristics of this group will clearly differ from those of the 'average' migrant into the UK in recent decades, the group also likely to be internally rather heterogeneous, partly because of the different eligibility criteria associated with different visa/routes. Eligibility for these visas depends mainly on the amount of capital brought in (for Tier 1) and employment category (for Tier 2).

The main determinants of demand for housing include household structure, age and income as well as the relative prices of housing in different locations and the relative prices of housing and other goods. The usual expectation is that the income elasticity of demand is around unity while demand is relatively price inelastic. Tenure choice depends on the relative costs (including transaction costs) of different tenures – including for example differential tax benefits and expected price changes – and other constraints such as access to finance for owner-occupation and allocation rules in the context of social housing.

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[1] In this context Swiss citizens are treated as if they came from member countries of the EEA.

[2] See section 6 - table 1.

Among the key characteristics of sub-groups of Tiers 1 and 2 which can be expected to be relevant to housing demand are:

- age,

- household/family structure,

- expected income levels,

- other factors that affect individual housing choice such as corporate remuneration packages,

- intentions/expectations with regard to duration of stay in the UK , and

- costs of housing in relation to location of employment.

For the vast majority of Tiers 1 and 2 migrants – and indeed for all migrants other than asylum seekers – there is no access to social housing so the choice is between private renting and owner-occupation. How these factors play specifically in relation to the demand from Tiers 1 and 2 migrants will depend heavily on how long they intend to stay.   Those with short time horizons are much more likely to emphasise low transactions costs and easy access to housing. The demand from those with longer term horizons is likely to be far nearer that of similar indigenous households – so will depend in addition on factors such as access to mortgage finance and the relative costs of homeownership and renting.

Having established the likely pattern of demand from this set of migrants, the next stage of the analysis involves examining the effect on house prices and rents and thence supply. There is very little reason to assume that the impact of migrants will be any different from that of general demand. So the scale of the effect depends on the extent to which demand increases and the short- and longer-run elasticities of supply. Two important issues here relate to location? Do migrants want to live close to one another and so concentrate demand more than the indigenous demand? And, particularly in the context of private renting, can increases in demand lead to the transfer of stock between tenures so affecting the housing market more generally?
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3. Tiers 1 and 2 migration: the Points-Based System

Under the UK's current migration regime, employment-related migration from outside the EU is governed by the Points-Based System. Intending migrants must qualify for visas by achieving a threshold number of 'points' based on their educational levels, salaries and professions; the particular requirements vary by visa category. Annex A gives details of the current requirements for Tiers 1 and 2 visas. In general, Tiers 1 and 2 migrants may remain for an initial three years, then may be able to extend their stay for a further two.

Tier 1 visas are intended for individuals with 'exceptional talent' in a particular field, or for investors or entrepreneurs. For 2011/12 there is a limit of 1000 'exceptional talent' Tier 1 visas (700 for scientists and 300 in the arts). There is no numerical limit on visas for Tier 1 investors, who must have at least £1m in the UK. Similarly there is no limit on visas for Tier 1 entrepreneurs, who are expected to invest in employment-generating businesses in the UK.

There are three main types of Tier 2 visa available: shortage-occupation, resident labour market test (RLMT), and intra-company transfer. To qualify for the shortage occupation route, the applicant must have a certificate of sponsorship from a UK employer and be coming to do a job on the official Shortage Occupation List. The minimum salary is £20,000. The RLMT category has the same minimum salary, but here the employee must be coming to do a job that is considered to require skills of at least Level 4 of the National Qualifications Framework, and the employer must be able to demonstrate that they have not been able to recruit a UK resident for the position. For these two categories together (shortage occupation and RLMT) there is an overall limit of 20,700 for migrants coming from abroad, but no limit on in-country applicants.

The final category of Tier 2 migrant is Intra-Company Transfers (ICTs). There is no limit on the number of visas issued in this category. Applicants must have a Certificate of Sponsorship from an employer and be taking up a job that requires at least Level 4 of the National Qualifications Framework. Applicants with earnings of at least £40,000 (including some allowances) are permitted to remain an initial three years, with a further two on extension; applicants who earn between £24,000 and £40,000 may stay a maximum of one year with no possibility of extension.

Holders of all types of Tiers 1 and 2 visa are permitted to bring their spouses or civil partners, as well as minor children. The dependants are granted the same leave to remain as the main applicants.

The Points-Based System came into operation in 2008, and migrants who entered the country before that arrived under rather different visa regimes. This is important because it means there is not a long run of data relating to migrants who have arrived under the current system; to assess their likely long-term housing market behaviour we must look at migrants who arrived under previous regimes.

4. Findings from existing research

The academic literature

There has been growing academic attention paid to the interaction between migration and housing over the last 20 years. Before that, most of the work on the impact of migration focused on the labour market or on issues associated with refugees and excluded groups. Even now, as Whitehead (2011) notes, 'Information about migrant housing circumstances in general (as opposed to particular problems such a street homelessness among migrants from the European accession [known as A8] countries) is relatively limited' (Whitehead 2011 p.5). Much of the research done to date, including non-UK analyses, has looked at the impact of relatively large numbers of migrants on the housing markets of entire nations or (more commonly) cities where migrants tend to cluster—as it is well understood that '(im)migrants are much more spatially concentrated than natives (and) we can thus expect the effect of immigration to be stronger on specific housing markets' (Sainz 2006 p. 348).

Sainz (2003), writing about the effect of the Mariel boatlift refugees on the Miami housing market, used statistical modelling to demonstrate that population increases due to migration create short-term rent increases, particularly in those price and spatial sectors of the private rental market where the migrant households cluster. The same author in 2006 looked at data for a number of American cities, and found that 'there is a local economic impact of immigration in American cities. Immigration pushes up the demand for housing in the destination areas. Rents increase in the short term, and housing prices catch up' (Sainz 2006 p. 363). The magnitude of the effect was significant: 'An immigration inflow that amounts to 1% of the initial metropolitan area population is associated with, roughly, a 1% increase in rents and housing values' (ibid. p. 364). This estimate is strikingly similar to that of the National Housing and Planning Advice Unit in the UK, who said in evidence to the House of Lords Select Committee that 2008 levels of net immigration, if maintained, would lead to additional house-price increases of 0.5 to 1% per annum (House of Lords 2008, paragraph 172, cited in Whitehead 2011). Ley and Tuchener (1999) show that the three Canadian cities that attract most immigrants exhibited greater house-price rises than other cities in Canada—and more extreme falls when the market turned down.

A rather different strand of the academic material relates to the household formation behaviour of migrants as compared to the indigenous UK population and the implications of observed differences for household projections and housing demand (Gordon et al, 2007; Holmans and Whitehead 2008; Whitehead 2011). This provides some, limited evidence on the short-run versus the longer-term demand for housing by tenure and general migrant type.

These papers were based on top-down analyses of large datasets. Another approach is to examine the 'housing careers' of migrant households. Most of the work done in this area focuses on low-income migrants, often refugees, and on what are called 'racialised' minority populations (White 1998) or 'visible minorities' (Carter 2005). Unsurprisingly, these studies indicate that newcomers (whatever their economic circumstances) are overwhelmingly accommodated in the private rented sector in the first instance; from there they may move on to owner-occupation eventually although some (deprived) groups are less likely to climb the housing ladder in this way. Whitehead (2011) and Gordon et all (2007) point out that in the UK, migrants from richer countries are more likely to remain in the private rented sector than UK-born people, perhaps because they already own housing in their countries of origin. Khoo et al (2006) found that in Australia, 63% of holders of temporary skilled migrant visas were in rental accommodation and 14% in owner-occupation.

Migrants tend to live disproportionately in major cities, in the UK as in other countries. According to Champion (2001), 'Increased immigration, whether resulting from growing labour market demands or as a result of the huge rise in asylum-seeking in the 1980s and 1990s, has not only been focused on the largest urban regions of destination countries but has normally impacted

most strongly on their more central residential areas' (Champion 2001 p. 157, cited in Wulff 2005). Carter (2005) showed that the majority of immigrants to Canada went to the three largest cities. These cities had 29% of the country's population, but 73% of immigrants who arrived since 1990 had settled in them. Looking specifically at Tiers 1 and 2 migrants, MAC (2010) points out that they are more likely to live and work in London (p. 12).

Social networks and the presence of existing migrant communities are important factors in determining where migrants will settle. Murdie (2002) show that relatively well-off Poles relied more heavily on social networks in searching for their first residence on moving to Canada than did more deprived Somalis. For Poles, the existence of local social networks was one of the three most important criteria in the search for their first home, although in subsequent changes of residence the importance of this factor diminished. Aslund (2004) found that immigrants to Sweden were attracted to regions where there were already many people from the individual's birth country and which had large overall immigrant populations.

White (1998) finds that clustering can be identified not only for low-income migrants but also for those from developed countries. He cites studies of the residential patterns of foreigner groups in Brussels and Vienna, which showed that 'segregation levels amongst the non-racialised groups from nearby countries (such a Britain or Germany) were shown to be as high as amongst those from, for example, Morocco or Turkey, but with very different residential areas being highlighted' (White 1998 p. 1730). In White's research into the residential patterns of developed-country migrants in London, he found that they tended to live in western areas of London in 'a distinctly concentric pattern focused around a clear area of high levels of representation (in an area stretching from the West End of London westwards past Hyde Park and Knightsbridge to reach Earls Court and Kensington), with generally decreasing representation with increasing distance from this concentration' (ibid p. 1732)—although he did not identify clusters of individual nationalities within this area. This analysis is based on data from the 1991 census and the patterns will now be rather different, but clearly it is possible to identify areas of residential concentration of migrants from both more- and less-developed countries. In the case of developed-country migrants, White attributes these clusters not mainly to existing concentrations of people from those countries, but to the availability of high-quality private-rented property and good accessibility to employment. Brezzi et al (2010), who look at migrants' location decisions across the OECD, found that 'highly skilled migrants may take their (housing location) decision not only on the basis of job offers but also on the basis of the general attractiveness of the receiving region (specific social services to migrants and their family – housing, education; measures to better integrate spouses and children; climate)' (Brezzi et al 2010, p. 2).

A fascinating application of the bottom-up technique is found in White (2003), which describes residential preferences and patterns of Japanese corporate transfers in London—who within the current PBS would be Tier 2 migrants. White finds that the Japanese, most of whom are employed in the City of London, tend to concentrate in certain neighbourhoods that are considered safe and have easy transport access to the City. Their employers often recommend they use certain estate agents who specialize in the Japanese market, and their initial choices are thus conditioned to a great extent by what these agents offer. White found that there were landlords who specialized in providing housing for Japanese expats—and that many of these landlords were themselves immigrants, though not Japanese.

Care must be used in applying the findings of the literature to the particular case of Tiers 1 and 2 migrants in the UK. In the first place, many articles deal with the consequences of inflows of migrants that are relatively large compared to the existing population. But the numbers of Tiers 1 and 2 migrants are small; even in the cities where they concentrate they will have much less of an effect than flows of other types of migrant (in 2009 Tiers 1 and 2 migrants accounted for around 10% of all non EU migrants and a much smaller proportion of all migrants). Second, most of the articles deal with the effects of *permanent* migration, rather than the temporary migration that Tiers 1 and 2 visas are meant to facilitate. In the short-run this distinction may matter little, since a temporary migrant occupies a dwelling just as much as a permanent migrant does, though

temporary migrants are likely to have different tenure preferences from permanent migrants, and may well employ different criteria in relation to other aspects of housing choices, including space and density.

There is not much in the literature to guide us on this. But there are some likely associations with differing patterns of motivation among sets of economic migrants coming from different origins (including among EEA countries). In particular there is a basic distinction between those coming from origins where the real earnings expected for a given amount of human capital are well below that available in advanced economies, and those coming from origins where expectations are much more similar to those in the UK. In the former case migrants have a motive to come simply to benefit from generally better economic opportunities, and to stay at least as long as the differential from their home country remains. In the latter case, migrants are more likely to be responding to incentives associated with specific economic or training opportunities and social and cultural connections which themselves have a shifting relevance to their circumstances, which may also change. In this case, migration is much more likely to be temporary (whether for months or a decade or so). A clear distinction of this kind has been found in UK migration patterns from analysis of Labour Force Survey data (Gordon et al., 2007).

In any case, a certain percentage of Tiers 1 and 2 migrants will end up staying permanently. Khoo et al (2006) show that the desire of temporary skilled migrants to stay permanently in Australia grew the longer they were in the country. Whitehead (2011) noted that economic migrants from richer countries are more likely to return to their countries of origin than those from poorer countries. The figures suggest (see pp 21/22) that most Tiers 1 and 2 migrants come from poorer countries but to the extent that these are ICTs their potential for staying longer is almost certainly more limited. Finally, much of the literature focuses on the residential choices and patterns of disadvantaged immigrant groups, including refugees, particularly their effects on local housing markets and neighbourhoods. Here there are issues around competition for adequate housing among poorer households of all groups as well as potential discrimination (Robinson et al, 2007). This is very much different from the focus of the current project, which is looking at relatively well-off households—though this should not be overstressed, as the minimum income for Tier 2 migrants is £20,000 per annum, which is well below UK median earnings of £26,000 in 2010.

Grey literature

The 'grey' literature contains little that is relevant to this report. We thought we might find some small studies of the housing conditions or preferences of Tiers 1and 2-type migrants. But like the academic literature, most of the non-academic ands small scale research on migrant housing focuses on the housing conditions of low-income households. In the UK in the last few years the housing of A8 migrants has been a particular issue, and many local authorities have commissioned research in this area.

One recent local authority report did contain information on Tiers 1 and 2-type migrants. The London Borough of Wandsworth looked at all migrants' use of private rented housing and found that recent EU migrants and asylum cases tended to live in sub-standard housing. 'In contrast, migrants entering through the points based system tended to live in better quality housing and had a good awareness of their rights' (Bage, 2011, p. 2). The report noted that there was a cluster of Antipodeans in Putney and South Africans in Earlsfield and Southfields, and said that existing social networks appeared to be a major factor in where migrants chose to live.

There is also a body of material focusing on the residential preferences of 'wealthy foreigners'. Savills, the London estate agency, publishes regular reports on this subject; the most recent (focusing on London) came out in June (Barnes 2011). The report contains data about the origins of buyers in London's 'ultra-prime' resale market. It notes that 'across prime London as a whole, 27% of buyers over the past five years have been from overseas' (ibid p. 4), and adds that 'the wealthiest people in the world are currently bringing around £3.3 billion a year into London's economy by storing some of their wealth in its most expensive residential real estate' (p. 5). The

report focuses mainly on demand from wealthy buyers living overseas but notes that 'many overseas buyers who have invested over the decades have become permanent residents' (p. 5). In terms of non-EU buyers, Barnes notes that Middle Eastern purchasers are particularly concentrated in prime central London, and are more likely to buy than to rent. Some 23% buy properties worth over £5 million. Newly rich Chinese from the mainland, on the other hand, prefer Docklands, where they bought 13% by value of all second-hand property in 2010. Indian and Pakistani buyers 'are a significant force at the top end of the London property market, constituting 9% of all prime central London buyers in the £5 million to £15 million price band' (p. 10). North Americans are more likely to rent than to buy. 'Most of these lettings are corporate, financed by US banks, corporations and financial institutions for their key workers in London' (p. 13). Those who do purchase tend to buy houses rather than flats.

5. Empirical methodology

Quantitative estimates

In order to assess the actual and potential impacts of migrants on the housing market, our methodology included the following steps:

1. Determining how many migrants are currently arriving in Tiers 1 and 2, and how long they stay;

2. Characterising these migrants in terms of attributes relevant to housing demand, particularly incomes, household composition and length of stay;

3. Making some judgements about these migrants' impacts on actual effective housing demand by tenure, scale and location;

4. Assessing potential supply responses and market adjustments to such increments in demand; and

5. Relating migrant demands to those of other residents, and identified (any) significant effects on their access to housing.

Our approach started with estimates made on the basis of administrative data sources (mainly visa issuance records) of

- numbers of migrants,

- incomes,

- nationalities, and

- locations of employment.

These administrative data do not contain information about household structures, residential location or about housing generally. We therefore assembled a 'quasi Tier-2' dataset, using six waves of the Quarterly Labour Force Survey/Annual Population Survey, of people arriving in the country between 2003 and 2009 with characteristics similar to those of Tier 2 migrants in terms of education, earnings levels, workplace regions and national origin. We then used this dataset to examine the likely housing characteristics of Tier 2 migrants. This allowed us to make comparisons with data from the English Housing Survey to assess the likely demand from different groups of migrants – particularly distinguishing those who were in the UK for only a relatively short period from those who could be expected to be longer term residents.

Qualitative estimates

In addition we carried out a programme of qualitative research including interviews with estate agents, relocation agents and major employers of ICTs to talk about migrants' housing demand. We also carried out an online survey of estate agents in four areas where Tier 2 migrants were most concentrated.

We initially planned to carry out a web-based survey of estate agents in three geographical areas:

- London

- an area with a high concentration of IT firms, and

- one other area with high levels of Tiers 1 and 2 migration.

Analysis of UKBA visa-issuance data (see tables 3 and 4) showed that, as expected, these migrants are concentrated both absolutely and in percentage terms in the south of England, and particularly in London. However there are also concentrations in other areas, many associated with particular industries. So as not to limit the survey to southern England we widened our final set of areas to four:

- London

- Reading (high concentration of IT firms)

- Ipswich (R&D) and

- Aberdeen (oil companies)

We distributed a link to a web-based survey to about 100 members of the Association of Residential Letting Agents to ask about highly-skilled migrants' demand for housing (see Annex B for text). The surveys ask letting agents about their general experience with non-EU nationals earning over £24,000 p.a. who are moving to the UK for work, as the agents are unlikely to be aware what type of visas their clients have, and therefore whether they are Tier 1 or 2 migrants.

We created the survey in two versions, one for letting agents and one for sales agents, as our preliminary enquiries indicated that where estate agents deal with both markets, lettings and sales are usually handled by separate teams. While we expected that most skilled migrants would live in the private rented sector, at least at first, the survey was intended to allow us to test that assumption and how they moved on. We also wanted to explore whether certain types of migrant prefer to purchase. We compiled a list of e-mail addresses from among ARLA members in each of these four cities. The link to the online questionnaires was distributed by e-mail during the last week of July and re-sent as a reminder in the first week of September.

The questionnaires covered the following topics:

- main nationalities of clients;

- numbers of such clients as a percentage of all clients, and changes over time;

- household type;

- type of housing required (location, price category, houses/flats) and whether this varies by nationality;

- whether certain nationalities cluster in particular neighbourhoods;

- normal length of stay (where renting); and

- any help with housing costs provided by employers.

Having reviewed the responses to the questionnaire, we arranged interviews with estate agents, relocation agents and major employers of Tier 2 migrants. These allowed us to discuss these issues in more depth, and to explore their views on the development of non-EU demand over the last decade and how it affects rents, prices and supply.

We interviewed representatives of three relocation agencies: one in London, one in Basingstoke and one in Aberdeen. Both the first two companies placed people across the UK but with a majority coming to London. The agency in Aberdeen deals only with Scotland and focuses mainly on Aberdeen itself. Because the relocation agencies work for companies rather than for individuals, they proved to be a good way of finding out about housing for ICTs. These interviews focused on :

- Tier 2 migrants' priorities in terms of housing, and how these vary by nationality/employment type/household type/location/income;

- the role of the relocation agencies in finding housing;

- particular issues that may affect some migrants' demand for housing (e.g. requirements for children's education, tax considerations, employer requirements that they live close to work, a preference for living close to other migrants);

- the range of employer contributions to employee housing; and

- whether and under what circumstances clients choose to purchase rather than rent.

It proved to be harder than expected to access people within companies of this type and once contacted they were generally reluctant to put people forward for interview. We conducted interviews with representatives of two major employers that frequently carry out intra-company transfers, an oil company and an IT consultancy, and one management consultancy. Both have London offices but the oil company is a major presence in Aberdeen and the IT firm has its main regional office in Reading. We also arranged for a third interview with a management consultancy but this was not possible to carry out as the interviewee was unwell.

The interviews focused on the numbers of incoming ICTs each year and their distribution throughout the year; the main nationalities of incoming ICTs; their main destinations within the UK, their expected length of stay; the balance between singles, couples and families; how and where their workers are housed, any provision / requirements that the employers make for their employees and the use (if appropriate) of relocation agents.

6. Quantitative findings from administrative sources

Estimating numbers based on qualifications and household types

In order to determine how migrants might affect housing demand and access, we need estimates both of the numbers of incoming migrants and their expected durations of stay. This allows us to calculate how the accumulated stock of migrants would evolve. Table 1 presents estimates for expected gross inflows of (long-term) migrants in 2011-12 associated with Tier 1 and Tier 2 migration, based on:

- numbers of visas issued in 2010/2011 in the categories most closely corresponding to the current Tiers 1 and 2, together with the numerical limits that have applied since April 2011 to some subcategories;

- A MAC (2010) 'scaling factor' estimate, representing the ratio of long-term (12 month +) non-EU migrant arrivals for work purposes (as recorded by the IPS) to visa issuances in the work-related categories, for 2009; and

- estimates of associated dependent numbers, based on historic ratios for the relevant visa types.

Overall numbers of Tiers 1 and 2 migrants

On the basis of existing migration figures we calculated how many migrants can be expected to enter the UK on Tier 1 and Tier 2 visas in 2011/12 – i.e., expected gross migration. We cannot simply extrapolate from 2010/11 figures as there were important rule changes that took effect in April 2011. The following figures therefore are based on certain assumptions, which we have tried to make clear. Here we are concerned only with new entrants in 2011/12. There is of course already a stock of migrants who entered with Tiers 1 and 2 visas in previous years, some of whom will have extended their visas for a further period, and some of whom can be expected to apply for permanent leave to remain in due course. This is further discussed below. Annex A contains information about the requirements for each type of Tiers 1 and 2 visa.

The expected number of entrants on main visas will be 53,320 (Table 1a). There will probably be some small number of visa recipients who do not actually use their visas, but because we have no basis on which to estimate this number we will assume that 100% of visas are taken up. In relation to the proportion of people with issued visas who in fact become long-term migrants (that is, come to the UK and stay for at least 12 months), we rely on MAC estimates of the observed ratio. MAC suggests that 68% of main visa applicants become long-term migrants (MAC 2010, Table B.3). Applying this figure to the 53,320 main visas issued gives a maximum of just over 30,000 main visa recipients who can be expected to stay for twelve months or more.

Some of the main visa recipients will be accompanied by spouses and/or children, which will add another 14,700 to the total number of long-term Tiers 1 and 2 entries in 2011/12 (Table 1b). The scaling factors which MAC has used to convert total migration into long-term migration are different for main applicants and for dependants. Interestingly (and somewhat counter-intuitively), Table 1b suggests that short-term migrants (those who stay for less than 12 months) are more likely to be accompanied by dependants than those who stay for longer. This may indicate that short-term migrants are generally more senior than long-term migrants, although we do not have any confirmatory evidence of this.

We therefore expect that there will be a maximum of about 45,000 new entrants under Tiers 1 and 2 this year (2011/12), including both main visa recipients and dependants. Table 1 shows our calculations. These are based on the numbers of visas issued in 2010/2011 in the categories most closely corresponding to the current Tiers 1 and 2, on the numerical limits that have applied since April 2011 to some subcategories. In particular, they assume that the volume of ICTs will

remain constant, and that the new quota of other Tier 2 migrants will be fully taken up. We calculated historic ratios of total household applicants to main applicants for each visa type and applied them to expected numbers of main visas in 2011/2012 to come up with total expected visa issuances, then applied scaling factors (taken from MAC 2010, table B.3) to reduce this to expected actual numbers of long-term immigrants.

If the figure of 45,000 new arrivals in 2011/12 is accurate, and if long-term immigration to the UK remains at the levels seen in previous years, migration from Tiers 1 and 2 migrants would represent about 7.7% of total inflows, including EU migrants. However the government's policy is to reduce net migration substantially, implying a reduction in immigration. If this reduction occurs, and numbers of Tiers 1 and 2 migrants are not also further reduced, then they would account for more than 7.7% of total inflows. The actual percentage will depend on the scale of the drop – and any further changes that might take place in Tiers 1 and 2 limits.

This analysis provides a projection of the potential importance of Tiers 1 and 2 immigration in the future. Looking at statistics for previous years, the Migration Advisory Committee estimated that in 2009 Tiers 1 and 2 migrants accounted for about 10% of non-EU migrants (MAC 2010 p. 130).

These estimates all relate to gross inflows, since it is these which are the direct subject of controls, though their objectives are framed in relation to net migration targets. To assess housing impacts beyond the short-term, we need to understand the likely evolution of outmigration flows by particular cohorts of Tier 1 and Tier 2 in-migrants – as well ideally as how they move within the UK. These will clearly be influenced by the way in which visa controls are enforced, and how durations of stay are managed in practice. Here we are dependent on guidance from official sources. But migrant flows are also likely to depend substantially on characteristics of the migrants themselves, their intentions and the roles they come to play in the economy.

Table 1: Expected number of migrants entering UK in 2011/12 under Tiers 1 and 2 of PBS (out-of-country visas only)

1a: Main visas

A	B	C	D	E
Visa type	*Limit from 2011*	*Main visas issued 2010/11*	*Main visas to be issued 2011/12 (from columns B and c)*	*Entrants on main visas 2011/12 who stay for at least 12 months (scaling factor: 0.58)*
Tier 1 exceptional talent	1,000	*	1,000	580
Tier 1 investors	None	205	205	119
Tier 1 entrepreneur	None	245	245	142
Tier 2 general (salary< £150,000)	20,700	8,735	20,700	12,006
Tier 2 general (salary > £150,000)	None		Say 1,000	580
Tier 2 intra-company transfer (long-term)	None	29,170	29,170	16,918
Tier 2 intra-company transfer (short-term)	None			
TOTALS		38,355	52,320	30,346

*No such category in 2010/11

Source: LSE London calculations based on Control of Immigration Statistics for year ending March 2011 and ONS provisional estimates of Long-Term International Migration for year ending September 2010. Scaling factor taken from MAC 2010, Table B.3

1b: Dependants

A	G	H	I	J
Visa type	*Total dependants visas issued 2010/11*	*Ratio of dependants/main visas 2010/11*	*Dependant visas to be issued 2011/12 (column D* column H)*	*Dependant entrants 2011/12 who stay for at least 12 months (scaling factor 0.39)*
Tier 1 exceptional talent	*	Say 1.5	1,500	585
Tier 1 investors	375	1.8	369	144
Tier 1 entrepreneur	300	1.2	294	115
Tier 2 general (salary< £150,000)			14,490	56,51
Tier 2 general (salary > £150,000)	25,380**	0.7	700	273
Tier 2 intra-company transfer (long-term)			20,419	7,963
Tier 2 intra-company transfer (short-term)				
TOTAL	26,055		37,772	14,731
FROM TABLE 1A: TOTAL LONG-TERM MIGRATION INFLOW ON MAIN VISAS				30,346
TOTAL OVERALL PROJECTED LONG-TERM INFLOW FROM TIERS 1 AND 2 VISAS INCLUDING DEPENDANTS				**45,077**
Approximate total annual long-term immigration (from ONS)				**586,000**
Tiers 1 & 2 migrants as % of total annual long-term immigration				**7.7%**

*No such category in 2010/11

**Includes a small number of dependants of other categories including ministers of religion and sportspeople

Source: LSE London calculations based on Control of Immigration Statistics for year ending March 2011 and ONS provisional estimates of Long-Term International Migration for year ending September 2010. Scaling factor taken from MAC 2010, Table B

Length of stay

The scaling factors in the final columns of Tables 1a and 1b (.58 and .39) could differ from the expected value of 1 for one of two reasons:

- individuals who receive Tiers 1 or 2 visas do not actually move to the UK; and/or

- some migrants with Tiers 1 or 2 visas stay for less than one year, and therefore are not recorded as 'migrants' in the immigration statistics because the expected duration of stay is less than 12 months.

Examination of published estimates from ONS of short-term migration flows for 2004-09 (Whitworth et al, 2011), and data on used Certificates of Sponsorship demonstrate that virtually all visas get converted into worker flows, but for a range of different durations. Only some of these flows will be counted as involving (long term) migration, with the residue being likely to fall very largely in the short-term migration category. Some other types of employment-related visa (in Tier 5 specifically) may be associated largely with very brief stays that fall below the minimum duration threshold to count as even short-term migration (as distinct from simply working visits). Thus there is a substantial group of migrants entering on Tiers 1 and 2 visas who stay for less than one year, including a disproportionately large share of the dependants (roughly 1.0 per main entrant, as compared with 0.5 for the actual ''migrants').

For housing purposes it is particularly important to know the distribution of length of stay for those who do spend at least one year in the UK. There are two sources of information:

1. examination of the distribution of visa types in relation to their legal duration, and evidence on extensions and applications for long-term settlement;

2. using information from the Annual Population Survey for a series of years (see below) to estimate the probability that migrants with similar characteristics remain in the country for particular numbers of years. This source does not (try to) cover people who have been in the country for less than 6 months: it would thus be expected (from the Whitworth et al evidence) to exclude 90% of the short-term employment migrants, as well as all those falling below its minimum stay threshold, and to be comprised almost entirely of long-term migrants.

In terms of evidence from administrative sources, all Tiers 1 and 2 visa holders *except* ICTs are permitted to apply for indefinite leave to remain after five years in the UK[3]. Home Office research (Achato et al 2010) showed that about 29% of those who were issued with employment-related visas in 2004 had achieved permanent settlement in the UK after five years. The research suggested that most applied for settlement as soon as they reached the five-year qualifying period. A further 11% were still in the country. Some of these could be expected to apply for permanent settlement at some point, although the proportion would probably be small as they were already able to apply but had not done so. From these sources, it therefore

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[3] The Government has recently consulted (and commissioned work to the MAC) on this issue with a view to potentially changing rights to employment-related settlement.

seems reasonable, based on past behaviour, to assume that about 30% of non-ICT Tiers 1 and 2 visa recipients will remain permanently in the UK. We expect about 45,000 total *migrants* to enter under Tiers 1 and 2 in 2011/12. Since these are by definition people remaining in the country for a year at least, the level of net migration associated with this flow would also be 45,000 (100%) at the end of this year. By 5 years later it would be expected to have fallen to some 36,000, and by (say) 10 years from first entry to something like 27,000. In the next few years, of course, the observed level of net migration by (otherwise similar) 'non-economic' migrants from outside the EEA should be significantly lower than this implies, because a proportion of those who entered previously (in rather larger numbers, under a looser migration regime) could also be expected to leave.

Incomes

Minimum income requirements apply to most holders of Tiers 1 and 2 visas. These minima vary by visa type. MAC (2010) contains information on actual entry salaries from UK Border Agency Management Information Data. These are summarized in Table 2.

The *median* entry salaries for Tier 2 migrants were fairly low, and in fact the median income for ICTs in 2009/10 of £40,000 is now the minimum for such migrants. However the *mean* income for Tier 2 migrants in 2009/10 was much higher, at £56,830, indicating that some Tier 2 migrants received high salaries (MAC 2010, p. 96). A breakdown of median salaries for Tier 2 jobs by 2-digit Standard Occupational Code 2000 classification showed that ICT migrants were always paid higher salaries than other Tier 2 migrants in the same occupational category (MAC 2010 p. 97). Under the current system the minimum salary for Tier 2 migrants is £20,000, but in 2009/10 there were some occupations where Tier 2 migrants on average earned less than £20,000, including Textiles, Printing and Other Skilled Trades; Caring Personal Service Occupations; and Elementary Trades, Plant and Storage-Related Occupations. The report does not indicate the numbers of migrants in these low-paid categories.

Table 2: Income and visa type: evidence from 2009-2010 under previous Tiers 1 & 2 regime

Visa type	Minimum income	Actual median incomes for July 2009-June 2010, including allowances
Tier 1 exceptional talent	None	No information
Tier 1 investors	From UK investments; no specific minimum	
Tier 1 entrepreneur	From own business; no specific minimum	
Tier 2 general (salary < £150,000)	£20,000	RLMT £29,000
		Shortage occupation £23,000
Tier 2 general (salary > £150,000)	£150,000	
Tier 2 intra-company transfer (long-term)	£40,000, of which no more than 40% from housing allowances	£40,000
Tier 2 intra-company transfer (short-term)	£24,000, of which no more than 30% from housing allowances	

Source: Annex A and MAC (2010), pp 96-97

Analysis of UK Border Agency Management Information Data shows that the earnings projected by employers for Tier 2 migrants are reasonably high – as would be expected – though there is quite a lot of variability. The pattern of earnings (and earnings plus allowances) differentials shows significant differences related to nationalities of origin, Tier 2 routes (ICTs, shortage occupations and RLMT cases), and whether the applicant was in or out of the country when applying. In particular, after controlling for occupational differentials, people from rich countries and those coming through ICTs tend to earn more. But the effect is largely concentrated among people from rich countries coming through ICTs – suggesting that ICTs are used in different ways for the two groups (with cheapness of labour perhaps being more critical in one case and personal indispensability in another).

Locations of employment

Analysis of UK Border Agency Management Information Data on Certificates of Sponsorship for Tier 2 migrants shows that the employers are spatially concentrated. We can therefore assume that employee workplaces—and by extension residences—are also concentrated. This appears to be supported by our qualitative research. At district level, as Table 3 shows, 9 of the top 25 local-authority areas in terms of the numbers of recent Tier 2 migrants employed there are London boroughs, including a cluster of 6 in the centre which together account for more than a third of the national inflow. This degree of concentration, as perhaps might be expected, is rather higher than for most employment- related migration (where the share of London as a whole has been about 30%, except in the case of A8 migrants, where it is substantially lower). The greatest concentration is in the City and its eastward extension in Canary Wharf (within Tower Hamlets LB), where the inflow over the 2.5 years covered by the data source was equivalent to over 3% of total local employment – 10 times the average across the UK as a whole. By contrast, although Manchester, Birmingham/Solihull, Leeds and Edinburgh also enter the top 10 listing, it is notable that these other major cities together account for less than a quarter of the number of Tier 2 migrants compared with the 6 boroughs in the centre of London.

Table 3: Certificates of sponsorship issued 2009-2011 by location of sponsor: Top 25 districts and London boroughs

	District	Number (000s)	% of national total	As % of local jobs
1.	City of London	11.2	12.1%	3.1%
2.	Tower Hamlets LB	7.6	8.2%	3.5%
3.	Westminster LB	6.4	6.9%	1.0%
4.	Southwark LB	2.8	3.0%	1.2%
5.	Camden LB	2.0	2.2%	0.7%
6.	Hillingdon LB	1.9	2.1%	1.0%
7.	Islington LB	1.9	2.0%	0.9%
8.	Edinburgh	1.6	1.7%	0.5%
9.	Suffolk Coastal	1.5	1.6%	2.5%
10.	Milton Keynes	1.4	1.5%	0.9%
11.	Leeds	1.3	1.4%	0.3%
12.	Reading	1.2	1.3%	1.2%
13.	Hounslow LB	1.1	1.2%	0.8%
14.	Birmingham	1.1	1.2%	0.2%
15.	Manchester	1.1	1.2%	0.3%
16.	Lambeth	1.1	1.2%	0.7%
17.	Aberdeen City	1.0	1.1%	0.5%
18.	Swindon	0.8	0.9%	0.7%
19.	Runnymede	0.8	0.9%	1.4%
20.	Macclesfield	0.8	0.9%	0.9%
21.	South Gloucestershire	0.8	0.9%	0.5%
22.	Ealing LB	0.8	0.9%	0.6%
23.	Solihull	0.8	0.8%	0.8%
24.	Cambridge	0.7	0.8%	0.8%
25.	Wokingham	0.7	0.8%	1.0%

Note: Data relate to the location of the sponsoring employer for all used CoS in the period December 2008-May 2011 (30 months).
Source: LSE London analysis of UK Border Agency Management Information Data on Certificates of Sponsorship

This very high degree of migrant concentration reflects the high representation within these particular localities of the types of key and/or shortage jobs eligible under the PBS to be filled by Tier 2 workers from outside the EEA. However, as in the central London case, particularly, it is clear that workers can commute into these workplaces from other areas that may not be very close by. Hence the housing market impacts may be much more widely diffused and proportionately less significant in their impacts on local demand.

A more relevant spatial basis on which to assess such potential impacts is the Travel to Work Area, which provides a reasonable operational approximation to effective local housing market areas, as well as to the local labour market areas they are

intended to represent[4]. This is the spatial level on which we shall primarily focus in our analyses. Table 4 provides another 'league table' of the areas of principal concentration in TTWA terms – with the ordering in this case based on the ratio of Tier 2 migrants to total local jobs (rather than sheer numbers). Unsurprisingly, at this geographic scale, the top values for this ratio are much lower than observed in the central London boroughs, with a ceiling of just below 1%. This is equivalent in annualised terms to the addition of a maximum of 0.4% to the local workforce and potentially to housing demand, though in particular segments of the housing market their significance could still be a lot greater.

Table 4: Certificates of sponsorship issued 2009-2011 by location of sponsor: Travel to Work Areas of main concentration

TTWA	Number (0000s)	As % of national total	As % of employment in area
London	43.4	46.9%	0.8%
Reading & Bracknell	2.9	3.1%	0.9%
Guildford & Aldershot	2.1	2.3%	0.5%
Ipswich	1.7	1.9%	0.9%
Milton Keynes & Aylesbury	1.8	1.9%	0.7%
Edinburgh	1.6	1.8%	0.4%
Wycombe & Slough	1.4	1.5%	0.5%
Swindon	1.2	1.3%	0.5%
Crawley	1.2	1.3%	0.4%
Aberdeen	1.1	1.2%	0.4%
Luton & Watford	1.1	1.2%	0.3%
Cambridge	1.0	1.1%	0.4%
Stevenage	0.8	0.9%	0.4%
Norwich	0.9	0.9%	0.4%
Bournemouth	0.6	0.7%	0.4%
Basingstoke	0.5	0.6%	0.6%
Newbury	0.4	0.4%	0.5%
Calderdale	0.3	0.3%	0.3%
Whitehaven	0.1	0.1%	0.4%
St Andrews & Cupar	0.1	0.1%	0.4%
Pembroke & Tenby	0.1	0.1%	0.3%
Unassigned	0.2	0.2%	..
Other identified areas	28.0	30.3%	0.1%

Note: Data relate to the location of the sponsoring employer for all used CoS in the period December 2008-May 2011 (30 months).
Source: LSE London analysis of UK Border Agency Management Information Data on Certificates of Sponsorship

In TTWA terms, the geography of concentration of Tier 2 migrants is more obviously regional in scale, with the areas of greatest relative density being found very largely within the area identified by Peter Hall (1987) as the Greater South East, bounded by a line linking Cambridge, Milton Keynes, Swindon and Bournemouth – though as in maps of economic dynamism and labour market tightness, it is London and the

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[4] Though in both cases, it needs to be understood that such market areas are well short of 100% closure, with a significant share of impacts being likely to spill over into nearby TTWAs, especially where there are tight supply constraints in the main area.

western crescent which are strongly represented, rather than Kent, Essex or East Sussex. Ipswich is a striking outlier from this concentration, matching Reading/Bracknell at the top of this table, because of what appears an R&D offshoot from the Cambridge cluster.

Outside this core region, the only two TTWAs that are significant both numerically and in terms of the Tier 2 jobs ratio are Edinburgh and Aberdeen. This seems to reflect their distinctive (international) roles within financial services and the oil industry, respectively. Simple statistical analyses suggest, however, that the broad pattern of concentration (relative to employment) is related primarily to the proportion of local jobs in IT and financial services, and secondarily to the overall level of employment in the TTWA (proxying its importance and the likely status and market areas of activities based there[5]).

Gender

The gender mix of Tier 2 (main) migrants is skewed towards males – and much more so among Indian nationals than for those coming from elsewhere (81% against 63%)[6]. In age terms, they are relatively young, as expected of international migrants, with strong concentration in the 25-34 age range. This is particularly marked for Tier 2 migrants from India, 76% of whom were in this age group (among arrivals in the last year), while other countries included more sizable minorities in the middle age ranges, most notably among those coming from rich countries.

Nationality

Within the Tier 2 category, it is Indians who stand out as much the largest national group, accounting for 55% of the total, followed by US citizens with 13% and then Australians, Canadians, Chinese, Filipinos, Pakistanis and South Africans with 2-3% each. The position of Indians is potentially distinctive, not only because of the gender mix but also because they are especially concentrated in two of the ICT sub-tiers (where they account for around 75% of cases), rather than the General Migrant category – and may therefore generate different housing market dynamics. Given the evidence of important differences between the positions of migrants from richer and poorer nations, we thus chose to work with three basic nationality groups:

- Indians,

- nationals of other poor countries and

- nationals of richer countries (US, New Commonwealth, Japan and Korea).

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[5] This is not simply a London effect – since London is by no means an outlier in terms of its overall Tier 2: jobs ratio– and the best fitting (positive) relationship is actually with the square root of total TTWA jobs.

[6] This seems to partly attributable to the strong male (as well as Indian) preponderance among ICTs.

Conclusions

These data suggest some starting points for assessing the potential impacts of Tiers 1 and 2 migrants on housing demand and the housing market:

- first, the overall estimate of 45,000 migrants in 2011 includes just 30,000 main migrants (as distinct from dependants), representing a maximum possible number of additional households;

- second, these migrants tend not only to be relatively young, but also mostly either single or unaccompanied (since on average they are associated with only 0.5 dependants). Thus

- third, many might be expected to share accommodation, at least initially;.

- fourth, the majority come from India and are concentrated in two ICT sub-tiers with potentially distinctive housing demand characteristics (including short durations of stay); and

- perhaps most importantly in terms of their aggregate impact on local housing markets, arrivals over the past 2.5 years make up no more than 1% of employment in any TTW area, and their concentration is below 0.5% in all but four: London, Reading, Ipswich and Milton Keynes. At the other extreme, nearly 30% of arrivals are spread very thinly across the country.

7. Quantitative findings from the Annual Population Survey

The administrative sources discussed above give us a picture of the migrants as they arrive in the UK but do not provide much information on the way their households and housing consumption develop subsequently. We therefore constructed a dataset of households with characteristics similar to those of Tier 2 migrants in terms of various indicators, and used this dataset to examine the likely housing characteristics of Tier 2 migrants. The information available from this source is very much fuller for workers in Tier 2 than for those in Tier 1. Tier 2 is expected to be the source of a very much larger number of migrants (by a factor of about 30 on the figures presented in Table 1). It should be noted, thought, that because Tier 1 is likely to include a much larger share of very high earners / high wealth individuals, they may still have a disproportionate impact on the housing market.

The overall database amalgamates six calendar years of the Annual Population Survey (APS) 2004-09. Combining years provides a more robust sample of migrant groups who account for only small proportions of the population. This will clearly include people who came in under different migration policy regimes, though it does not include the years of peak asylum-seeker arrivals around the year 2000. In total the database includes some 2.4 million individual cases, though with an element of duplication[7] from respondents surveyed in successive years: the actual number of distinct individuals covered is 1.7 million.

Tiers 1 and 2 migrants are obviously not identifiable from this source, both because the PBS was not in full operation before the last year which it covers and because administrative statuses are not recorded in the APS. We do, however, now have data (from MAC / UKBA) on a number of key characteristics of those with visas issued under PBS tiers, specifically:

- occupations and salaries for RLMT, shortage occupation and ICT cases (Tier 2),

- workplace postcodes by dates of CoS (Tier 2 and work permits),

- age group * sex * nationality for sub-Tiers (Tier 1),

- age group * sex * nationality (Tier 2),

- nationality by sub-tier (Tier 2), and

- Long Term Residence Grants (Tier 1 sub-tiers and Tier 2) with prospective earnings/qualifications (Tier 2).

We used these data to identify from the 2006-09 APS file a sub-sample of migrants with similar characteristics (including household structure) to those of Tier 2 migrants in terms of:

- age, sex and nationality;

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[7] And occasional triplication.

- workplace location; and

- occupation / earnings.

For the duration-of-residence estimates it is important to use characteristics which are effectively fixed, in order to compare shifting counts of the numbers reported as arriving in a particular period. This rules out the use of either current residence or earnings. We therefore restricted the APS sample to those who could be reasonably expected to have completed their education prior to arrival in the UK, and use a qualification cut-off (those educated to degree level) in place of earnings.

In analysing the household characteristics we treated those receiving Tier 2 visas as the main migrants, excluding the dependants who may have arrived at the same time or subsequently. We used the characteristics of these main migrants (including their earnings levels) as determinants of household structure—that is, we did not start with independent estimates of dependency rates, and then attempt to impute characteristics of a mixed group of main migrants plus dependants.

Head-of-household status

In order to match data from the APS with English Housing Survey information we need to clarify the role of migrants in the household – and thus the types of household in which they live. Tables 5 and 6 show that overall, 71% of Tier 2-type migrants are household representatives. Those from India are most likely to be household representatives, while those from rich countries are somewhat less likely to have this status. Those who are household representatives are either single or have their own families. Those who are not may be living in multi-adult households or within another household – in either case they do not generate demand for additional units.

Table 5: Tier 2-type migrants: Household status by country-of-origin group (%)

Household status	Country-of-origin groups			
	Rich non-EEA	*India*	*Poor non-EEA excluding India*	*Total*
Household representative	66	76	68	71
Not household representative	34	24	31	28
Total	100	100	100	100

Source: LSE London analysis of APS data. Percentages may not sum to 100 because of rounding.

The percentage of Tier 2-type migrants who are household representatives falls the longer the migrants have been in the UK (Table 6). Some 76% of Tier 2-type migrants are household representatives on arrival in the UK, but after six years the proportion falls to 53%. This is a quite surprising finding given the gender and age of the migrants – but is most easily explained by household fusion, fission and partnering resulting in new household types

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Table 6: Tier 2-type migrants: Household status by time in UK by (%)

Status in household	Years since arrival in UK						Total
	0	*1*	*2*	*3*	*4*	*5*	*Total*
Household representative	76	73	75	71	71	66	71
Not household representative	24	26	25	29	29	34	28
Total	100	100	100	100	100	100	100

Source: LSE London analysis of APS data. Percentages may not sum to 100 because of rounding.

Household type

About 64% of the English population overall lives in single-person or couple households but for Tier 2-type migrants the proportion is less than 50% (Table 7). Overall about 14% of Tier 2-type migrant households are single people, but for migrants from poor countries (excluding India) the proportion is 20%--still well below the figure of 29% for all English households. A further 32% of all Tier 2-type migrant households are couples (vs 35% of all English households). While migrants from poor countries are more likely to live alone, migrants from rich countries are comparatively more likely to live in couples.

Some 36% of Tier 2-type migrant households consist of one or two parents and at least one child[8], as compared to 29% for all English households. This reflects the age at which migrants come into the country and their consequent patterns of family formation.

In addition to these family households there are sizeable proportions of 'couple/family and other adults' and 'other multi-adult households'—which together account for 17% of Tier 2-type migrant households. This is more than twice the proportion of such households in the English population as a whole. Such households include both multi-generational households and unrelated sharers; we would expect the latter type to be fairly prevalent among Tier 2-type migrants. This is a very usual way of addressing the housing decision at entry especially among those who do not want to spend too much of their income on housing and who expect to return home in the relatively near future. If they remain in the UK the expectation is that these types of household would eventually re-form as separate households.

Tier 2-type migrants will therefore generate demand for a range of housing types, from small flats suitable for single people or couples to accommodation that enables sharing and large family houses. Compared to the overall population, however, Tier 2-type migrants tend to live in larger households (some of which are made up of single sharers and may live at much higher densities than average). Migrants from richer countries can be expected to generate somewhat more demand for smaller units, and migrants from poorer countries for larger units—but the differences are small.

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[8] Some of these will be two-person households—one parent, one child—but we have included them in the 'large household' category in order to limit the number of categories for analysis. Households made up of one parent and one child accounted for 7% of English households in 2008, according to the LFS.

Table 7: Household type by country-of-origin group (%):
Tier 2-type migrant households:

Household type	Country-of-origin groups				Overall England (2008)
	Rich non-EEA	India	Poor non-EEA excluding India	Total	
Single person	13	12	20	14	29
Couple only	38	33	25	32	35
TOTAL SMALL HOUSEHOLDS	*51*	*45*	*45*	*46*	*64*
Parent(s) and children alone	28	37	41	36	29
Couple/family and other adults	7	5	6	6	8
Other multi-adult household	15	12	7	11	
TOTAL LARGE HOUSEHOLDS	*50*	*54*	*54*	*53*	*37*
Total	100	100	100	100	100

Source: LSE London analysis of APS data, DCLG Live Table S108: Household type by tenure, England 2008. Totals may not add due to rounding.

Migrants who work in London's financial centre are more likely to live in small households than those working elsewhere in the UK (Table 8). However it is difficult to say precisely what this might mean for housing demand in surrounding areas as the radius of commuting around the City of London is so large. Migrants working in the City can be expected to live not just in neighbouring areas but throughout greater London and across the Southeast. Having said that, there is a large concentration of high rise blocks of flats in nearby Canary Wharf, many of whose units are privately rented. These would provide good accessibility for small and even sharing migrant households relocating to work in the City.

Table 8: Household type by location of workplace (%):
Tier 2-type migrant households:

Household type	Location of workplace				
	City / Tower Hamlets	Rest of Greater London	Rest of Greater South East	Rest of UK	Total
Single person	17	13	13	14	14
Couple only	41	35	27	28	32
TOTAL SMALL HOUSEHOLDS	*58*	*48*	*40*	*42*	*46*
Parent(s) and children only	22	33	42	43	36
Couple/family and other adults	8	8	4	5	6
Other multi-adult household	12	10	14	10	11
TOTAL LARGE HOUSEHOLDS	*42*	*51*	*60*	*58*	*53*
Total	100	100	100	100	100

Source: LSE London analysis of APS data. Percentages may not sum to 100 because of rounding.

Housing tenure

About three-quarters of Tier-2 type migrant households live in the private rented sector, and about one-fifth own their own homes (Table 9). Compared to the population as a whole, Tier 2-type migrant households are five times more likely to

live in private rented housing while their propensity to be home owners is less than a third that for the general population (Table 9, last two columns).

The table also indicates that about 3% of Tier 2-type migrant households live in social housing. This table presents data about people who *share characteristics with Tier 2 migrants*—not actual Tier 2 migrants. We would not expect to find any actual Tier 2 migrants living in social housing unless they formed a household unit with an eligible resident or until they themselves qualified for welfare benefits which would entail change of visa status.

Table 9: Housing tenure by country-of-origin groups (%): Tier 2-type migrant households

| Housing tenure | Country-of-origin groups | | | | *Overall England (2008)* |
	Rich non-EEA	*India*	*Poor non-EEA excluding India*	*Total*	
Owner occupier	17	18	28	20	68
Social renting	1	4	4	3	18
Employer housing	3	6	4	5	14
Other private renting	77	71	63	70	
Living with relative or rent free	3	1	1	1	
Total	100	100	100	100	100

Source: LSE analysis of APS data, DCLG Live Table S103, Household Type by Tenure, England 2008. Totals may not add due to rounding.

Over time this picture changes. The longer Tier 2-type migrant households stay in the UK the more likely they are to become homeowners (Table 10). After six years their owner-occupation rate is still much lower than average but has risen to 45%, as compared to the 68% figure for the English population as a whole. Earlier evidence suggests that it takes about 10 years before a migrant household would near the national average given household structure (Whitehead, 2011).

Table 10: Housing tenure by number of years since arrival in UK (%): Tier 2 type migrant households:

| Housing tenure | Years since arrival in UK | | | | | | | | *Overall England (2008)* |
	0	*1*	*2*	*3*	*4*	*5*	*6*	*Total*	
Owner occupier	4	8	14	25	29	42	45	20	68
Social renting	1	2	5	5	3	5	5	4	18
Employer housing	2	6	5	3	5	6	0	5	14
Other private renting	86	82	75	67	61	46	50	70	
Living with relative or rent free	6	2	1	0	2	1	0	2	
Total	100	100	100	100	100	100	100	100	100

Source: LSE London analysis of APS data, DCLG Live Table S103, Household Type by Tenure, England 2008. Totals may not add due to rounding.

Not surprisingly, Tier 2-type migrants working in the City are most likely to live in private rented accommodation and least likely to own their homes, while those working outside the greater South East are most likely to be homeowners (Table 11). Some 16% of Tier 2-type households with employment in the City are owner-

occupiers as against 25% for those working outside the Greater Southeast. The relativities are similar for the population at large although the proportions are quite different: according to LFS data from 2008 some 55% of all London households owned their own homes, as compared to about 70% in the rest of England.

Table 11: Housing tenure by location of migrants' workplaces (%)
Tier 2-type migrant households:

Housing tenure	Location of workplace				
	City / Tower Hamlets	Rest of Greater London	Rest of Greater South East	Rest of UK	Total
Owner occupier	16	22	17	25	20
Social renting	1	3	4	5	3
Employer housing	0.5	2	5	10	5
Other private renting	80	71	73	59	70
Living with relative or rent free	2	2	1	1	2
Total	100	100	100	100	100

Source: LSE London analysis of APS data. Percentages may not sum to 100 because of rounding.

Using the English Housing Survey to compare behaviour

A rather different approach to estimating the impact of migration on demand for housing is to clarify the main factors affecting demand among the general population, and then to compare the migrant population to that pattern. In so doing we note again that in the short run after immigration, migrant households are very heavily concentrated in the private rented sector and often consume far lower levels of housing than their indigenous counterparts, even in the owner-occupied sector. However over time the migrants who remain, and who tend to from poorer countries, will start to look more like their indigenous counterparts. Those who stay 10 years or more (whom we estimate on past trends to be around 60% of the total) will consume much the same housing as those who have lived here all their lives.

One obvious aspect of the UK housing system is that consumption of housing is highly correlated with owner occupation. So as migrants settle in the country and their incomes increase they tend to move into that tenure. In this context it is worth exploring how the major differences between migrants and the population as a whole impact on the expected level of owner-occupation.

Table 12 uses a logit model to clarify the extent to which the attributes of households in owner-occupation differ in terms of household attributes from those who are not. This measures propensities against an identified base case. It shows therefore that younger households (and the majority of migrants are initially under 35) have far lower propensities to be owners than older households, but that even people in this age group clearly move in order to own.

Similarly, ownership is much lower among single and multi-adult households than among couples and those with children. So migrants, who disproportionately start their housing careers in the UK with no, or mainly adult, dependants, are again less likely to own. On the other hand, those who are skilled workers or professionals/managers are far more likely to own than average – and Tiers 1 and 2 workers fit these categories. This suggests that as they 'normalise' their ownership rates can be expected to become higher than the general average.

Table 12: The propensity to own by age, household type, social class and mobility

		all household	mover households only
Age group	-25	.11*	.20*
	26-35	.35*	.38*
	36-45	.67*	.62*
	46-55	.90*	.63*
	56-65	1.09*	.55*
	66+	1	1
Household type	single person	.95*	1.60*
	couple alone	2.93*	3.51*
	parent(s) and children alone	1.90*	2.16*
	couple/family and other adults	2.68*	3.63*
	multi-adult	1	1
Social class	professional/skilled	3.69*	3.44*
	non skilled	1	1
	Constant	.96	.37

Source: LSE London calculations from EHS, 2007
* significant at 5% level

This analysis shows that while some attributes of Tiers 1 and 2 migrant households suggest that they will have far lower than average levels of owner-occupation (and by implication consume less housing overall), the particularly low levels of owner-occupation seen on entry are specifically about migration itself. As people settle they become more like their indigenous counterparts -- but many do not settle and are replaced by others with similar attributes. This appears to be particularly the case for ICTs, especially those from India, where the qualitative analysis suggests they choose to spend relatively little on housing.

Those migrants who do remain are likely to demand housing in a very similar fashion to their indigenous counterparts. On the estimates above, this would suggest that some 25,000 of the households entering in any given year will within a decade demand similar housing to those with similar incomes and housing attributes. The following tables from the English Housing Survey help to clarify the nature of that demand.

Tables 13 - 17 present data on the housing of English households with incomes of over £20,000 that are headed by skilled workers. We will call these households the 'comparator group'. These filters were chosen because the lower salary limit for Tier 2 shortage occupation entries is £20,000, and all workers in Tiers 1 and 2 are skilled. Thus these tables allow us to examine how English households of similar skills and incomes to the Tiers 1 and 2 migrants are accommodated.

Table 13 clarifies the extent to which Tier 2-type migrants are atypical initially in terms of their preparedness to be owner-occupiers as compared to similar households already in England. Of all comparator group households, 88% own their own homes and 9% are private renters. Among Tier 2-type migrants, however, 75% are private tenants and only 20% are owner-occupiers. The proportion in owner-

occupation is highest at 28% among Tier 2-type migrants from poor countries other than India and lowest among migrants from rich countries. Some three-quarters of migrants from all countries of origin live in the private rented sector as compared to only 9% of similar households in England.

Table 13. Housing tenure: Tier 2-type migrants vs all skilled-worker households with incomes over £20,000 (%)

Housing tenure	Tier 2-type migrant households				All households
	Migrants from rich non-EEA countries	Migrants from India	Migrants from poor non-EEA countries excluding India	All Tier-2 type migrants	All skilled-worker households in England with incomes over £20,000
Owner-occupier	17	18	28	20	88
Private tenants	80	77	67	75	9
Social renting	1	4	4	3	3
Living with friends/ family	3	1	1	1	1

Source: LSE London analysis of LFS and EHS data

Similarly, Tables 14 and 15 show that regardless of household type or age, comparator group households are overwhelmingly likely to own their own homes. About 90% of couples and families in this category are home owners, but so are 81% of single people. Only for multi-adult households (initially particularly relevant for migrant groups) is the proportion considerably lower, at 66%. These are the types of household most likely to live in private rented housing (29%).

Table 14. Household type by housing tenure: all skilled-worker English households with incomes over £20,000 (%)

Household type	Housing tenure			
	Owner occupier	Private tenants	Social tenants	Living with friends/family
Single person	81	14	4	1
Couple alone	89	9	2	1
Parents and children alone	89	7	4	0
Couple/family and other adults	93	3	3	1
Multi-adult	66	29	2	3
All such households	88	9	3	1

Source: LSE London analysis of EHS data

Table 15 shows that even among the youngest comparator-group households— those headed by people 25 years old or younger—over half are owner occupiers. The proportion of owner-occupiers goes up steadily with age and over 3 in 4 of the next group of between 25 and 34 already own – this is the most important group among migrants. The youngest group is the most likely to live in private rented accommodation, and the likelihood of living in this tenure declines steadily with age.

Table 15. Age group by housing tenure:
all skilled-worker English households with incomes over £20,000 (%)

Age of head of household	Housing tenure			
	Owner occupier	Private tenants	Social tenants	Living with friends/family
25 and under	55	36	6	4
26-35	77	18	4	1
36-45	88	9	3	0
46-55	92	5	3	0
56-65	94	4	2	0
66+	94	2	3	1
All such households	88	9	3	1

Source: LSE London analysis of EHS data

Table 16 clarifies that most comparator-group households live in houses rather than flats, with only 10% of this group living in a flat, maisonette or other type of dwelling. This is true even among single people, among whom 70% live in houses. Larger families (parents with children or couples and families with other adults) are the most likely to live in detached houses.

Table 16. Accommodation type by household type:
all skilled-worker English households with incomes over £20,000 (%)

Household type	Accommodation type		
	Detached house	Semi-detached or terraced house	Flat/maisonette/ other
Single person	20	50	29
Couple alone	41	49	10
Parents and children alone	37	59	4
Couple/family and other adults	42	55	2
Multi-adult	16	57	24
All such households	36	53	10

Source: LSE London analysis of EHS data

Finally, table 17 shows that about 70% of comparator-group households of all ages have two or three bedrooms. This percentage is remarkably consistent across age groups suggesting that there is not much of an age 'ladder' in terms of space. Of those under 25, 72% live in dwellings with one or two bedrooms, while for those 56-65 the percentage is the same.

Table 17. Number of bedrooms by age group:
all skilled-worker English households with incomes over £20,000 (%)

Age of head of household	Number of bedrooms			
	1	2	3	4+
25 and under	11	22	50	17
26-35	9	26	46	20
36-45	9	26	45	20
46-55	9	25	45	20
56-65	9	26	46	19
66+	7	24	46	23
All such households	9	26	45	20

Source: LSE London analysis of EHS data

The most important implications of these findings are that:

- Initially migrant households do add to demand simply by adding to the number of households (with over three quarters becoming household living in separate accommodation);

- however they tend to live in private rented accommodation and to consume very much less housing than equivalent resident households – this is particularly true for the one in six migrant multi-adult households, most of whom will be located in the private rented sector. The qualitative data suggests that many of the Indian ICTs will be among this group;

- as migrant households become more settled they not only change the nature of their households – partnering with residents or other migrants, bringing in dependants or breaking up sharing arrangements – but they also start to increase their housing consumption and become owners;

- this process starts quite quickly but it still takes over a decade before migrants consume similar levels and types of housing to the indigenous population.

Thus the impact of immigration on demand depends very heavily on turnover among migrants. If people stay relatively short periods they will mainly consume less housing than their indigenous counterparts and will remain disproportionately in the private rented sector. If they stay they will become owner-occupiers, living in higher quality housing within reach of their work, probably mainly in the suburbs of London and the Greater South East.

A final question with respect to demand is the scale of the impact of Tiers 1 and 2 migrants on the market. Clearly migrants impact immediately on demand and compete with other mobile households. Table 18 gives a rough estimate of the percentage of mover households in London and the rest of England that are Tiers 1 and 2 migrants. The total projected number of main out-of-country Tiers 1 and 2 visas in 2011/12 is 30,346 (Table 1). We treat this as the expected annual number of Tiers 1 and 2 migrant households—assuming that each visa accounts for one household. This might in fact be a slight overcount, as a few households may contain more than one individual with a Tier 1 or 2 visa. This figure applies to the UK. Within that number there are two large concentrations outside England in Edinburgh and Aberdeen accounting for some 1,700 Tier 2 migrants. We therefore assume that roughly 2,000 Tier 2 migrants go to locations outside England. These figures

suggest that Tiers 1 and 2 migrants account for only one percent of all movers across England and even in London the proportion is no more than 3.5 % in London.

While these are very small numbers it can be argued that, especially in the areas of Reading and Milton Keynes they are large enough to have a direct effect on availability and prices – and to shift some housing from owner-occupation into the private rented sector. The impact on new supply depends on the expected price elasticity of supply, which is itself very low.

Table 18. Movers in London and England: Tier 2-type migrants and all movers

	London	Rest of England	Total
Annual number of mover households (2007)	395,405	1,948,997	2,344,402
Annual number of incoming Tiers 1 and 2 households	14,232	14,114	28,346
Tiers 1 and 2 as % of all mover households	3.6	0.7	1.2

Source: LSE London analysis of EHS; Tables 1 and 2b of this report

Effects on demand for housing over time

The APS survey evidence does allow us, with many assumptions and based on past experience, to make a projection of the potential numbers of Tier 1 and Tier 2 migrants who will require housing in different tenures over the years from first arrival. Table 19 starts from our assumption that around 30,000 main visas will be issued and that some 76% of these individuals would form separate households. Thereafter the changes in the numbers arise from both household formation and departures from the country. The second generation of numbers has a large margin of error because of the recent change in the mix of entrants, some of whom may very well be expected to turn over rather more quickly than migrants who arrived in earlier years.

As Table 19 shows, the longer migrants stay, the more likely they are to move into owner-occupation. However, it also suggests that large numbers will leave around the 4 to 5 year mark, and even more over the following 5 years. By year 20 after arrival the percentage of migrants in owner occupation is above indigenous proportions – but the numbers involved are projected to be only just over 10% of the original total. In addition it should be noted that while there is some movement into social housing particularly after 2 years, the numbers are very small and decline.

Table 19: Tier 2 migrant households remaining by years after arrival

Number of years after arrival	Number of Tier 2 migrant households	Housing tenure by year (000s of households)				
		owner occupier	social renting	employer housing	other private rental	living with relative or rent free
0	22.7	0.4	0.4	0.7	19.3	1.9
1	22.0	1.6	0.3	1.4	18.4	0.4
2	20.6	2.1	1.3	1.3	15.6	0.4
3	18.1	3	0.6	0.7	13.8	0
4	16.6	3.8	0.6	0.8	10.9	0.5
5	12.5	4.9	0.5	0.8	6.2	0.1
Projected						
10	5.3	3.1	0.2	0.3	1.6	0.1
20	2.5	2	0.1	0.2	0.2	0

Source: LSE London calculations

Notes for Table 19
1. Years 0-5 based on 2004-2009 APS data for the sample of quasi-Tier 2 migrants arriving from 2003 onwards
2. Year 5 data actually based on (weighted averages) for those with 5 or 6 years residence, since available sample is more restricted
3. Migrant numbers for year 2 and onwards are based on a pattern of 'survival' rates for all employed/qualified non-EEA migrants with specific durations of stay as derived from the 2004-2009 APS
4. Household projections for years 10 and 20 are based on non-linear regressions of time trends in ratios and proportions up to year 6.

Table 20 addresses the question of accumulation. It simply sums the number of migrants expected to be in the country with every passing year, using an assumed start date of 2011/12 (it could be presented as in Table 19 as year 0, year 1 etc). The total numbers of Tiers 1 and 2 migrants in the country increase over time but at a decreasing rate as the impact of exit increases. In later years this exit element will become more important, as after ten years only about 10% of original entrants remain. The implication is that Tiers 1 and 2 migration could lead to perhaps 112,000 additional households in the country after 5 years – although this takes no account of other effects such as a decline in overall household formation rates, partly as a result of partnering and partly through housing market pressures.

Table 20: Total accumulation of Tier 2 migrant households up to 2017 (000s of households)

Year of visa issuance	000s of households resident by year					
	2012	2013	2014	2015	2016	2017
2011/12	22.7	22.0	20.6	18.1	16.6	12.5
2012/13		22.7	22.0	20.6	18.1	16.6
2013/14			22.7	22.0	20.6	18.1
2014/15				22.7	22.0	20.6
2015/16					22.7	22.0
2016/17						22.7
TOTAL	22.7	44.7	65.3	83.4	100.0	112.5

Source: LSE London calculations

The numbers entering owner-occupation up to 2017 remain low (Table 21). As on this simple projection approach, 86% of migrants will still be in the private rented sector, employer housing or living with friends and family (Table 22), the main impact will be on rents. As already noted, even in London and Reading, the proportion of all movers who are migrants remains small so while there will be an impact on rents it is not likely to be large. In addition there might be some supply response within the existing stock with conversion and reduced vacancy rates the most likely. There will also be a small knock-on effect on house prices as units transfer into the rented sector.

Table 21: Accumulation of Tier 2 migrant households in owner-occupation up to 2017 (000s of households)

Year of visa issuance	000s of households in owner-occupation					
	2012	2013	2014	2015	2016	2017
2011/12	0.4	1.6	2.1	3.0	3.8	4.9
2012/13		0.4	1.6	2.1	3.0	3.8
2013/14			0.4	1.6	2.1	3.0
2014/15				0.4	1.6	2.1
2015/16					0.4	1.6
2016/17						0.4
TOTAL	0.4	2.0	4.1	7.1	10.9	15.8

Source: LSE London calculations

The direct effect on owner occupation will also be limited because of the small numbers involved. Indeed, one could reasonably argue that the impact of immigration on prices is much less than the impact of demand from international non-residents, which currently accounts for maybe half of sales of all new-build dwellings in London.

Table 22: Accumulation of Tier 2 migrant households in private rented, employer, relatives' or rent-free housing up to 2017 (000s of households)

Year of visa issuance	000s of households in private rented housing					
	2012	2013	2014	2015	2016	2017
2011/12	21.9	20.2	17.3	14.5	12.2	7.1
2012/13		21.9	20.2	17.3	14.5	12.2
2013/14			21.9	20.2	17.3	14.5
2014/15				21.9	20.2	17.3
2015/16					21.9	20.2
2016/17						21.9
TOTAL	21.9	42.1	59.4	73.9	86.1	93.2

Source: LSE London calculations

The Reading Affordability Model (Meen et al, 2011) allows some guesstimate of the impact of Tiers 1 and 2 migration on house prices overall and suggests it would add less (probably considerably less) than 1% to prices. This increase in demand will produce some new supply but, given the very low measured price elasticities of housing supply and the slowness of response, it is likely to be in the low thousands of dwellings. The overall outcome is therefore likely to be a limited impact on rents and rather less of an effect on prices - but resulting more in some increase in housing pressure rather than significant supply response.

8. Qualitative findings

Interviews were conducted with a number of key players involved in the relocation of highly skilled non-EU nationals into the UK in order to better understand the impact of such migration on the UK housing markets. Interviewees were drawn from three groups: residential letting agents; relocation agents working with international clients and representatives of companies regularly involved in ICTs. Whilst each interviewee had their own particular perspective according to location/company interest, etc., a number of common themes can be identified.

Geographical focus

Geographically the main focus was on London because this had the majority both of ICTs of the companies contacted and of the relocation companies' clients. As a contrast a secondary focus was provided by Aberdeen. Although both the relocation companies and the international companies moved people to other parts of the UK, no other population centre stood out in this particular sample.

Respondents from all three groups reported that Americans continue to form the largest group of non-EU migrants. Several interviewees noted that as a proportion of the total, Americans were gradually decreasing over time and other frequently identified relatively large groups included Australians, South Africans, and migrants from Hong Kong, Singapore and India. In the petrochemical industry an increase in the number of South Americans was noted.

Within particular companies the national groups concerned were, as expected, dominated by the location of the company HQ. Within the oil company the majority of ICTs are Americans with other national groups drawn largely from other countries with a significant oil industry that therefore have the necessary expertise or are the result of international partnerships with firms from oil-producing countries. Within the IT consultancy, a global firm headquartered at Bangalore, India, 90% of the intra-company moves are from India with the remaining 10% drawn from a range of countries including Singapore, the US and Canada.

Within the oil company most ICTs are to either London (where the company has two main offices) or Aberdeen. At the IT firm approximately 60% of intra company transfers are to London with a number of other centres across the UK, of which Reading is second to London. The range of locations partly reflects the fact that their employees are frequently assigned to work as consultants on a particular project and work out of the client's offices.

Intra-company migrants

Across all interviewees the view was that the numbers of intra-company moves was relatively stable. There had been a reduction following the financial/banking crisis in 2008 but numbers had recovered since then. To date the oil company had not felt the impact of the recent economic turbulence but the IT firm noted that its average monthly figures for incoming ICTs had reduced by about 30% from its peak. The company estimated that it is currently bringing in an average of around 40 ICTs per month although some months, for example over the summer, it might be more like 70 per month. For the oil company the figure was considerably lower at between 100 and 150 per annum, excluding applications for extensions,

All interviewees noted that the numbers of incoming migrants is not distributed evenly throughout the year but said there are seasonal peaks and troughs. The main peak takes place over the late spring and summer months largely between May and September and is closely associated with the start of the school year; December and January see relatively lower levels of movement. Other factors can impact on numbers, for example, the oil company reported that it undertakes a biannual review of all staff across the world in order to plan moves, resulting in particularly busy periods within the company in March/April and September/October and with the associated moves taking place perhaps 4 or 5 months later.

Most interviewees also gave a broadly consistent view of the proportion of single migrants compared to families with estimates fairly uniformly around 50/50. Two relocation companies had slightly different experiences with one dealing with 60% single people versus 40% of families and the other seeing the other side of the coin with 60% families versus 40% single people. It was not clear whether this was associated with the companies/business areas they represented, although it seems that the first company was helping to relocate a larger proportion of people in the middle income bracket (£80 - £90,000 p.a., from a range starting at around £40,000 and going upwards).

The length of stay inevitably varies considerably but it is clear that a large proportion come for between 1 and 2 years. The IT firm reported that 70% of their ICTs will return to their home countries within this time period. Depending on the project an individual is assigned to, some may come for longer and to provide continuity may extend up to 5 years. One of the relocation agents noted a shift to shorter assignments: he had previously mainly been dealing with stays of 3 - 5 years but was seeing an increasing trend towards 2 - 3 year assignments as well as a growing number of 6- to 12-month short-term assignments, a shift he attributed to greater focus on cost control.

There were also variations in the duration of stay and the expectation that a spouse/family would accompany the assignee. For many, anything beyond a 6-month stay meant that the family had the option to move too, for others 12 months appeared to be the cut-off. Where school age children were involved 12 months appeared to be more usual because of the potential educational disruption.

For some benefits, there appears to be a dividing line at 24 months. For example for transfers lasting up to 24 months, the oil company will take the lease on the property and pay all the bills directly (utility, council tax, TV subscriptions etc), while employees staying more than 24 months receive a housing allowance (plus other allowances depending on the package) and takes the lease in his/her own name. For assignments of this length the employee will also normally qualify for a pre-assignment visit. The distinction appears to be partly driven by tax advantages and partly because where people are on shorter-term assignments it is simpler for the company to take on payments rather than set up short term accounts for individuals.

For those ICTs who do not qualify for a pre-assignment visit the expectation is that once their assignment has been confirmed they will do a lot of their own research on the internet and amongst colleagues to establish the types of properties, rents and locations they are seeking. On transferring they are normally provided short-term/ interim accommodation – either in a hotel or a serviced flat for a set period of time during which they are expected to sort out their accommodation for the duration of their stay. For assignees from the IT firm this is a two-week stay in a hotel with all their food included, for others six weeks appears to be a common period to spend in

a hotel/serviced flat and one relocation agent said that they dealt with a range of different company policies with 30, 45 and 90 days all being widely provided but 45 days the most usual.

Where employees qualify for a pre-assignment visit, they will have already liaised with the relocation agent to establish their domestic requirements, preferred location, need for access to schools etc. During the visit they expect to visit a number of properties and make a decision. All interviewees noted that it is currently a landlords' market – fewer properties are available, and rapid decisions have to be made. Depending on circumstances regarding the lease, need for repairs etc the employee may be able to move directly into the accommodation or may also need interim accommodation. However, the expectation is that this will be short term.

Types of properties sought

With the variations within this group of ICTs such as age, marital status, nationality, employment status etc there are inevitably considerable differences in the types and locations of properties sought, nevertheless certain common characteristics stand out.

Above all the vast majority will rent and not buy property. Companies are seen to actively discourage buying which they see as restricting employee flexibility and mobility. If property prices fall they do not want to be responsible for any losses. The small minority of migrants who buy were generally thought to be either Tier 1 migrants, or people investing in their own right.

Particularly within London the majority of migrants rent flats, and the most popular choice is a block in a central location with porter/concierge service. Furnished accommodation is preferred, or at the very minimum partially furnished, particularly for those on shorter assignments; in general only those on assignments longer than 24 months qualify for furniture shipment or a furnishing package.

Two factors stand out as driving the locational choice: travel to work – measured in time and/or cost rather than distance--and the availability of schools. For those with families the location of either International or American schools is of considerable importance particularly at secondary age. For younger children some local independent or maintained-sector schools are seen as acceptable.

Across all the interviews, there was no evidence that in ICTs the company expects to exert any control over the location chosen by its employees. In Aberdeen, for those migrants who choose to live outside the city centre the options were seen as limited to two main areas to the west of the city for social and travel reasons.

In the more complex London property market there is a wider range of destinations. Some variations are detected by nationality. Americans were cited as expecting more space and larger rooms as well as being the most demanding in terms of internal finish and fittings. Many inevitably have to compromise with a flat rather than a house as initially expected. Koreans and Japanese were both cited as being particularly prone to clustering in certain areas. The IT firm representative explained that the majority of their Indian transferees rent in the inner suburbs either around Ilford and East Ham if based in the Canary Wharf office or Hounslow, Osterley, Wembley, Isleworth or Brentford if located in the Paddington office. His view was that most wish to tap into the existing Asian culture and food in these areas and that most were also not concerned with seeking particularly prestigious accommodation during their assignment.

Once an employee has selected and moved into the accommodation the expectation is that they will stay in the same accommodation for the duration of their assignment unless forced to move by the landlord. In this case the company may cover the cost of further removals/temporary accommodation but in other circumstances the individual has to pay.

One relocation agent estimated that the number of failed assignments – where the migrant decides that the move has been a mistake and returns home before the end of the assignment -- may be as high as 10%.

Employer contributions

It was clear that some industries are more generous in the packages they provide for their employees than others. According to the relocation agents, as a rule of thumb, the packages provided by IT and consulting companies are least generous, banking and large scale manufacturing more so, and pharmaceutical/petrochemical companies most generous. It is also clear that within individual industries, the transferees are well aware of the packages being provided by competitor companies. However, there was also a view that employers are constantly tightening up on the packages over time. This was seen as both reflecting economic conditions and, associated with this, a greater expectation that an employee will be *required* to relocate maybe 2 or 3 times as part of his/her career rather than being *requested* to move.

The oil company reported that it reviews the packages provided to its ICTs twice a year to take into account currency fluctuations and changing costs/purchasing power in all of its locations. It uses one of a number of companies which have grown up to track and provide this kind of data on a regular basis. These companies also monitor changing regulatory frameworks within destination countries and advise on how employee packages can best be structured.

Leases and rents

Estate agents operating in central London and letting properties to incoming assignees or their companies noted that until recently 3-year 'premium' leases were often favoured by companies. Recent tax changes means that these are no longer used and in the current' market landlords would be anyway less acceptable. Now most leases are for one year with options to extend for a second or third year, although one agent estimated that approximately 10% of migrants will be looking for 2 year leases. Where there is an option to extend the relocation agents expect to have a minimum and maximum increase specified and tied to RPI.

Whilst leases may be in the name of either the company or the employee, relocation agents noted that in industries where employees frequently move between companies while on assignment, they prefer to take the lease in their own name to make the opportunity to move company less disruptive.

Many interviewees commented on the types of landlords that let to incoming migrants. Frequently the preferred landlord is someone making their own intra-company move and letting out their property while they are away. Whilst some cases were cited of companies investing in property particularly to meet the needs of intra-company migrants this was not seen as a major source of supply, whereas the increasing

investment in London property by overseas buyers has meant proportionately fewer domestic UK owners renting compared to overseas landlords.

Estate agents provided rough guidelines as to the rents currently paid by intra-company transferees, which were corroborated by relocation agents and company representatives. Tables 23a and 23b represent the rental ranges for typical properties in Central London and Aberdeen.

Table 23a: Typical rents for properties sought by Tiers 1 and 2 migrants (central London)

Property type	Tenant	Rental range per <u>week</u>
2 bed flat	Young executive	£1,500 -£2,500
3-4 bed flat /house	Family plus nanny	£2,500 -£5,000
High spec property	Senior executive	£5,000 - £12,000
Deluxe property	Tier 1 migrant/celebrity	➢ £12,000

Source: LSE London interviews

Table 23b: Typical rents for properties sought by Tiers 1 and 2 migrants (Aberdeen)

Property type	Tenant	Rental Range per <u>month</u>
2 bed new-build city-centre flat	Young executive	£1,000 - £1,500
4 bed house	Middle management family	£2,000 - £2,500
House good spec	Senior management	£2,500 - £3,500
House very high spec (few available)	Senior executive	➢ £3,500

Source: LSE London interviews

Competition and market pinch points

In both London and Aberdeen agents reported a growing shortage of suitable rental properties and resulting competition between potential tenants. In Central London agents reported that ICT migrants moving from outside the EU were not in general competing with UK-based households for properties but rather with other similar migrants, mainly because of the levels of rents they are prepared to pay. Migrants moving to London from an EU-based company tended to have less generous packages and were more like to be competing for similar properties with Londoners.

The level of competition among potential tenants and the shortage of suitable property coming forward for renting is leading to larger deposit requirements to secure a property and growing anecdotal reports of rent for a year or more being paid upfront. Estate agents reported that some landlords are refusing to renew leases to corporate tenants despite the security they offer as they can currently expect to increase the rent sufficiently to cover any possible void periods.

Despite the concerns about the current lack of suitable properties in both central London and Aberdeen, the major area of concern amongst companies and relocation agents is in relation to the short-term or interim property market in the build up to the 2012 Olympics. Whilst a number of companies specialise in the provision of short-term serviced lets, it is already a tight market and demand is expected to rocket in the months immediately before and during the Olympics. Hotels, which might otherwise provide an alternative, were already reported in some cases to be fully

booked. As a consequence it was stated that some companies have already decided not to make any intra-company moves for several months around the Olympic period and the oil company confirmed that it was likely to follow suit.

Web survey

We distributed a link to a web-based survey to 100 lettings agents and 100 sales agents in London, Aberdeen, Ipswich and Reading. Appendix B contains the text of the surveys. The response rate was very low, despite reminders; we received 10 responses from lettings agents and just 2 from sales agents. All the responses were from London (W, SW and E). The respondents were unlikely to be aware of the migration status of their clients, so we asked about the housing preferences of 'non-EU relocators'.

Responses from lettings agents

'Non-EU relocators' clients made up at least 10% of the clientele for all agents who responded—and in some cases over 75%. Most were looking to rent either furnished flats or unfurnished houses, and most planned to stay between one and two years in the rented property. There was no consensus about whether demand from such clients affected local rent levels—30% said yes and 70% said no. The most common nationalities cited were American, Middle Eastern and Russian. Americans were felt to be particularly attracted to living in Chelsea and Kensington, Arabs to Knightsbridge and Mayfair, and Chinese to Canary Wharf.

Responses from sales agents

There were only two responses from sales agents, one from a firm covering SW postcodes and the other from an office dealing with all of prime central London. The most common nationalities dealt with were Chinese and Indians. Both of the agents who replied said demand from 'non-EU relocators' affected house prices in their areas, although they did not provide detail about the magnitude of the effect.

9. Conclusions

The numbers of Tiers 1 and 2 migrants are small in comparison to overall migration flows. If the current visa regime remains in place, we estimate that about 30,000 new entrants per annum can be expected to enter the UK on Tiers 1 and 2 visas and to remain for more than one year. Including dependants, our estimate is that the total number of migrants in these categories will be about 45,000 because the households are generally small; the average number of dependants per main migrant is 0.5.

The figures in this report about future migration flows are estimates and their accuracy depends on the assumptions on which they are based. In particular they depend on future developments in migration policy and the extent to which future migrants with similar attributes behave as earlier migrants have done. In this context, we have assumed that current and future cohorts of Tier 2 migrants will resemble their predecessors under earlier visa regimes, in terms of income, the likelihood that they will remain in the country and their preferences as to housing type and tenure. It proved impossible to carry out much modelling of Tier 1 migrant households: the 'exceptional talent' sub-tier did not exist before 2011, and for Tier 1 investors and entrepreneurs there were no data that we could use to tie them to location. The numbers involved are however very small (only 450 Tier 1 main visas were issued in 2010/11).

Tier 2 migrants will not be spread uniformly across the country but will be concentrated in certain areas, particularly London and the South East, Ipswich, Aberdeen and Edinburgh. The London figures may overstate the concentration because some firms may carry out their human resources and migration functions there but in fact deploy their intra-company transfers at locations elsewhere in the UK. But their attributes suggest particular concentration as compared to other types of migrant and our interviews with estate agents and relocation firms suggested that such migrants do in fact cluster in London.

Even in those local housing markets where they are concentrated, such migrants are likely account for only a small percentage of those who move house in any given year (that is, of annual demand for housing). The highest percentage is in London, where they might account for about 3.5%. In the rest of England the figure is likely to be below 1%.

It is not only the annual number of arrivals that affects demand for housing, but also the way in which the total number of migrants accumulates over time. Each year some migrants will arrive and some will leave, but as those arriving outnumber those who leave the total figure will increase over time. By about 2017, based on the assumptions we have made, we estimate that there will be about 112,000 additional households in the UK as a result of Tiers 1 and 2 migration in 2011 with similar numbers in later years unless policy changes.

Migrant households are overwhelmingly likely to rent housing when they first arrive, although the longer they stay in the UK the more likely they are to purchase a home. Those migrants who arrive without dependants (the majority) usually either live alone or share with other adults, but over time more live separately, form larger households and require more space. Their effects on housing markets are undoubtedly strongest in the markets for private rented housing in those areas where migrants cluster—and indeed, estate agents confirmed that migrants were often competing for such housing

not with UK tenants but with other migrants. Even so, over time there will be increasing demand for owner-occupied housing, which may affect the market in certain areas of high migrant concentration. Equally, over time some households move into the larger housing market reducing concentrations and pressures

This study looked particularly at the housing market effects of Tiers 1 and 2 migrants. Within the overall context of migration they represent a small minority. Most migrants are from other EU countries (who are entitled to move to the UK without restriction), and they will have a very much stronger impact on housing markets than do Tiers 1 and 2 migrants. In addition, there is significant demand for second and investment homes in the UK from wealthy overseas nationals who are *not* migrants. Particularly in central London this is likely to have a greater effect on the housing market than demand from Tiers 1 and 2 households.

The demand from Tier 1 and 2 households is clearly very small as compared to the demand from general household formation, which runs at between 275,000 and 290,000 per annum in the UK overall. In addition, because of lower propensities to form household and their greater propensity to live in the private rented sector where densities are higher their impact on demand is initially disproportionately low. Over time those who remain will increase their demands in line with indigenous households with similar attributes.   So a particularly important issue for the housing market is what proportion of migrants stay in the country into the longer term. Our estimates are based on comparable groups in the past. However, future behaviour may well be very different.

The impact even on local housing markets where there are particular concentrations appears to be small both because of the relatively small proportion of transactions affected and because there appear to be submarkets especially for ICTs.   The impact is concentrated on the rental sector with a small proportion becoming owner-occupiers but some transfer of stock from owner-occupation to renting.   Supply response depends more on the owner-occupied market than on rental demand and is anyway very inelastic. The overall impact will therefore continue to be more on rents and prices. It is not insignificant– but very small as compared to European immigration and indigenous demand.

Overall these estimates can be no more than indicative. The administrative data are clear on numbers but provide very little additional information about the attributes of migrants and therefore their housing demands. Figures on outmigration are particularly uncertain. Estimates based on past behaviour could prove inaccurate especially in terms of turnover. However the fundamentals - that migrants form fewer households and consume less housing than their indigenous counterparts but come to resemble the general population over time is unlikely to change.

Annex A: Requirements for Tiers 1 and 2 visas

UK visa route	Annual limit (2011-12)	Requirements	Route to settlement?	Current leave entitlement	Criteria / other details
Tier 1 (Exceptional Talent)	1,000 (700 in the field of science; 300 in the field of arts).	Initial entry: Applicant must hold an endorsement by a Designated Competent Body. Extension: Applicant must be economically active (employed or self-employed) in his/her expert field as previously endorsed by a Designated Competent Body; **and** Applicant must meet English language requirement.	Yes	3 years (at initial clearance) + 2 years (on extension).	Entry clearance is subject to the following conditions: 1. no recourse to public funds 2. registration with the police, if required. 3. no employment as a doctor or dentist in training or as a professional sportsperson.
Tier 1 (Investor)	None	Initial entry: Applicant must have £1 million of own money at own disposal in the UK and held in a regulated financial institution; **or** Applicant must own personal assets of value exceeding £2 million AND have a loan from a regulated financial institution of at least £1 million that is at own disposal in the UK. Extension: Applicant still satisfies the requirements for granting initial leave to remain; **and**	Yes	3 years (at initial clearance) + 2 years (on extension).	Entry clearance is subject to the following conditions: 1. no recourse to public funds 2. registration with the police, if required. 3. no employment as a doctor or dentist in training or as a professional sportsperson.

		Applicant has invested at least £750,000 in UK Government bonds, share capital or loan capital (not property investments) and invested the remaining balance of £1 million in a UK regulated financial institution; **and** The investment of at least £750,000 was made within 3 months of the applicant's date of entry into the UK or the date of the applicant's grant of entry clearance (depending on evidence available).			
Tier 1 (Entrepreneur)	None	Initial entry: Applicant has access to at least £200,000, or £50,000 from a registered venture capital firm, seed funding organisation or UK government department. This money must be disposable in the UK and held in one or more regulated financial institutions. Applicant must also meet an English language and maintenance requirement. Extension: Applicant has invested the funds declared at initial entry (£200,000 or £50,000) and is engaged in business activity at time of applying for extension. The applicant must have been registered as self-employed, or as the director of a new or existing	Yes	3 years (at initial clearance) + 2 years (on extension).	Entry clearance is subject to the following conditions: 1. no recourse to public funds 2. registration with the police, if required. 3. no employment other than working for the business or businesses that the applicant has established, joined or taken over. 4. no employment as a professional sportsperson (including as a sports coach).

		business, within six months of entering the UK (or obtaining grant of entry clearance, depending on available evidence) and within the three months prior to applying for an extension. The applicant's investment must have created at least two new full-time jobs for persons settled in the UK, either through the creation of a new business or the expansion of an existing one. Applicant must also meet an English language and maintenance requirement.			
Tier 2 shortage occupation route [1]	20,700 certificates of sponsorship for out-of-country applicants, excluding those filling a vacancy that offers a salary of at least £150,000. No limit on in-country applicants or	Initial entry: Applicant must have been issued a Certificate of Sponsorship from a sponsoring employer to fill a vacancy in an occupation or job title on the UK government's Shortage Occupation List; **and** Applicant must have gross annual earnings from sponsor of at least £20,000 or appropriate rate as per Code of Practice (whichever is higher). Extension Applicant must hold a valid Certificate of Sponsorship for the continuing period and continue to satisfy the minimum earnings requirement.	Yes	3 years (at initial clearance) + 2 years (on extension).	

| Tier 2 Resident Labour Market Test [1] | extensions. | Initial entry:
Applicant must have been issued a Certificate of Sponsorship from a sponsoring employer to fill a vacancy in an occupation or job title that is considered by the UK government to be skilled to at least level 4 of the National Qualifications Framework. The sponsor must have carried out a Resident Labour Market Test for this vacancy; **and**

Applicant must have gross annual earnings from sponsor of at least £20,000 or appropriate rate as per Code of Practice (whichever is higher).

Extension
Applicant must hold a valid Certificate of Sponsorship for the continuing period and continue to satisfy the minimum earnings requirement. | Yes | 3 years (at initial clearance) + 2 years (on extension). | |
| Tier 2 intra-company transfer (longer term) | None | Initial entry:
Applicant must have been issued a Certificate of Sponsorship from a sponsoring employer to fill a vacancy in an occupation or job title that is considered by the UK Government to be skilled to at least level 4 of the National Qualifications Framework.

Applicant must have gross annual earnings from sponsor of at least £40,000, | No | 3 years (at initial clearance) + 2 years (on extension). | Applicant will not be able to re-apply to return to the UK as an intra-company transfer until 12 months after his/her last leave as an intra-company transfer has expired. |

		including permitted allowances. Extension Applicant must hold a valid Certificate of Sponsorship for the continuing period and continue to satisfy the minimum earnings requirement.			
Tier 2 intra-company transfer (shorter term)	None	Initial entry: Applicant must have been issued a Certificate of Sponsorship from a sponsoring employer to fill a vacancy in an occupation or job title that is considered by the UK government to be skilled to at least level 4 of the National Qualifications Framework. Applicant must have gross annual earnings from sponsor of at least £24,000, including permitted allowances.	No	1 year (at initial clearance). No possibility of extension.	Applicant will not be able to re-apply to return to the UK as an intra-company transfer until 12 months after his/her last leave as an intra-company transfer has expired.
Dependants (all Tier 1 and Tier 2 routes)	None	Spouse or civil partner dependants must be aged 18 or over. Child dependants must be under the age of 18 on the date of application and must not be considered to be married or in a civil partnership, have formed an independent family unit or be living an independent life. The main applicant must satisfy a maintenance requirement as demonstrate that they can support the dependant(s)	Yes	The period of leave granted reflects the main applicant's leave to remain.	Family members have the following conditions attached to any period of leave: 1. no recourse to public funds 2. registration with the police, if required. 3. no employment as a doctor or dentist in training, unless already qualified in relevant field to degree level.

		financially during their time in the UK.			

Note: [1] Out-of-country applications for the shortage occupation route and the Resident Labour Market Test (RLMT) route are subject to an annual limit, thus the Certificates of Sponsorship (CoS) issued for this route are referred to as 'restricted'. All applications for restricted CoS must score a minimum of 32 points, which are awarded for the Tier 2 route being used to enter the UK and the salary offered by the vacancy. Higher salary bands are awarded a greater number of points. The Tier 2 routes are prioritised in the design of the points table such that, for any given salary, applications for the shortage occupation route are awarded the most points, followed by applications for PhD level vacancies via the RLMT route, and finally all other RLMT applications. Further information on the prioritisation of applications for restricted CoS can be found in the Tier 2 Statement of Intent: http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/reports/soi-tier2/tier2-soi-transitional-measures?view=Binary

Source: Home Office/UKBA websites

Annex B: Online questionnaires to estate agents: August/September 2011

SURVEY TEXT: Rental agents

We're interested in how international employees moving to the UK from outside the EU affect the housing market. The survey focuses on senior and mid-level employees, down to those earning £24,000 per year, who are looking to rent a property in the UK.

Q1. What percentage of your clients are international relocators of the type described above?
- a) Less than 10%
- b) 10-25%
- c) 26-50%
- d) 51-75%
- e) More than 75%

Q2. Over the last three years have you seen a change in the proportion of non-EU international clients?
- a) The proportion has decreased
- b) The proportion has increased
- c) No change.

Q3. What type of property do these clients most often look for? Please indicate the two most popular:
1. House – furnished
2. House – unfurnished
3. Flat – furnished
4. Flat – unfurnished
5. Shared accommodation – furnished
6. Shared accommodation –unfurnished
7. Other (please specify)

Q4. What is the most common household type among these international clients?
1. Single
2. Couples without children
3. Couples with children
4. Other (please specify)

Q5. How many of these clients get help with their housing costs from their employer?
1. Most
2. Some
3. Few
4. Don't know

Q6. How long do most of these clients expect to stay in the property they are renting?
1. Up to six months
2. Six months to a year
3. One to two years
4. More than two years

Q7. Amongst your clients does one (or more) national group of non-EU international relocators predominate? If YES, please list by nationality (in descending order of frequency)

National group 1

National group 2

National group 3

Q8. Do these national groups (from question 7) look for housing in particular neighbourhoods? If YES, please list the preferred neighbourhood(s) for each national group

National group 1

National group 2

National group 3

Q9. Taken as a whole, do these non-EU international relocators form a large enough group to impact on the housing market in your area?
1.   Yes, they contribute significantly to demand and the rental level
2.   To some extent but there is no clear impact on rents
3.   No, they are too few in number to affect the market.

Q10 Please provide the postal codes for the main areas your office covers (e.g., London SW3, London SW7). You may list up to 5. Thank you so much for your time!

SURVEY TEXT: Sales agents

We're interested in how international employees moving to the UK from outside the EU affect the housing market. The survey focuses on senior and mid-level employees, down to those earning £24,000 per year, who are looking to buy a property in the UK.

Q1. What percentage of your clients are international relocators of the type described above?
1. Less than 10%
2. 10-25%
3. 26-50%
4. 51-75%
5. More than 75%

Q2. Over the last three years have you seen a change in the proportion of non-EU international clients?
1. The proportion has decreased
2. The proportion has increased
3. No change.

Q3. In the area you cover, are the MAJORITY of these clients looking to buy (please choose one box to fill in)

Expensive property? (please give a typical range of values)

Mid-level property?(please give a typical range of values)

Low-price property?(please give a typical range of values)

Q4 What is the most common household type among these international clients?
1. Single
2. Couples without children
3. Couples with children
4. Other (please specify)

Q5. How many of these clients get help with their housing costs from their employer?
1. Most
2. Some
3. Few
4. Don't know

Q6. Who do you usually deal with when working with this particular group of clients?

1. The individual client directly
2. Their employer/HR department
3. A relocation firm
4. Other (please specify)

Q7. Amongst your clients does one (or more) national group of non-EU international relocators predominate? If YES, please list by nationality (in descending order of frequency)
National group 1

National group 2

National group 3

Q8. Do these national groups (from question 7) look for housing in particular neighbourhoods? If YES, please list the preferred neighbourhood(s) for each national group.

National group 1

National group 2

National group 3

Q9. Taken as a whole, do these non-EU international relocators form a large enough group to impact on the housing market in your area?

1. Yes, they contribute significantly to demand and price
2. To some extent but there is no clear impact on prices
3. No, they are too few in number to affect the market.

Q10. Please provide the postal codes for the main areas your office covers (e.g., London SW3, London SW7). You may list up to 5. Thank you so much for your time!

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