East of England Migration Review: Understanding the Relationships between Migration, Employment and Housing

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The Project

• To understand the dynamics of migration – so far as possible from existing research and readily available data – particularly in relation to future growth in the capital;

• Led by Professor Ian Gordon with Tony Champion as the specialists on migration and Neil McDonald and myself on housing implications.

• In the context that the Mayor of London has stated that the new London Plan will aim to accommodate most/as much as possible of its growth within London, rather than all of such growth as had been indicated in previous London Plans –

• Remembering that there have always been implications for the Wider South East.

• Analysis mainly done in terms of rings moving out from London – but also, where relevant, by region.

• Only time to talk about some of the findings relevant to housing issues.
THE WIDER SOUTH EAST and BEYOND
5 ZONAL RINGS

Legend

1 LONDON
2 OUTER METRO AREA
3 OUTER WSE
4 (TIGHT) FRINGE
5 REST OF UK
Some Patterns

• The traditional pattern of migration has been that younger people tend to move to London – notably from the rest of the country but increasingly over the last few years as a result of international migration;

• As people get older they tend to move out - often moving quite short commuting distances but cumulating in further outmigration across the wider South East (and to some extent into the rest of England);

• While the long term trends are fairly clear, levels of migration are quite volatile and are impacted by economic and employment opportunities as well as other constraints, such as mortgage availability;

• In particular migration out of London slowed both before and after the Global Financial Crisis;

• What is also clear is that some parts of the South East would be losing population if it were not for this outward migration.
WSE : TTWA Level Migration Indicators 1
16-29 year old Net Domestic Migration

Legend

-3.43 - 2.46
-2.44 - 1.25
-1.24 - 0.09
0.10 - 1.85
1.86 - 6.24

Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period,
on a per annum basis, scaled per 000 residents in 2001.
WSE : TTWA Level Migration Indicators 2
30-44 year old Net Domestic Migration

Legend

-4.99 - 2.36
-2.35 - 0.99
0.57 - 1.96
1.97 - 2.81
2.82 - 3.91

Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period,
on a per annum basis, scaled per '000 residents in 2001.
WSE : TTWA Level Migration Indicators 3
45 plus year old Net Domestic Migration

Legend

-3.83 - 2.71
-2.70 - 0.33
-0.32 - 2.14
2.16 - 5.67
6.68 - 8.74

Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period, on a per annum basis, scaled per '000 residents in 2001.
WSE: TTWA Level Migration Indicators 6
Total Population Change

Legend

- 1.82 - 3.56
- 3.57 - 7.32
- 7.33 - 9.34
- 9.35 - 11.72
- 11.73 - 16.23

Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period, on a per annum basis, scaled per '000 residents in 2001.
Drivers of Migration

• There appear to be three distinct migration ‘currents’:
  – substantial net gains of population, particularly for London, from international migration of varying kinds;
  – North-South migration exchanges (typically work/retirement related) which have also tended to produce significant net addition to the WSE population; plus
  – a strong tendency for population to ‘deconcentrate’ from urban cores (principally London) as far as the edge of the WSE, and beyond.

• These patterns are made up of chains of displacement effects, linking relative short distance movements (commonly within each ring or between adjacent rings).

• Together these produce a pervasive outward (de-concentration) ripple of migration - the final impacts of which get concentrated around the edge of the region – with international inflows into the core reinforcing the process.

• Net migration patterns therefore hide large inflows and outflows (this shows up particularly in the Outer Metropolitan Area and within the rapidly growing private rented sector).
Migration and Employment

• Since the war London has become in very large part a focus for advanced productive and creative services, with a much more highly qualified workforce;
• Metropolitan employment has spread out over an increasingly large part of the WSE – in parallel with the de-concentration of its population – to the point where almost all of it is integrated in one economic agglomeration, with dispersed centres of innovation and competitive advantage – and an integrated set of housing/labour markets;
• By implication commuting, while still mainly concentrated on London now includes important flows into other centres such as Cambridge;
• The metropolitan region has become a major magnet for international migration, parts of which are critical to the supply of skills;
• This immigration together with sectoral shifts, and deregulated competitive forces has widened the gap in productivity/earnings as compared to the rest of the UK.
A Structural Change in Migration Patterns?

• The more detailed analysis of 2001-2016 shows the same sorts of migration patterns as pre-2001, and even the latest trends since the GFC and subsequent recession parallel (more or less), the recovery trends after 1990-91 and 1980-81 recessions. So talk of the emergence of a new migration regime is premature, at the least.

• There are however two possible caveats:
  – might the shift toward a graduate labour force and population, whose residential preferences have proved to be and may continue be more urban than earlier generations reduce the strength of the drive to move out of London;
  – are there changes in the pattern of housing choices and housing supply which could reinforce these pressures?
Migration and Housing: Household Numbers

• Between 1991 – 2011 London and the OMA grew by around 17% but the OWSE and the Fringe grew faster at 20% and 22% respectively.

• This very much reflects the results of the north/south shift in UK population as well as increases in longevity across the country.

• The growth in household numbers is projected to increase more rapidly over the period from 2011 – 2039 especially in London.

• However within these numbers there are big changes in household composition and in tenure
Household numbers by rings 1991 - 2039

Source: DCLG 2014-based projections
Migration and Housing: who moves

• The picture since the turn of the century is fairly straightforward. Younger single person households and households with no dependents are more likely to move than others household types.

• Movement across rings is relatively short distance but these moves result in little net change in the OMA but increasing numbers moving out to the outer south east.

• There is a significant net outward flow of relatively well educated and experienced employed households as well as the self-employed. From the London point this implies increased commuting, probably over longer distances.

• There have been increased numbers of older movers since 2009 – many must be ‘downsizers’ (often called ‘right sizers’ as the move often does not involve buying less housing) who did not need a mortgage.

• In tenure terms there have been more private renters moving in and out of the rings than owner occupiers. But in terms of net moves owner-occupiers dominate because there is a significant flow of private renters moving into London which in large part balances the outflow.
Household outflows: 2010-11

Source: ONS 2011 census table UKMIG009
Mobility by tenure: 2010-11

Source: ONS 2011 census table UKMIG011
Looking Forward: Household Projections

- Household projections are just what they say they are - projections based in past experience.
- Over a million households that were projected to form in the 2008 projections did not do so – in part because of the impact of the financial crisis on incomes, job security and confidence and in part because of mortgage market and other constraints;
- This together with limited housing supply and rapid house price and rent increases has put particular pressure on London which have been associated with very large changes to projected numbers in particular household categories.
- The result of these changes and consequential market responses – especially the growth of the private rented sector - and behavioural changes especially among younger people has resulted in projections across the country and particularly in London and to a lesser extent the wider south east which are sometimes difficult to believe.
Declining proportions of 25-34 households with children

Source: DCLG 2014-based household projections
The growth of ‘other’ 25-34 households

Source: DCLG 2014-based projections
Main Housing Findings

- There have been massive changes in the mix of households in London as a result in part of rapid increases in the numbers of in-migrants but also because of relative increases in prices and rents since the turn of the century.
- As a result of these pressures single person households in London have declined to the point of being an endangered species.
- Equally people are having children later (and possibly fewer) and increasingly even couple households are sharing accommodation with family and friends.
- At the same time there has been large scale increases in the proportion of dwellings in the private rented sector, significantly as a result of the poor returns available on alternative investments.
- The result has been far higher densities of occupation than had been predicted; slower outmigration into the rings and very significant affordability problems.
- These patterns are also emerging most strongly in the OMA but increasingly across the wider south east.
Should we believe the projections?

- Household projections are exactly what they say - projections of the changing pattern mainly observed since the turn of the century (but with slowdowns in household formation among younger households and movement into owner-occupation among younger households going back at least to 1990).

- Whether these projections are to be believed depends on what happens to the national (and international) as well as to the London economy and to the trajectory of individual incomes and migration on the demand side and the capacity to increase output and adjust the existing stock on the supply side.

- Importantly the projection methods is not based on housing careers/dynamics - so it assumes that the next cohort (eg of 35 - 39 year olds) will be like the last one taking no account of how the particular group was accommodated during their early 30s.

- This is clearly a failure of the method - as is the fact that they take no notice of how long people have been in the country or are likely to remain both of which impact significantly on household formation rates.
Conclusions

• These findings all suggest that while the drivers of housing demand and household formation have not significantly changed the outcomes have been very different because the values of the drivers (eg income growth and indeed migration patterns) have changed very significantly.

• Almost everything we know about the future about migration and housing is based on the past but we must recognise the major changes underway in a whole series of socio-economic, demographic, cultural and (indeed) political factors with implications for the way in which people decide where they wish to live, and the kind of constraints there are on the realisation of these choices.

• This puts the onus on decision makers both to monitor what is actually happening as closely as possible - including in particular the attributes of the London housing system and of de-concentration across the wider south east.

• It also suggests that there are important areas in the context of migration and housing where our understanding is very limited. Research notably about the acceptability of living in multi-occupied rental housing and how this in itself impacts on (i) the wish and capacity to move and (ii) changing tenure would be particularly valuable. Otherwise we are likely to be caught out by events once again.