

Chapter 1: Introduction - Why and How Understanding Migration Flows Across the Wider South East Matters for Local and Regional Planning

1.1 The Significance of Domestic and International Migration to Population Growth in this Region

Though population movement is not the only determinant of uneven and shifting rates of population growth across component areas of the Wider South East (WSE), it is a critical one to understand, partly because it is subject to substantial change, over both the short and long run. In relation to London specifically, natural increase on its own (i.e. the excess of births over deaths) has seemed to account for almost all of overall population growth in recent decades, with net international inflows and net domestic outflows of migrants tending to cancel each other out. Even in the 2001-15 period – representing trends in a period of enlarged international inflows – natural change accounted statistically for 75% of total population growth in London. The fact that London has both above average birth rates and below average death rates itself, however, reflects a particular population structure shaped by past/recent patterns of migration, with young people tending to move in, while both families and older people tend to move out¹. Within London's working age population, the role of migration is much more important, and natural change much less so, not only because death rates in this age range are low everywhere, but also because many children born in London will have moved out with their families before attaining working age (Gordon, 2010).

Across the WSE as a whole, the contributions of natural change and net migration to overall change are more equal (since domestic flows across its boundary are more nearly in balance): in the 2001-15 period, natural change accounted for 53% of overall population growth, and net migration for some 45%² (Table 1.1). The migratory element is important, however, not simply because of its scale, but because of its greater instability, variance between areas and potential responsiveness to both planned and unplanned developments.

Table 1.1 Components of Change by Region and Ring 2001-15: annual rates relative to population

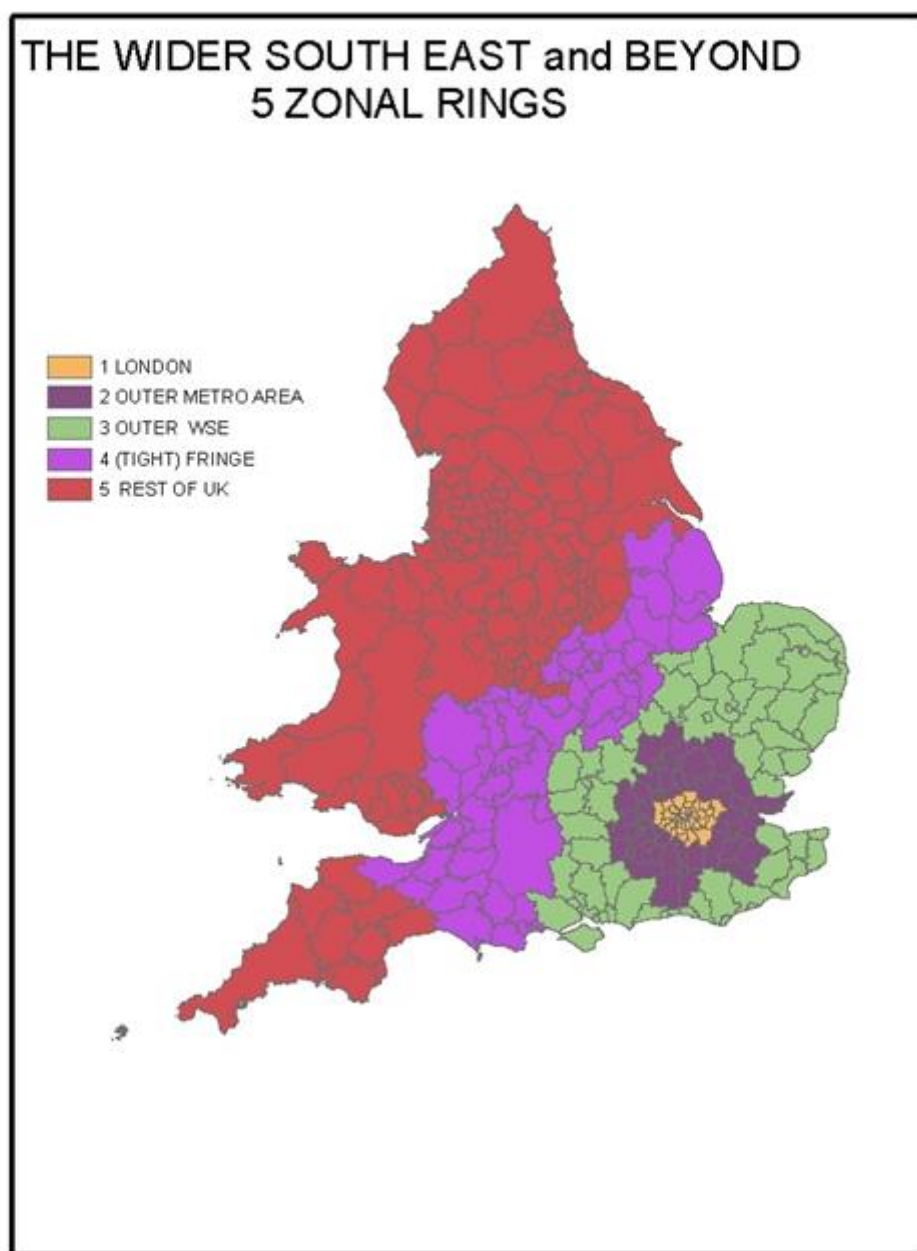
	Births	Deaths	Net UK Migration	Net Overseas Migration	Total Change
LONDON	1.7%	0.7%	-1.0%	1.3%	1.3%
OMA	2.3%	1.5%	0.1%	0.5%	1.4%
OWSE	1.2%	1.0%	0.4%	0.3%	0.9%
WSE total	1.6%	1.0%	-0.2%	0.7%	1.2%
(Tight) Fringe	1.2%	1.0%	0.3%	0.3%	0.8%
Still Wider SE total	1.5%	1.0%	0.0%	0.6%	1.1%
RUK	1.2%	1.0%	0.0%	0.3%	0.5%
UK total	1.3%	1.0%	0.0%	0.4%	0.8%

Source: ONS annual estimates. **Note:** the definition of areas other than London, the WSE and UK are explained section 1.4 (below), with boundaries shown in Map 1.1.

¹ This age selectiveness of flows is important at a more local level elsewhere, with strong flows of young people into (and later out of) university towns across the region, and of older people into rural and coastal areas (with more durable effects on the age structure).

² The remaining 2% comprise 'other changes' which probably involve some kind of unrecorded migration.

Map 1.1



The areas shown in Table 1.1 (and Map 1.1) represent a set of rings around London, successively: London itself, the Outer Metropolitan Area (OMA), and the Outer Wider South East (OWSE), and then a Fringe³ area outside the WSE - which together with the 3 previous rings constitutes what might be called the Still Wider South East (SWSE) - and then the Rest of the UK. The boundaries of these areas are shown in Map 1.1.

³ This Fringe area is defined here in terms of districts (and labelled the Tight Fringe, also referred to as the Thin Fringe). For some of the later analyses where only regional data are available, a coarser approximation is used (comprising the East Midland and South West regions), identified as the Fat Fringe.

The data show overall rates of population increase which are above the national average in each of the rings in the Still Wider South East, but highest in London and the OMA, which show the greatest excess of births over deaths. London is distinguished as the only ring within the SWSE to have rates of net overseas migration substantially above the national average, and also as the only one to have net outward migration to other parts of the country – apparently mostly absorbed by the OWSE and the Fringe. At the level of the SWSE, net population growth is attributable in almost equal measure to natural increase and net overseas migration.

1.2 Starting to Make Sense of Population Flows Across and Beyond the Wider South East

As noted in the Foreword, the territory of the Wider South East (WSE) is one defined by those of the Greater London Authority and two former Government Office Regions (GORs), each of which had separate Regional Development Agencies and strategic planning responsibilities, which is now only the case for London, which enjoys a unique form of devolution. Independently of these governmental structures, the WSE represents a coherent and substantially integrated regional unit, albeit one without the sharp edge that formal definitions suggest. Its coverage approximates to the functional Greater South East (GSE) region, identified by Peter Hall (1989) in his very influential *London 2001* study, as representing the effective capital city region. Subsequently that label has also been used to refer to what is now defined as the WSE – though Hall's version actually omitted Norfolk and included Dorset, Wiltshire and Northamptonshire which lie outside the WSE. The functional significance of this wider region rested substantially on the evidence of strong migrational, as well as commuting links between sets of areas within it – and not simply on their direct ties to London.

As the EELGA brief recognised, the migration system of the WSE is actually an extremely complex one, in ways that reflect both:

- the diversity of different kinds of flow, by people with very different characteristics and motives, affected in different ways by the economic dynamism of very large parts of the region; and
- a geography in which many substantial centres are embedded (to varying degrees) within an extended metropolitan/super-region producing a large number of overlapping sub-regional housing and labour markets, some of which extend beyond the WSE boundary (Hall and Green, 2006).

In many ways this complexity represents one of the WSE's real strengths – but it can also obscure the significance of summary statistics of the scale or balance of population movement. A key objective of this report is thus to distil from available research materials some reasonably simple ways of appreciating how this regional setting affects the dynamics of population movement at a sub-regional scale, and its relation to strategic planning issues – as well as of some key uncertainties about this.

In order to do this, the main body of the report (chapters 2-7) addresses in turn: the significance of broader economic, labour market and international factors for labour migration in the region; the changing pattern of population movements across the region (both before and since the financial crisis (chapter 5); and the relation between residential moves, housing market processes and household composition in the region (chapters 6 and 7). To provide a broader context for this, however, we first outline:

- sources of change and continuity in the dynamics of WSE migration; and
- a simplified initial sketch of the region's migration system.

Discussion of these is informed by a review of analytical perspectives on migrational behaviour and patterns which is summarised in the Appendix.

1.3 Change, Continuity and Dynamics of Migration in the Region

There are some clear and important *continuities* in migration patterns affecting areas within the WSE, since at least the mid-20th century. Specifically these include:

- net inflows of long-distance labour migrants *into* the region as a whole from more northerly/peripheral, and economically less successful, parts of the UK – though with some retirement-related counterflows; and
- net outward shifts from core urban areas within the region, notably from the denser inner areas of London, toward its periphery, and into fringe areas beyond the WSE borders, notably in the East Midlands and the South West.

The *dynamic* aspects of migration patterns in the region, on which this report is focused, may be seen as stemming from four sources:

- macro-economically induced fluctuations (of rather different kinds) in the strength of these two basic currents of intra-UK movement;
- shocks to the relative performance of the WSE economy (as a whole and/or in key areas), including those associated with greater/lesser exposure to the impact of national economic downturns in the early 1990s and late 2000s, with stronger recovery from the latter – and, over a longer timescale, from the shift away from goods-related activities toward a more strongly knowledge-based economy, in which it has more of a competitive advantage;
- international migratory flows into the UK – with generally stronger impacts within the WSE – which have shown strong increases over the last 30 years, though on a unstable basis, reflecting shifts in the form, scope and effectiveness of entry controls, plus specific push factors associated with wars, civil conflicts and environmental crises elsewhere – as well as the pervasive influence of economic and cultural globalisation; and
- developments in housing/planning policies, notably from national government in relation to permissible usage of greenfield sites for housing (tightened up since the late 1990s), but also potentially from sub-regional strategies, including the promotion of intensification/regeneration initiatives under Mayoral London Plans (since 2004) – though the evidence of this is less clear.

Achieving a better understanding of these dynamic processes is important in the present context for two rather separate reasons:

1. the fact that official population *projections*, and any likely variants of these for use in the forthcoming London Plan and/or for local SHMAs, ground their assumptions about future migration trends (as also for births/deaths) on experience over some recent base period, which are unlikely to be neutral with respect to all of these dynamic processes, and which may very well have a changing relevance in successive periods; and that

2. if housing/planning policies have actually made some significant difference to migratory patterns/dynamics, then the substance of evolving strategies could modify the scale and/or balance of population (and household) growth during Plan periods.

1.4 A Sketch of the Migration System of the Wider South East

As a way into thinking about how this combination of influences on migration flows has shaped the broad pattern of population change in (and around) the WSE over recent decades – and how this may change in the next few – it is helpful to focus on three broad currents of movement and the interaction between them:

- a continuation of the long term, inter-regional, labour-market related ‘drift’ of population from slower growing ‘northern’/peripheral regions of the UK to a core super-region, with integrated labour and housing markets that now cover the whole WSE plus a further ‘fringe’ set of sub-regions beyond its borders (notably in the East Midlands and South West);
- net inflows of migrants into this region from a wide range of overseas origins, also labour market-related (directly or indirectly), but with a much more marked concentration in particular centres, notably within London – and which, for the past 20 years or so have substantially exceeded those from the UK ‘periphery’; and
- an extended process of population deconcentration, within (an expanded version of) the core region, that is housing market related, driven by generally rising expectations in terms of living space (as/when real incomes increase) plus displacement effects from international migration into urban centres, but substantially shaped by where additions to the residential stock are forthcoming (or not).

These processes are all heterogeneous, and their quantitative importance can be expected to fluctuate over time – for economic, political and other reasons. But this simple three-way division is useful in suggesting how overlaps and interactions between types of population movement, rather than any single one, are likely to play out in the shifting dynamics of population growth across the WSE.

Similar kinds of process are likely to operate elsewhere, but this trio has a particular significance within the WSE, at the present time, because of:

- London’s particular attraction to international migrants – and sensitivity to any major changes in its scale;
- the economic integration of the WSE as a whole (and a fringe area beyond its borders) into an effective ‘capital city region’ over recent decades, with a shared attractive power for substantial population groups from other regions within the UK; and
- the scale and density of its metropolitan core which overlays on the settlement structure of towns and cities further out a general tendency for density, accessibility and land values all to be at their highest in the centre, with a continuous downward slope – across the WSE and into the fringe area beyond - which can translate relatively short-distance movements by individuals into much longer distance outward flows.

A focus on these three currents implies a geographic framework for looking at patterns of movement including a basic distinction between a set of ‘rings’ around the main urban core of the

region. Other geographies will receive attention (including radial *sectors*), but as a starting point for analysis we shall work with 5 annular *zones*:

1. London (with a population of 9 million and a radius of c30 km);
2. The Outer Metropolitan Area⁴ (with a population of 7 million and a radius of c60km);
3. The Outer WSE (with a population of 9 million and a radius of c120 km);
4. A (Tight) Fringe, outside the WSE (though only to the north and west, comprising the counties of Lincolnshire, Northamptonshire, Warwickshire, Worcestershire, Herefordshire, Monmouthshire, Gloucestershire, Wiltshire, Dorset and Somerset. Together with the WSE these are referred to as the Still Wider South East (SWSE – with a population of 9 million and a radius of c180km);
5. The ‘North and West’, including the rest of the UK (the rest of the Midlands, North East, North West, Yorkshire and Humber, Wales, and the Far South West) (with a population of 33 million).

This geography can be used directly for analyses of migration flows from 2001 on. For longer term analyses, covering the past 40 years, where basic flow data is only available for standard regions, rings 2 and 3 are combined, and ring 4 is defined more lumpily (as the Fat Fringe) in terms of the entire East Midland and South West regions.

This basic division highlights some key distinctions and relations within the migration system of the WSE and its neighbours, and will be used throughout in order to clarify key processes of general salience – including the openness and interdependence of all areas in this complex region. In order to enable a closer link to strategic planning processes at a sub-regional level, chapters 4 and 7 will also present analyses at a sub-regional scale, comparable to that of the housing market areas which planning authorities across the WSE have identified for housing and other assessments.

Following a logic clearly set out in the brief, major sections of this report will review in turn issues associated with particular types of flow: focusing on economic/labour market factors (chapters 2 and 3); international migration (chapter 4); and housing market factors (chapters 6 and 7). These are complemented by two chapters focusing more directly on the observable patterns of outcome, for all domestic (within UK) flow, in terms of composition, direction and change over time (chapter 5), and then on identifying sets of sub-regions in similar positions within the migrational system (chapter 8).

An introduction to the ideas used to frame these analyses is provided in the Appendix, which offers an overview of different mainstream ways in which the wider research literature on migration has tried to explain its varying scale, directions and selectivity, informing questions that are taken up about more specific kinds of movement affecting areas in the WSE. Two key lessons taken from that overview are:

- that patterns of migration in the WSE and changes in these cannot be understood purely on the basis of individuals’ motivations/preferences or aggregate influences (including the supply of opportunities and competition for these), but need to be seen in terms of the interaction between these – as we attempt in the body of this report; and
- that ‘displacement’ processes are very important to an understanding of the impacts of movement on local population change – not at all generally in the sense of one set of in-migrants

⁴ As defined by government statisticians in the 1960s, and used for a series of academic studies (from Hall, 1963 to Buck et al., 2002), with an outer boundary substantially corresponding to that of Cheshire and Gornostaeava’s (2001) Functional Urban Region (FUR) for London.

forcing others to leave, but much more commonly (at least for home owners) in the sense that the impact of a new/larger in-migrant flow to an area, with some inelasticity in its housing supply, will have price effects that make it worthwhile/attractive for some existing residents to follow their preferences and move elsewhere. A chaining of such displacement effects, particularly from more to less expensive areas, can produce much longer distance shifts in population – e.g. from the core of the region to its fringe – than would be expected from the length of individual moves.

1.5 Summary

At the overall WSE level, population growth in the recent past has been driven by a combination of natural increase (the excess of births over deaths) and net international migration. Net flows from areas outside the WSE (particularly from those beyond its external 'fringe') which had been important 30 years ago, are now generally minimal.

The two first components contribute unevenly to change at the sub-regional level, both because of the varying age balance of local populations, and particularly because of the very high concentration of net overseas migration within London and some adjoining areas.

Within the region (and in the surrounding fringe), however, a key influence on population growth is the balance of intra-regional flows (mostly associated with housing or environmental factors), which over many decades has continued to produce a substantial deconcentration of population, from London (and some lesser urban centres too) which has persistently shown large net outflows to other parts of the WSE (and its fringe), to the outer ring of the WSE and its external fringe which have shown substantial gains.

The scale of outward migration from London and the fact that net gains are recorded only in the outer rings both reflect strong displacement effects, with in-migrants from overseas and from London (in particular) stimulating out-ward moves that may be of comparable scale, from areas where additions to housing supply are constrained.

The importance of such chained displacement effects is one reflection of a very complex urban settlement pattern, which (especially inside the metropolitan region - London and the OMA) involves many overlapping housing and labour market areas where population change is not very simply related to nearby economic development, requiring fairly careful analysis (as well as collaboration) to respond to strong and shifting drivers of population change.

Some elements of population change in the region, notably the deconcentrating flows of population away from the core of the region show considerable durability. The scale and direction of movement, however, does show substantial changes, some of which might reflect longer term trends that ought to be built into regional and local planning, but are also liable to reflect one-off developments (in relation to international migration for example) or macroeconomic cycles generating repeated medium-term fluctuations. Finding ways of distinguishing these is very important, and a key ambition of this project.

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Chapter 2: The Demographic Implications of Changes in the Economic Role of London and the Wider South East

2.1 Introduction

A central aim of this project is to approach discussion of demographic *trends* (particularly migration) in this region, and questions about how far these can or should be extrapolated forward, in terms of the *influences* which condition these and how those might be subject to significant change. The previous chapter started this off, by introducing general issues of change, continuity and the dynamics in migration, and the relationship – in a largely market-shaped process – of the relation between individual's intentions/choices, wider constraining influences, and a need to understand how these interact in order to explain migration trends/patterns, past and future. This chapter (on the regional economy) and the one that follows (on labour market change) take this a stage further by looking at some more specific influences and their relevance to actual, *long term* features and changes in this major regional economy. The intention is that these should then provide a context and set of ideas through which to interpret the specific trends and patterns in WSE migrational flows since the millennium which are the focus of chapter 5.

The Wider South East currently contains a large proportion of the most dynamic elements and clusters of the UK economy. The antecedents of this go back a very long way, to the political dominance of London as the seat of English, British and Imperial government, and the prosperity of its agriculture and trading economies in times before the industrial revolution. Its situation was radically altered in the 19th century, by the rise of coal-powered factory industries, with northern industrial cities becoming the main focus for both innovation and exports. The region never lost its relative prosperity (with non-wage income from northern growth accruing to its more affluent classes) and social power, however. Nor did London lose its primacy as a city. Despite the rise of those northern cities, London played a major part in England's pioneering shift to becoming a predominantly urban society in the mid-19th century, and received a particular boost from the great wave of trade liberalisation/globalisation towards its end. The core metropolitan region was then very well placed to take advantage as technological change made proximity to markets (rather than raw materials) the crucial location factor for large scale manufacturing around the start of the last century. At various points the region has also benefited from central government policies and activities which have effectively favoured its growth potential and interests of its key financial/commercial sectors over those of the industrial regions (Scott, 2007⁵).

This turnaround has led (so far) to 100 years or so during which the WSE has continuously increased its share of national activity and employment, while the north (and since the 1980s the midlands too) have lost ground with a shrinkage of their core industrial activities. During the interwar period, particularly, the metropolitan region became clearly the dominant British centre for modern industries, principally in what are now parts of Outer London (including Park Royal in the west and Dagenham in the east), but also in freestanding settlements in the Outer Metropolitan Area (such as

⁵ Gordon (2016) offers a similar argument in relation to the last decade, since the start of the financial crisis.

Slough, Watford and Luton), and in a few further out (including Cowley). Such development on the fringes of London was significantly assisted by legacy effects from the concentration there of WW1 public investment in the development of large, modern munitions factories, with supporting infrastructure and types of worker (Scott, 2007). London's role as an international financial centre was challenged in the inter-war period, but in employment terms this was offset by its domestic position as the prime 20th century site for rapidly expanding bureaucratic and co-ordinating activities, both public and private. With a notable centralisation of national media services, this reinforced the capital's primacy as a marketing and cultural hub (Scott, 2007).

These broad trends continued after WW2, boosted by a revival of the City's position from the development of a Euro-dollar market in the 1950s. From the early 1960s, however, employment within London started to contract both in goods-related activities (manufacturing and port transport in particular) and in routinisable services. In the former case this is effectively completed, but in the latter it continues.

During the 1970s/80s this trend was quite often perceived as representing a weakening/contraction of the London economy (e.g. Eversley, 1973). But from a wider perspective it could be seen as one of spatial and sectoral *restructuring* of an increasingly extended and diverse metropolitan economy, in the face of spatial constraints in the core, cost pressures (both in relation to space and labour) arising from continued competitive success, and enhanced forms of communication/business co-ordination (Buck et al., 1986).

In the Outer Metropolitan Area (OMA), manufacturing employment was also clearly shrinking at this time, though less sharply than inside, only partly off-setting a strong growth in service employment, boosted by a dispersal of back-office functions from London. Further out, in the Outer South East and in East Anglia, the balance was more favourable with continuing growth in manufacturing jobs and a strong rise in overall employment (Buck et al., 1986). In subsequent decades this pattern of change has proceeded further, with manufacturing growth abating even in the outer areas, and destination areas for routinised functions moving further afield (within the UK and subsequently offshore in many cases).

But since the 1980s a qualitative change has been evident in the role and integration of the WSE economy, reflecting a combination of factors, but including the cumulative effects of the decades of dispersal of both jobs and of highly skilled workers to many parts of the WSE, if most notably in a 'western arc', running from Cambridge in the north, then across the Thames Valley and round to Brighton in the south. Distinct and complementary types of competitive advantage have developed which are now integral to the strength of a greatly extended capital-city-agglomeration, not simply supporting players dependent on agglomeration economies generated within London (Buck et al., 2002).

Inside the M25, more clear-cut evidence of London's economic strength appeared during the 1980s when three key statistical indicators suggested a turnaround in the city's position. These involved aggregate population (starting to grow again in 1987 after some 50 years contraction), employment numbers (with a 25 year downward trend ending/reversing from the mid-80s) and average earnings (with a doubling of the London/UK gap during the 1980s). Each of these could credibly be related to international developments in the form, scope and intensity of competitive pressures which London

(in particular, but other parts of the WSE also) was particularly well placed to respond to. But there were also more specific causal factors, notably:

- strong external boosts to international migration into London in particular (as will be explained in chapter 4);
- arrival of a point in time where the absolute potential for further job losses in the goods-related sector was outweighed by a continuing steady rise of jobs in business services; and
- a great widening of (UK) earnings inequalities at the individual level, associated with labour deregulation and the weakening of trades unions, and boosts to the relative earnings of the types of professional/managerial worker strongly represented in London - as to a lesser/varying degree in other parts of the WSE (Buck et al., 2002).

The degree of London's improvement after the mid-1980s in relation to employment growth trends – and specifically whether strong/sustained growth had become the norm – was still unclear in the early 2000s, because in the new competitive era the city's economy was displaying a quite new degree of volatility (Buck et al., 2002). A very strong upturn in London employment (coinciding with Big Bang in the City) was followed by a substantial downturn (in the wake of a Wall Street collapse in stock market values) – and then in the late 1990s with another strong upturn. This lasted longer, but there was still room for a division of opinion between the view underpinning the first London Plan which saw London's competitive advantage as being reflected in a strong and sustainable employment growth trend (MoL, 2001) and those (including Buck et al., 2002) who emphasised the volatility of the new economy, and questioned the basis for inferring that continued success would be reflected in substantial job growth within London, rather than a widening of the productivity gap over the rest of the UK.

A recent analysis of long term urban economic trends (for the government Foresight exercise on *The Future of Cities*), covering the 30 years 1981-2011, focused on 63 Primary Urban Areas (PUAs, defined in terms of continuously urbanised areas with a sizeable employment base) presents a league table in terms of output (GVA) growth rates (Martin et al., 2014). This is headed up by a series of areas affected by town expansion schemes - including 4 from the WSE within the top 6: Milton Keynes, Crawley, Reading⁶ and Peterborough. In the next 10 there are another 5 from the WSE in which this special factor does not apply while the next 10 also includes 5 from this region. There are another 6 in the mid-range – including Oxford, Cambridge and Brighton (all of which might have been expected to figure higher up⁷) – and 3 relatively weak cases (below the national average, but on a par with Birmingham and Manchester), Hastings, Chatham and Southend⁸. Most notable is that there were absolutely no WSE cases in the bottom 30%, which consists entirely of cities from the periphery (Wales, Scotland, the North or the Far South West).

A somewhat similar exercise - focused on population and employment growth indicators for the 2000s⁹, with a slightly lower size threshold for PUAs – suggested a similarly strong concentration of

⁶ Since Bracknell is included within this PUA.

⁷ As Cambridge would, if employment rather than output growth were the criterion.

⁸ Thanet might very well have been in this group, had it not fallen a little below the size threshold.

⁹ By when, the impacts of town expansion schemes will have weakened.

WSE cities at the top of the table, with Milton Keynes now joined by Cambridge and Brighton as the stand-out cases, and none figuring in the bottom 40%. But there was still quite a wide spread of performance, with Portsmouth, Thanet and Bedford now appearing as the least strong cases (Pike et al., 2016). In this case a simple statistical analysis with a composite growth indicator suggested that the chances of positive performance were associated with four factors, mostly favouring WSE cases:

- having more highly qualified people in the working age population;
- not having an over-shadowing larger city nearby;
- faster rail access to London; and (probably)
- little historic (pre WW2) dependence on mining/manufacturing (Coombes and Champion, 2017).

Simply having a larger local economy did not seem to be important, but the London rail access factor is consistent with the relevant scale of agglomeration now being something at least regional in scale (e.g. London's functional/metropolitan region or the WSE as a whole).

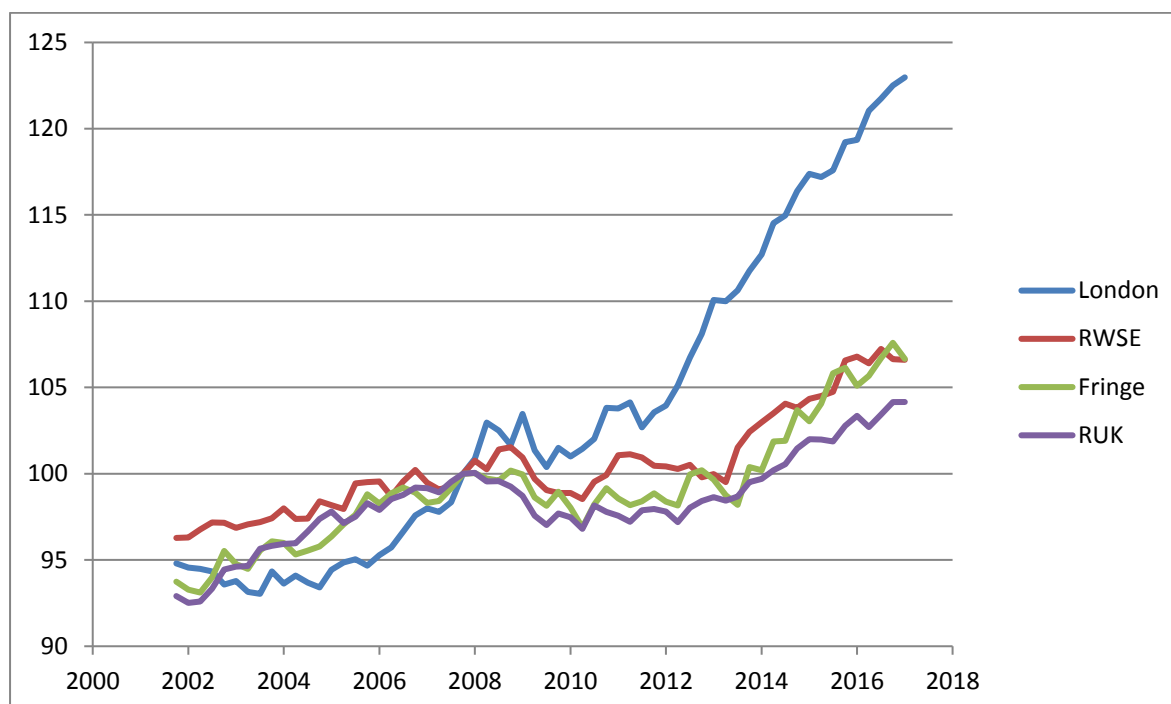
A third basis for comparison is the last 14 years, for which we have consistent regional employment data by workplace from the Labour Force Survey – from a point (in 2002) just after the peak of the dot-com bubble to a point (in 2016) of substantial recovery after the major financial crisis (of 2007-8). Before the onset of that crisis, employment growth across the WSE actually seems to have been a bit more modest than elsewhere – and it is really from the onset of the crisis that WSE employment seems to have fared better than in other regions. This was notably the case between 2007 and 2013 when it was virtually the only part of the country to show significant net employment increases (Table 2.1). That overall picture of dynamism in difficult times rested heavily on a remarkable upsurge of growth within Greater London - and indeed more specifically within a central area including just 5 boroughs (Gordon, 2016). Since 2013 when national employment recovery has taken off, London has continued to show substantially faster growth, though the gap is reducing (see Figure 2.1). This has been the case within the WSE too, though employment growth in RoWSE has been around the national average and has again been caught up with by the rest of the UK. Taking the 2007-16 period as a whole, as comprising something closer to a full economic cycle, it is notable that while London has shown exceptionally fast growth, that in RoWSE has only been matched by its fringing regions (the East Midlands and South West).

Table 2.1: Rates of Employment Change by Region 2002-16

Area	Employment Change (%)		
	2002-2007	2007-2013	2013-2016
Wider South East	3.9%	5.8%	6.9%
London	5.5%	12.1%	9.7%
Rest of WSE	2.9%	1.8%	5.0%
East of England	2.2%	2.4%	5.3%
South East of England	3.3%	1.5%	4.9%
Rest of UK	6.0%	0.0%	5.3%
UK	5.4%	2.3%	5.4%

Source: Labour Force Surveys, results for calendar years (actually February-January); **Note:** data relate to all employed persons including the self-employed.

Figure 2.1: Employment Trends 2002-16 (index 2007 q3=100)



Source: Labour Force Survey data on employment by workplace (as for Table 2.1).

Notes: 1. quarterly observations with no seasonal adjustment, on an index basis (set at 100 in autumn 2007); the Fringe here is defined in regional terms (as the East Midlands plus South West)

At a finer geographic level (NUTS3¹⁰), data on the employed (only) from the Business Register and Employment Survey (BRES) shows 8 of the 9 sub-regions within the WSE figured amongst the top 10 (out of 35) nationally in terms of employee growth rates between 2010 and 2015¹¹. The exception was Hampshire/Isle of Wight, which was toward the bottom end of the distribution, along with areas in the South West region. Differences from a national average (of 1.5%) were generally not large, however, except in the case of Inner London (+4.0%) - with Outer London, Beds/Herts and Berks/Bucks/Oxon as the other 3 WSE areas (each with around 2% growth) to outperform the UK average in this recovery period.

Employment growth is, of course, not the only salient indicator of economic performance or 'attractiveness'. Relatively high productivity levels are a more fundamental one – though not quite so directly linked to migration decisions as is the flow of economic opportunities – and a distinctive feature of (all or most of) the WSE. The fact that success in these (intensive) terms is less clearly signalled by (extensive) growth in job numbers is at least consistent with a situation where space constraints lead to the squeezing out of labour intensive/low productivity jobs¹² which gain less from agglomeration economies. This has been a very conventional kind of argument in relation to London

¹⁰ This is the lowest tier of the EU's regional classification, which in England involves variously counties, unitary authorities and districts (some of them grouped), distinguishing 174 areas across the UK.

¹¹ BRES survey data from NOMIS. The other two areas in this top 10 were Cheshire and North East Scotland.

¹² Where these are not tied to direct servicing of local demands.

- before it experienced such an upturn in employment – but not one which would have been expected to apply (apparently more strongly) to the rest of the WSE. Within London itself, there also seems to be a discrepancy between indicators of intensive and extensive growth over the past decade or so – since despite the distinctively positive record of employment growth, productivity levels seem as flat as in the rest of the UK (Smith and Girardi, 2017, Fig 3.4).

Another point to note, in both cases is that actual employment growth seems to be quite strongly skewed toward higher level occupations, including those now dominated by graduate workers. This reflects both a ‘squeezing out’ of routinisable processes¹³ that could be done in cheaper locations (in the UK or elsewhere), but also the rise of a much expanded set of knowledge-intensive industries, many locating in parts of the WSE away from London. Overall, both in London and the rest of the UK the number of Non graduate workers has been decreasing, and in London itself their share of all jobs seems to have grown from 38% in 2007 to 50% in 2016¹⁴.

2.2 The Relevance of Economic Performance and of Changing Economic Roles for Migration and Population Growth

Traditionally, patterns of labour migration have been seen as responding primarily to inter-area differences in two factors: attainable wage rates; and the probability of being in employment – though these might not always move in parallel and both might also be affected *by* the scale and direction of labour migration. Thus it was suggested (specifically in the context of cities in Less Developed Countries) that inflated wages in some urban sectors might be responsible for a higher incidence of unemployment, because the prospect of accessing such jobs drew in an excessive inflow of rural migrants (Harris and Todaro, 1970).

Two obvious qualifications to this simple analytic framework are that:

- it is *real* earnings that should matter (rather than simply money wage rates), adjusted both for variations in living costs (including housing/travel to work) and environmental/social influences on achievable quality of life; and that
- the relevant comparisons across areas are in terms of the wage/employment prospects of a person with particular (or representative) *characteristics* – rather than simple averages for the particular population currently living there.

Controlling for these two factors can be difficult for the observer working from the unadjusted data – and may also be problematic for potential migrants themselves. In the case of real earnings, the fact that the UK lacks any agreed official measure of local cost of living variations – with radical variations among the unofficial ones – is indicative of the problem. A particular problem is of how spatial differences in the cost of housing services should be assessed:

¹³ i.e. activities and parts of activities which could be restructured so as to allow a substantial part of the work to be undertaken, in cheaper locations (and/or by machine) without need for access to a London skill-pool or for face to face interaction with clients/contacts there.

¹⁴ Though this growth might well be exaggerated by an improved recognition in the Labour Force Survey of degree level foreign qualifications.

- in the owner-occupied sector, there are issues as to what allowance should be made for prospective returns on the capital asset as an off-set to mortgage expenditure; while
- in the rental sector, the issue is more one of variability between groups, places and over time in potential eligibilities for various forms of subsidy; and
- across both of these, there is a further issue of how to treat the compromises which people make (temporarily or in the longer run) in the quantity/quality of housing services they consume when moving to places with higher housing costs - and the associated self-selection of actual movers.

A good deal of job-related movement clearly takes place despite what may (commonly) be rather weak general incentives of this kind – and quite often goes in the ‘wrong’ direction (with people moving toward places with a relatively weak pressure of demand for labour). This may be because:

- people have *diverse* tastes, attachments and histories that make very different kinds of areas attractive options for significant numbers of them, even if not for the ‘average’ person; and/or
- many people develop highly *specific* skills, work interests and ambitions for which relevant opportunities come up infrequently, attracting attention for what they offer, more than because of what the place in general may offer.

Where these factors are important, the likely effect is not just to add some random ‘noise’ to a simple logic of movement *from* areas offering low rewards *toward* those offering high ones (from North to South say), but to produce some other systematic features, in terms of the geography of *opportunities*. Specifically they should lead to higher rates of labour migration *toward*;

- *growth areas* – where rates of new job creation (and of turnover too, if not just of insecure/unattractive jobs) are high; and
- *agglomerations* offering a wide range of jobs using specialist skills of different kinds, filled through open recruitment.

This focus on employment opportunities, rather than productivity, reflects both:

- the uncertainty (previously mentioned in relation to wages) about how differences or changes in average output per head translate into the real wage variations for a potential migrant with some typical set of employment relevant attributes (since measured productivity is heavily influenced by local workforce composition), and beyond that to be reflected in local housing costs; and
- a judgement that availability of a (relevant) employment opportunity is the most stimulus to considering a move (before any consideration of whether those in one area might possibly offer higher real returns for a given type of job).

A specific version of this opportunities-focused account of labour migration is the *regional escalator* thesis developed by Fielding (1992), initially in relation to a region covering much of the WSE. The basic idea is that regions such as this offer significantly stronger prospects to individual workers for occupational advancement (or social class transition) than they could achieve elsewhere. This represents not only an advantage for (native) local workers but a positive reason for ambitious people

to migrate to the region - if not necessarily to stay permanently, since assets and experience built up in the region could subsequently be deployed elsewhere, in a later career stage/self-employment. Empirically, migrating to the South East was shown to provide significantly better changes of moving to a higher social class – reflecting a case where moving to an area with better opportunities allowed people to enhance their personal attributes, not just to get better rewards for those they brought with them (Fielding, 1992).

Subsequent research has shown evidence of other, weaker escalators operating in second/third tier English cities, but has corroborated Fielding's suggestion that the South East (not simply London)¹⁵ offers a particular boost to occupational advancement - across the board, not just at one point of class transition (Champion et al., 2014; Gordon et al., 2015). In doing so, it has drawn a distinction between two kinds of gain that the WSE can offer:

- a better chance for *migrants* from slacker labour markets to gain occupational positions consistent with their existing capabilities (a once-for-all 'elevator' effect)¹⁶; and
- *continuing* opportunities for those working within this strong regional agglomeration (including its natives) to enhance those capabilities (a true 'escalator' effect).

Evidence from the 1990s indicates that both effects are significant positive features of the WSE, in line with similar findings for the top-most Spanish and US cities (Glaeser and Mare, 2001; De la Roca and Puga, 2012). Some possible questions remain, e.g. in relation to controls for inter-sectoral moves, since knowledge-intensive *sectors* actually display stronger escalators than any region (Gordon et al., 2015). And it seems clear that the gains that individuals make from being in the WSE are conditional on some personal factors (e.g. ambition), and not actually realised by a large part of the population (even among the young who tend to be its main beneficiaries).

More broadly in relation to graduate workers, who form a significant part of those joining the London/WSE escalator, it is important to note both that they tend to be substantially more mobile than others for job-related moves, and that for recreational/ cultural reasons they display a stronger preference for 'city-living' than others in their age group. Recent LFS evidence on migrants to and from London between spring 2015 and 2016 shows that (across the 18-64 age range) flows between the city and other parts of the WSE, and/or areas outside the WSE were very much more nearly in balance for graduates than others. Even for graduates, outward movements were 31% higher (to other WSE areas) and 21% (for areas outside the WSE) than flows into London. But for non-graduates the excesses were 580% (RWSE) and 129% (outside) - in other words outward flows were nearly 7 times as heavy in the former case and more than double in the latter.

Some of this striking difference, particularly in relation to moves within the WSE, must reflect age differences. Nevertheless it is striking *both*:

- that a majority of the graduates moving into London (from areas within the UK) actually came from other parts of the WSE – though a substantially larger number arrived from overseas; and

¹⁵ Indeed the city-regions that show individually significant positive effects include Cambridge and Reading as well as London (Gordon et al., 2015).

¹⁶ Though this might be reversed if the migrants were to return to an economically weak area of origin.

- that non-graduates accounted for 80% of the net outflow from London to the rest of the WSE – which might perhaps have implications for future trends (given their diminishing share within the active London population).

2.3 What the Evidence Suggests about Five Big Questions

A starting point in our review of the migration literature is that residential movement is a heterogeneous phenomenon, involving several distinct types of move – only one or two of which are actually shaped by labour market factors, other than proximity to an existing workplace, and maybe others that could be expected to follow nearby¹⁷. In this chapter we are focusing solely on moves which are linked to a workplace change (either current or anticipated) – with the emphasis on those involving moves within the UK (the ‘national’ stream referred to in the last chapter), rather than on international flows (to be discussed separately in chapter 4, because they generally involve different data-sets, researchers and systems of regulation). The focus here will be on five questions:

- between what combinations of areas and distance bands within the spatial migration matrix does this type of migration figure strongly (or not)?
- What is known about factors influencing the spatial direction of these moves?
- What causes short-term fluctuations in their scale and direction?
- How is the volume of such moves changing, over the long run, in the UK, and why (if it is)?
- Who is mostly involved in labour market-related moves?

In the next chapter these questions will be complemented by others relating more specifically to the actual/potential relationships between job characteristics, labour market structures, commuting behaviour and residential movement in the WSE.

2.3.1 *The spatial range of labour-market related migration*

For reasons both of data availability and manageability of analysis, most British research of relevance to this project has been undertaken either on an inter-regional basis – using versions of the standard definition of regions, sometimes dividing the WSE up into 3 separate units, and sometimes combining all but East Anglia in one – or else work on an intra-regional basis within the WSE, but focus entirely on its metropolitan core (Greater London plus the OMA). Both of these have limits in resolving one key question, about: which of the sets of residential movements between areas within the WSE (or with neighbouring areas outside) involve people changing their workplace as well as their residence, and are thus potentially affected by labour market conditions in these. The inter-regional analyses tend to assume that virtually all flows across ‘regional’ borders are labour market-related (more or less justifiably depending on how the WSE has been treated). For the intra-metropolitan analyses, however, this has been an open and important question, but it is not clear how far the answer they come up with is actually applicable to movements in (less tightly connected) outer parts of the WSE.

It is also the case that much of this evidence is rather old, reflecting the fact that issues of domestic migration affecting the WSE were more intensively investigated some decades ago than they have

¹⁷ As in the case of a worker in the City or (say) higher civil service who has an interest in access to central London going beyond the expected duration of a current job.

been recently. The context has changed since then in some important respects – specifically the turnaround in London employment trends and the emergence of major new waves of international migration into London. One key question remains the same, however, namely: how to understand substantial net outflows of migrants from London to other parts of southern England – and what role might employment factors play in that. The second part of the question had a particular point then, since employment trends were a good deal more positive in parts of the WSE outside London, and it was possible they might be partly responsible for outward population movement. The evidence is, however, as salient to a period when it is London which is enjoying the greater expansion of employment.

At the intra-metropolitan scale, evidence from a survey of recent migrants (living in areas within the metropolitan region) found just 8% of those moving out from London to the OMA as having done so partly/wholly because of a new job – though a few others did so because of travel to work problems to an existing job. And, among all those in the survey reporting a new job as a reason for making a move in any direction the two substantial categories involved a shift of job from somewhere outside the metro region and moves *within* the Outer metropolitan Area (Gordon et al., 1983). Modelling exercises from this time also showed the ‘regional stream’ of migration¹⁸ as the dominant one in deconcentrating moves within the South East¹⁹, and across the border into East Anglia, and these as being associated (cross-sectionally) just with housing market (not employment) factors.

Complementary evidence is available from time series analyses, covering the years 1971-94 (including London’s turnaround point), which looked for significant influences in net migration trends (domestic plus international) first for the South East Standard Region²⁰ as a whole and then for London. At the wider regional level (approximating that of the WSE) net inflows were found to reflect the level of international migration into the UK as a whole, relative house prices in the region, and its share of national unemployment (i.e. both housing and labour market factors). At the London level, however, the comparable finding was that it reflected: the overall regional balance (representing London’s normal share of external flows to the South East); UK international migration as well (since this tends to be concentrated more heavily inside London), and house price levels in London (relative to ROSE, as well as to the UK) – but without any evidence of significant labour market effects.

This effectively corroborates the survey and cross-sectional evidence in terms of the weak/negligible influence of labour market factors over the migrational balance between London and the Rest of the South East – suggesting that these essentially impact at (something like) the WSE level, reflecting strongly integrated sub-regional labour markets (Gordon, 1999). What neither source of evidence shows, however, is the extent to which *within* the outer ‘ring’ of the WSE – where direct commuting links are weaker – the distribution of new job/escalator opportunities effectively steers labour migration toward the more dynamic centres.

A relevant consideration here is the degree to which commuting changes can substitute for labour migration – through workplace changes made independently of changes in residence. One example

¹⁸ Discussed in chapter 1, section 1.3.

¹⁹ The South East standard region at that time included Greater London, the whole of the subsequent South East GOR region and the southern half of the East of England region (Beds, Herts and Essex).

²⁰ This region included the areas of 2 subsequent Government Office Regions (for London and the South East) plus the southern half of that for the East of England.

has been the tendency for people to make residential moves out from London while continuing to commute in, but with a high probability eventually of switching to a job outside London, and presumably closer to home (Buck et al., 1986). Indirect evidence - from modelling of the pattern of inter-district residential moves in relation to the three domestic migration 'streams' – suggests a more general tendency for people who might actually have contemplated a long distance ('national') move to a suitable job but who actually find one within feasible commuting range (maybe 50 miles or so) to choose a (probably) extended commute over the disruption costs of a residential move (Gordon, 1988). This is something which is especially likely to be practicable within the core of the WSE, but less so for potential opportunities within its outer ring, where employment centres are less spatially clustered.

Potentially more direct evidence of the relationship between population and employment growth – also from the turnaround period - comes from cross-sectional analyses across Travel to Work Areas (TTWAs) by Congdon and Champion (1989). These suggest some strong effects of population on employment growth, but (controlling for this) analyses across the South East SR (approximating the WSE) also show a significant positive impact of employment change on local population growth²¹. The difference between this finding and those reported from work on areas within the metropolitan region (or inter-regional analyses focused on the relation between London and the East/South East regions) may well be one of coverage. Specifically, it may reflect the inclusion in the Congdon/Champion analyses (only) cases of differential growth among areas in the outer ring of the WSE, which can be quite widely separated, in which case commuting adjustments *are* clearly less likely to be so dominant as the means of spatial adjustment in labour supply.

2.3.2 Influences on the Direction of Movement

This is the most worked-over of questions, and one overlapping with the issues about spatial scope of movement (above) and the dynamics of responses (below), so what is known on this question can be summarised fairly simply (if not conclusively). The baseline of economic analyses, typically in relation to inter-regional movers, was the simple proposition that people will tend to move from areas with higher risks of unemployment and lower wages toward those with lower unemployment and higher wages. This gets some empirical support, though it becomes more problematic to establish when attempts are made to control for differences in living costs (to approximate real wage differences), and for the degree to which average values of both unemployment and wages reflect relevant differences in characteristics of their labour force – often reflecting the effects of selective migration in the face of different types of local opportunities.

Except for the living cost issue (strongly affected by differences in housing costs), these biases are much less likely to drown out real differences in labour demand pressure or personally achievable earnings at a broad super-regional scale (say north versus south or Scotland versus England) than when comparing areas within the WSE or with its immediate neighbours. Within this territory it is

²¹ This ceases to be true when TTWAs across the South West (as well as East Anglia) are added, but different factors may well operate in these more rural areas as compared with most of those in the WSE.

much easier to show that employment growth makes a difference, if still more within the Outer WSE (as the Congdon/Champion results suggest) than inside the metropolitan region.

Access to escalator processes of occupational advancement, applying across large areas of the WSE, are (reasonably) believed to be another important factor (Fielding, 2012). Migration should not erode these (as tends to be the case for real wage differences) because what the 'escalator' offers is not money but a greater chance that efforts to learn will be rewarded by acquiring productive human capital. Environmental factors also seem likely to be significant, as they are for employment stream moves across (standard) regional boundaries (see e.g. Gordon and Molho, 1998), though relevant attractors depend on life-stage and lifestyle preference (e.g. bohemian or bucolic). The simplest generalisation for all but the broadest inter-regional comparisons is that job growth - particularly in well rewarded kinds of work with future prospects – is the most likely attractor of employment-related migrants (to a labour market area if not to a specific locality/town).

2.3.3 Causes of Short Term Fluctuations in Labour Migration

Significant employment shocks in local areas are generally expected to stimulate shifts in the spatial pattern of labour supply, and substantially reducing differential local effects on unemployment or inactivity. This is especially the case where the shock takes the form of changes in rates of recruitment, rather than involuntary job losses – with strong initial effects in this case, working largely through shifts in commuting patterns, where other areas within commuting range are experiencing the same shock. In regions with overlapping local labour markets – as in the core of the WSE, vacancy chains - arising when recruitment of a worker into a new job leaves an extra vacancy to be filled elsewhere, and so on²² - transmitting effects, and labour market adjustment over quite a wide area, without need for labour migration (with the additional transition costs this involves). What remains of local imbalances, in terms e.g. of relatively high unemployment rates – or imbalances between its wider commuting hinterland and other comparable sub-regions – can be expected to generate responses in terms of labour migration, continuing until the remaining gaps in employment prospects have been closed. If similar 'shocks' are repeated, becoming part of a more/less favourable trend, the expected outcome is not elimination of these gaps but stabilisation of them – rather than the continual widening that would follow in the absence of migrational adjustments.

Accessibility makes a difference, however, with much faster adjustment to such shocks within a major conurbation (such as London) than on the periphery of a region (such as East Kent), or especially in peripheral regions (such as the North East or Scotland). So too would having a job mix biased toward worker types with a higher propensity for labour migration, e.g. in advanced service occupations characteristic of Central London, rather than in most manual activities (Gordon, 2003). Booms in Central London employment, such as that experienced within the past decade against a background of little job growth elsewhere, could thus be expected to induce particularly strong responses in terms of inward labour migration – though if a large part of the initial effect was realised through increased inward commuting, these positive impacts on migration might be spread over an extended commuting region (including a large part of the rest of the WSE).

²² Until a vacancy is filled by someone who otherwise would not have got a job (in the near future).

More widespread economic shocks from macroeconomic fluctuations at the national level are also, likely, however, to impact on the scale of labour migration within the UK. The basic idea here is that actually achieved rates of movement depend on a combination of:

- the degree of *incentive* for such moves, in terms of likely impacts on (for example) the chances of being employed in a decently rewarded job; and
- *potential mobility*, in terms of the willingness of workers to respond to a given incentive, and of employers to facilitate such moves.

This potential mobility tends to be pro-cyclical (i.e. greater in times of higher levels of national economic activity) for several reasons because:

- higher levels of uncertainty, in a slack economy, discourage the various kinds of investment involved in making a longer distance move to an unfamiliar environment – while actually encouraging returns moves by some recent out-movers to a more familiar one, offering more support in difficult times;
- in a slack labour market employers see less need to incur the significant investment costs for them, of wide dissemination of information about vacancies and formal selection procedures among large pools of applicants from outside the locality/region, when sufficient interest can be generated cheaply from nearby/familiar sources; and
- at least for households negatively affected by recession, financing a long distance move with all the consequent adjustments is likely to be less feasible.

The expected result is that even if a national shock effects all areas equally, with no change in the incentive to engage in migration across the country, downturns will reduce net migration from areas with a relatively low pressure of demand for labour – with the secondary effect of widening disparities, and the incentive to move, up to the point when actual movement (and gaps in unemployment etc.) revert to their long term/equilibrium levels (Gordon, 2003).

The effects of major economic fluctuations, such as those experienced over the past decade, on labour migration within the country can thus be quite complex, – even when direct impacts have been much more even than in this case, and international flows are not of a scale to make any substantial difference.

2.3.4 Long Term Change in Rates of Long Distance/Labour Mobility

For a long time now it has been assumed that a de-localisation of society, and the massive enlargement of an educated class which has traditionally been the most mobile, meant that rates of long distance (labour) migration would inexorably increase. Recently that assumption has been challenged by a body of US research (reproduced in several other countries) showing a trend in the opposite direction (admittedly from a particularly high base, as compared with European norms). For the UK, however, Champion and Shuttleworth (2017a) were not able to detect any long-term trend in rates of inter-regional migration in England and Wales since records began in the 1970s, merely fluctuations that broadly tally with the business cycle, with higher rates in periods of economic growth and lower rates in recessionary periods. While the overall rate for the last three years studied, 2008-

2011, continued a downward trajectory that started around 2004, it was no lower than those recorded in 1990-91 and the early 1980s.

But this overall picture varied considerably by age. While the latest rates for the main working ages between 25 and 64 remained within the range experienced over the previous 35 years, the rate for older people (65+) was running at barely two-thirds of the pre-1990 level and that for 0-15s had also fallen somewhat. The effect of the latter, however, was fully offset by the higher intensity of migration among 16-24s, which rose steeply during the 1990s and – though weakening after this – was, in 2011, still around a quarter higher than its pre-1990 rate²³. This resilience of longer-distance migration rates in England – in contrast to US experience – was confirmed by reference to a census-based data set, which indicated little significant change between 1971-1981 and 2001-2011 in the proportion of people changing address by 10km or more between censuses (Champion and Shuttleworth, 2017b). Nevertheless, between these two decades, several types of people had seen their propensity to move 50km or more drop significantly, especially those with degree-level qualifications (by a third) and those working in professional or intermediate non-manual occupations (by around a quarter). The effect of these rate reductions was, however, largely offset by these traditional higher-mobility types substantially increasing their share of total population since the 1970s (see also Champion, 2016).

2.3.5 Who Undertakes Work-Related Household Moves?

Long distance (national stream) moves are the most strongly selective of all types of residential mobility, not only in life cycle terms (which would be true in other countries also), but also in social class terms (to a degree substantially less evident in the US). A variety of studies have shown a wide range of relevant factors distinguishing those who undertake this higher stake form of residential move, and shown some variation in these between different labour market segments. A fairly conventional set of findings²⁴ includes the following key factors: youth (in 20s), gender (male), education (having a degree – especially being a new graduate), previous work status (full-time employment), marital status (cohabiting rather than being married), family composition (not having a working child at home), housing tenure (private, but not social, rental) and psychological traits (job-related ambition).

2.4 Conclusion

2.5.1 What This Implies about Economic Migration within the Wider South East?

The picture of the Wider South East economy sketched out here is one of an economy that has clearly been the UK's most economically successful region over a century or so, and which has transformed itself in several different ways in the second half of that period. In particular:

²³ The rapid expansion of higher education has been a very important factor in this age group (given that students are treated as residents in their term-time locations, even when they continue to spend vacations in a family home).

²⁴ Taken illustratively from Gordon (1992, 1995 and 2015), but selectively drawn from an extensive research literature.

- London has left behind its role as a major industrial city to 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 a deconcentration of its population – and matured to a stage 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;
- the metropolitan region has become a major magnet for international migration, parts of which are critical to the supply of skills in growing sectors of service employment; and
- immigration together with sectoral shifts, and deregulated competitive forces (In labour as well as product markets) ‘turned around’ the direction of change in population/employment numbers and widened the gap in productivity/earnings over the rest of the UK.

The region, and particularly its major urban centres, have become increasingly powerful attractors for (greatly increased) cohorts of graduate workers, but not necessarily for others from outside the WSE, since the 1980s era of wide disparities in regional labour demand passed.

Though there clearly are significant, but under-researched, migrational shifts for employment reasons involving more/less dynamic centres within the OWSE, labour market integration leaves little incentive for very substantial net movements for this reason (as distinct from residentially-related ones) within the WSE.

The scale of the shift toward a graduate labour force and population, whose residential preferences may continue to be more urban than others, into their middle age and later years raises some question about whether the strength of the drive to move out might abate somewhat.

2.4.2 What we do and don’t know?

Though quite a lot is known from a range of studies in relation to our ‘five big questions’ about economic migration, the answers are not very simple ones – particularly in relation to older assumptions about a general drift of young workers toward the WSE (affected perhaps a real narrowing of regional disparities in employment opportunities for people with given attributes). In London’s case now, there seems rather more of a drift, at least among young graduates from other parts of the WSE to London.

Some relatively simple basic observations are that:

- additional employment opportunities in relevant jobs are a key attractor of labour migrants;
- employment related flows are highly cyclical, with the uncertainties of recession times discouraging investment in job-related moves;
- this type of migration is highly selective, both overall and specifically in relation to London; and that
- it is not an important driver of the deconcentrating flows across rings in the region.

Recent research on labour migration in the WSE has been limited, particularly in relation to flows into, out of and between employment centres in outer parts of the region.

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Chapter 3: How Changing Employment and Labour Market Characteristics Have Influenced Population Change in the WSE

3.1 Introduction

The last chapter reviewed evidence on how spatial variations in the level and composition of economic activity could influence patterns of (longer distance) job-related migration, via labour market incentives and signals including relative wages, opportunities for upward mobility, risks of unemployment *and* the flow of recognisable opportunities. In this chapter, we turn to issues about changes in the character of this employment – including, as the brief proposed, those of:

- growth in the role of *self-employment*; and of
- *home-based working*; but also of
- some other dimensions of a '*new flexibility*' in labour market relations (notably in working hours and uncertainties about these).

These may each (or all) affect the likelihood and direction of, what in broad-brush terms, we have labelled 'housing migration' (involving no change of workplace) as well as of 'labour migration' (which is linked to a workplace as well as residential move). This could be via a connection to commuting behaviour, *either* as a source of constraint on feasible residential moves *or* as a motive for some release from such constraints.

Questions about how these may impinge on residential movement in the particular circumstances of this complex region (with sub-regions where they could have very different significance) are particularly interesting for two reasons. One is that these aspects of employment relations have been subject to substantial change. The other is that their effects on household location decisions seem not to have been the subject of much empirical research.

Our approach in this chapter, however, parallels that in the last one by considering for each category in turn:

- how such effects could be expected to operate;
- empirical evidence on the incidence of these kinds of change in employment relations over recent decades, and their likelihood of continuing; and
- how far they might impinge on key aspects of population change affecting parts of the wider South East.

3.2 The Relevance of Changing Forms of Employment for Household Location and Relocation

Alongside the processes of deindustrialisation (in the UK particularly), feminisation of the labour market/career structure and (though a bit ahead of) digitalisation, major changes in the *labour process* – including forms of employment, control systems, work cultures and organisational relations – have been underway now since the 1970s/80s. And key aspects which Green (1992) highlighted - in relation to their relevance to the role and scale of spatial mobility within this remain central, if ambiguous in their effects. Green related these particularly to a shifting balance between people's adoption of

organisational, entrepreneurial and/or occupational routes to personal advancement and security – with each having distinct links to location/relocation choices in different life-phases. The three specific types of change we are considering here should all be seen in relation to these broader choices which people make (and are steered towards) between such working life-strategies.

3.2.1 Self-employment

As some recent legal disputes have highlighted, self-employment is not an entirely clear concept, and can cover a great variety of situations. This is not simply because some versions of it are a survival from much older times, before the last century when the rise of large enterprises, in services as well as manufacturing, radically shrank the role of the small business-owner/manager. It also applies to several quite different niches and positions of growing importance over recent decades, involving people commonly identified as ‘self-employed’ either legally or in survey responses.

To take three examples at different margins of its application, these include:

- people who in most respects seem to have an identifiable employer, from whom they receive a form of wage for work undertaken under this employer’s control (whether in the older building industry ‘lump’ or the current ‘gig economy’);
- people who barely seem to be employed at all, lacking (failing to find and/or having lost) a formal job, hopefully offering their services to potential customers (for e.g. maintenance projects, teaching or consultancy) but with only a very limited take-up – effectively under-employed if not actually classed as unemployed; and
- others who have a regular employed position, but who operate in a free-lance role alongside this, seeking subsidiary income, whether in a complementary kind of activity (a quasi-hobby) or one drawing directly on assets accumulated/maintained through continuing formal work²⁵.

The third of these marginal groups will be recorded officially as receiving self-employment income, but will not generally be counted in censuses or surveys as self-employed, if that is not their ‘main job’. The second group, on the other hand, will tend to be classified as self-employed (*faut de mieux* maybe) irrespective of how much of their income actually derives from that activity. There is, of course, also a ‘core’ category of people for whom genuinely entrepreneurial activity is their main work and source of income – though what is happening to this group in terms of numbers, income etc. is not very easy to discern. Even among these, however, a significant proportion may be employed in this way because employable skills that they may have are less valued, for one reason or another, by other employers.

Traditionally, location and localised networks of relations have been seen as especially important to the self-employed, as accessibility, flexibility, trustworthiness in small/non-repeated exchanges and sensitivity to specific sub-market concerns are key sources of comparative advantage as against businesses better placed to exploit scale economies. Some of these factors ought to be mitigated in the internet age, when digital community can substitute for a significant part of face-to-face interaction. However, there is evidence from an IT context that establishing a business in a new area

²⁵ As Pahl (1984) observed in relation to engagement in the ‘informal economy’.

by people who had acquired specialist skills in a metropolis may still require them to build up social capital through working initially as an employee in the new area (Martynovich, 2017).

Transfers of this kind are an essential part of the 'stepping off' the escalator phase in Fielding's (1992) model of the role played by the South East in upward socio-economic advancement - with self-employment elsewhere as one of the key routes through which those who had built up economic and social assets in this region could realise their value. Some of this, which might be thought of as proto-retirement migration, has involved people opting out of a stressful work (as well as the urban environment) into financially less rewarding activity in a quite different field (think *Fawlty Towers*, perhaps). More generally, however, the logic is that returns to metropolitan experience in human capital terms diminish over time, and for many of those without a particular (continuing) taste for big city life, may cease to justify the extra 'costs' involved after a decade or so of work there, at least if they have acquired transferable skills/connections which can be deployed elsewhere – maybe in a provincial branch of a national firm, or by striking out on their own (Gordon et al., 2015).

Increased opportunities for such enterprise in less regulated/up-and-coming markets – and/or (as perhaps with the IT case just cited) just past the point of peak innovation where small firms really need to be clustered together – might well now mean that more people followed this path out of the city. In truth, however, evidence is lacking about its scale, and it could as well be matched by a thinning out of the alternative opportunities for moves as an employee within branch establishments of large national firms.

Similarly, though digital communications and internet information sources can reduce the need to develop and retain local connections - potentially allowing more entrepreneurs to move and settle elsewhere than outside the main agglomerations - these developments can also allow internal scale economies to be pursued more fully. Hence it is not clear that they actually enable many small businesses to secure their position in such areas.

Across the range of businesses, the norm still is for the self-employed to be significantly less mobile in their workplaces – as well as less likely to engage in extended commutes, and thus also in the kind of outward housing-related move which depend on these. In one national study, controlling for a range of other relevant influences - including age, gender, qualification level, marital status, occupation type etc. – the self-employed were found to be 25% people less likely to make a job-related move (Gordon, 1995). Exceptions to this stereotype of the 'residentially rooted' self-employed have been noted among those whose work is home-based: in general these are reported as being fairly geographically mobile, but with a positive link to migration for new entrants to self-employment, and for women specifically, some of these being tied-movers, using self-employment as a means of staying economically active in the wake of a household move (Reuschke and van Ham, 2013). There might also be a specific link between some kinds of self-employment and outward movement from the core of the conurbation, in view of evidence that entry to home-based self-employment is facilitated by larger detached dwellings (Reuschke, 2016).

Relevant numeric evidence: The proportion of self-employed among workers across the WSE (in London and outside) as in the UK as a whole seems to have grown continuously since the onset of the financial crisis, which it was not doing in the preceding years. In London where its share was around

15% between 2004 and 2008 it had risen to 17.5% in 2014-16. In the context of uniquely large scale growth in the city, this reflected the addition of some 300,000 to the numbers of self-employed. Across the rest of the WSE, the percentage share went up similarly, though - in the context of an initial employment fall in 2008/9 (not evident in the annual figures for London) and slower growth thereafter - 200 thousand or so extra self-employed still represents half of the net growth in jobs overall. In these outer areas the growth in self employed was more widely spread among occupational groups whereas in London it was especially rapid among managers on the one hand and manual workers on the other.

We do not so far have any analyses of the degree to which the self-employed participate more or less proportionately in flows around the WSE. Standard Census migrational tables do not distinguish the self-employed as a category. The Labour Force Survey does, but sampling error is bound to be rather large as inter-regional movers and the self-employed are both relatively small shares of the population. An exploratory investigation of the last available quarter, comparing current regions of residence with those reported (then) for a year previously, taking the share of the self-employed among employed movers within the region as a benchmark, suggests that:

- the share of the self-employed among movers out from London to the rest of the WSE was about what might be expected; but
- their share among inward movers from the rest of the WSE to London was notably less.

The significance of such a difference for understanding migration dynamics in and around the WSE is not at all clear though one might speculate that the self-employed in London who are averagely willing to move out may be much less embedded in localised markets and networks than those outside London who are less interested in moving in.

3.3.2 Home-based Working

Home-based working also is an ambiguous concept, with a spectrum of practices, ranging from teleworkers operating exclusively from home (said not to have 'taken-off in a grand way'), through partial teleworking, hot-desking to mobile working (with home just as a base). While surveys might record 10% of people as working from home, most do so on an occasional basis only, notably amongst managers and professionals with some freedom to choose how they organise their work (Hardill, 2002).

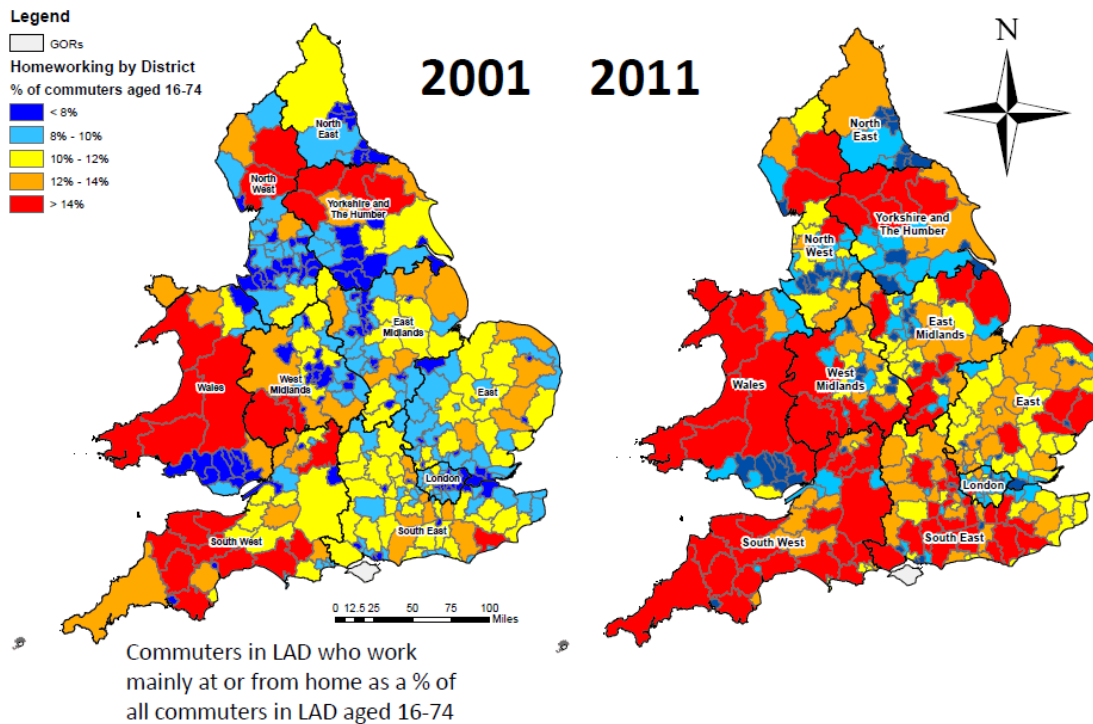
For this group, the locational significance of technical and cultural shifts which ease this would primarily be in reducing the effective 'costs' of commuting – perhaps encouraging people to put a greater distance between themselves and an urban 'base', by considering moves further out, or to consider taking a new job outside what otherwise would be an acceptable commuting range, without moving house and disrupting other family members' work/social relations. Second home ownership in affordable/attractive areas around the edge of the WSE also becomes a more attractive proposition when the number of 'office days' in the week can be shortened. As a first approximation each of these might be seen as likely to reinforce more than disrupt established patterns of movement in the WSE, notably that toward residential deconcentration.

Full-time home-based working might be a different matter, since it holds out the prospect of a radical loosening of the economic needs for regular face-to-face contact that keep people residentially tied to London or one of the secondary centres in the WSE. In some ways, however, a strong trend of this kind might also be seen as an extension of the direction of travel of the past half century, firms/market forces have found multiple ways of radically reducing their dependence on London-based activities involving high degrees of local personal interaction with customers, clients and others (in a very expensive location), via their routinisation and dispersal. The counterpart to this, and one of the drivers, has been the continual emergence of new products, sub-sectors, forms of activity and informal arenas, via high levels of local interaction of all kinds. As well as the transformation of the London economy, a by-product has been the burgeoning of a new London population, of young, highly educated, cosmopolitans with a strong taste for city-life in most of its forms – and not simply a dependence on the city's monopoly of their kinds of job. The point is that the innovations making genuinely home-based work an economic reality for a really significant fraction of the workforce should also likely – so long as London retains an economic dynamism – have a counterpart in further economic and demographic renewal, rather than a reason for expecting simply an increasingly negative balance in London's migrational exchanges with the rest of the UK. It does seem, however, that any such a substantial switch to home-based working (rather than more back offices) is, still, much more likely to affect professionals and managers than others lower down the occupational hierarchy.

Relevant numeric evidence: According to the Labour Force Survey (for the first quarter of 2016) about 5% of the employed workforce in the WSE worked mostly from home, with another 1% working from the same grounds or building (as for people living in a military establishment, say), while 10% used their home as a base from which to work in different places. Proportions were little different across the rest of southern England, but across the rest of the country the proportions mostly working at or from home were a bit less. In these more northerly/peripheral regions then some 88% simply worked somewhere else, as compared with about 85% in the WSE (inside and outside London). Among those with a fixed workplace elsewhere about 18% also did some work at home. But full-time home-working does not seem much of an issue in relation to migration, or significantly more so in the WSE.

That impression rather contrasts with Murphy et al.'s (2013) observations (reported in the brief, with the map reproduced below) which highlights the extent of growth between 2001 and 2011, particularly in large parts of the East and South East regions, as well as in the 'fringe' areas of the midlands and south west. These (Census) data also relate to people working *mainly* at or from home (not those who do so for part of the time). At first glance the 2011 levels don't look too out of line with LFS data for the combined categories in 2016. But the breakdown between working at and from home seems very different, with the 2011 Census data apparently showing actual home working as the dominant sub-category, rather than the reverse. And since it is noted that the questions asked had actually changed between the two Censuses it seems possible that the two data sets may not be comparable.

Home Working in England and Wales, 2001 and 2011



Source: Murphy et al. (2013) *Spatial Analysis of Commuting to Work Patterns in the UK 2001 and 2011*

At any rate, with the LFS, where a consistent question does seem to have been asked, over a long period, focused explicitly on the home working question rather than on travel to work generally, there is evidence of increases both in the share of people working at home, and that of the workers from home. Over the decade between these two Censuses the LFS suggests that the proportions working at home and from home each went up by just about 1%. Since 2010, however, the growth of working at home does seem to have accelerated significantly, particularly in the southern regions where it has increased by about 2%. In proportionate terms this represents about a 40% increase over just 6 years²⁶. Absolutely, it is, though, still rather small beer.

3.2.3. Flexible Employment Practices

Flexibility has become a watchword in relation to labour markets and personnel pressures since the mid-1980s. This has been partly as a response to changing lifestyles (including a growing night-time economy) and fuller recognition of women's career potential. But the major driver has been that of intensified competitive pressures in product markets, which has led to a sharper divide between the jobs for which employers choose an *intensive* personnel strategy, involving active investment in workers who are to be retained over the long run, and an *extensive* strategy with minimal inputs for those to be recruited/retained only as and when needed. Naturally there remain intermediate job

²⁶ There is no indication, on the other hand, of growth among the (larger number of those) who sometimes work at home, despite a fixed base elsewhere.

types, but this logic has implications for migration, both in relation to the risks that potential migrants are willing to assume and the degree to which employers enable and support ('sponsor') recruits from outside the travel to work area (even minimally in terms of disseminating vacancy information). These will vary between tight and slack labour market situations but, whereas typically migration for long term 'intensive' job types occurs on a 'contracted' basis, with a clear work offer being secured before a commitment to move, for more flexible 'extensive' job types a 'speculative' move, followed by a local search for work is generally the only option - unless an intermediary agency is used to bring in a group of such workers from a particular place (as for significant elements of A10 country flows). Such speculative migration is now quite uncommon in the UK²⁷, except for those driven by a strong 'push' factor of some kind, and/or with supportive contacts in the destination. But it is in any case very much more likely to be targeted at major centres (notably London), with large and flexible/high turnover labour markets than smaller places where job finding is less assured (Gordon, 1995).

Given this background, the implications for migration of a growth in flexible types of employment, including zero hours contracts and the gig economy as well as conventional temping jobs and other (practically) insecure types of work, are not simple. But in generally bad times (as in the years following the last financial crisis) or for workers gaining access to the UK from poor countries, they add something to the attraction of London and also of secondary centres within the WSE (such as Brighton or Reading, say), at least for those with a way of living cheaply, either as migrants or weekly commuters. Except for this proviso about living cheaply – which probably means living very densely, and thus reducing potential displacement in housing terms – it is very doubtful whether this urbanity effect actually serves to keep significantly more people living in London. More likely it serves to increase the selectivity of those who stay, in relation to preferences/need for this type of work – and potential for falling into worklessness.

Numbers and Trends

In the specific case of zero hours contracts there is clear evidence of rapid growth since 2012 (with the numbers involved tripling by 2014) but they still represent a pretty small proportion of the Labour force (2.8% in London and across regions of WSE, according to the Labour Force Survey). A third of those involved are in the 16-24 age group, many of them in full-time education, though the numbers between 25 and 64 have also been increasing. It now includes 7% of the part-time workforce, working 22 hours on average, and with little difference in the deviance of actual from usual hours as compared with those on other contracts. The principal concentrations are in caring and elementary occupations, in the accommodation/food, health and social work and other private consumer service sectors. The current numbers are too small to say anything significant about relative mobility.

Formally temporary workers, whether casual, agency or on fixed contracts are similarly a small proportion of the workforce (about 2.5%). These include significant proportions of professionals on fixed contracts who may very well choose this form of employment, rather than having it effectively imposed. There is little evidence of trends toward substantial increase (except perhaps over the long

²⁷ numbers are hard to find, with Gordon (1995) citing a single figure of 7% as the speculative element among longer distance British movers, as compared with an (older) American estimate of 30%. More recently Gregg et al. (2004) conclude, from an array of indirect evidence, that among the unemployed (who seem the most likely candidates) speculative migration within the UK is 'very rare'.

run among professionals). As in the past, the issue of insecurity in employment is likely to be more one of people on open-ended 'permanent' contracts who either become redundant, or who voluntarily leave a job not designed to secure long term attachment.

3.3 Summary and Conclusions about the Significance of these Labour Market Factors

Reviewing what we know about these variants on the model of mainstream full-time regular employment around which most debate about migration is constructed is very difficult – particularly in relation to its implications for levels and patterns of mobility. Part of this difficulty is more or less simply novelty (e.g. in relation to the gig economy), coupled unsurprisingly with small numbers, often embracing very different situations and little experience (still less recorded experience) as to how operating in these variant roles fits into a life course. In almost all cases we have to say we don't know, and we doubt if they will be quantitatively important in the near future.

The exception is self-employment, where the numbers are both large and growing – though what the role involves seems very variable – and we know a bit about patterns of mobility. In the context of what we know about movement within the WSE, it does not suggest radical change in migration patterns if the self-employed were to continue growing substantially in numbers. But this is a case where it would be valuable to know more about how mobility relates to different versions of what self-employment involves, and (again) how the intersection between mobility and entry to (or exit from) self-employment relate to the lifecourse of those involved.

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Chapter 4: The Role of International Migration in the Population Dynamics of the WSE

4.1 Introduction

Over the past 30 years international migration into the WSE, which had been very limited through the 1970s and most of the 1980s, has grown very substantially and become the main driver of population growth here. At the level of the WSE as a whole, where domestic flows have been almost in balance in the recent past, net international migration accounted for 64% of total population growth between 2001 and 2015 (as was shown in section 1.1). Its key role is most obvious for London, since this receives the majority of overseas migration into the WSE and has a negative net balance in its exchanges with the rest of the UK.

A simple numeric comparison suggests that in this period net international migration was responsible for 98% of population growth within London – meaning that without it the London population would have barely changed - as compared with 35% across the rest of the WSE. This is too simplistic a comparison, however, because it assumes other components of population change to be independent of the scale of international migration. That is untrue on two counts, though with opposite effects. On the one hand, over the medium term, natural change will be boosted, since a young migrant population is known to generate more local births. But, on the other hand, over a rather shorter term, there is a good deal of evidence of substantial displacement of other (actual or potential) residents as a consequence of international migration into particular areas – to a degree discussed in section 4.3 (below). This off-setting flow (at least) needs to be taken into account in assessing how much of local population growth is actually attributable to international migration. In London (just in terms of migration, rather than births) it is clearly considerably less than the initial comparison suggested, though at the WSE scale it is not much different. Across the rest of the WSE, outside London, the full impact on local population growth of (changing levels of) overseas migration into the region must therefore be substantially greater than the relatively modest level of direct immigration would suggest.

Ignoring these secondary effects, and how overseas migration compares with other sources of population growth, and simply relating the population additions from net international migration between 2001 and 2015, to the size of the resident population, this amounted to 0.6% p.a. across the WSE as a whole, as compared with 0.4% nationally, but three times that in London. In the OMA its intensity was rather above the national average, whereas in the outer ring of the region and the fringe just outside it was close to the average for areas outside the WSE (Table 4.1). At this broad scale, direct overseas migration does look very much a London phenomenon, though with ramifications in terms of faster population growth extending right across the WSE and areas adjoining it.

Table 4.1: International Migration into WSE, its Rings and Other Parts of the UK

	Net international Migration 2001-16 (annual average)	
	000s	as % of 2001 population
Wider South East	137	1.7%
London	96	1.3%
Outer Metropolitan Area	18	1.3%
OWSE	24	1.3%
WSE Tight Fringe	20	1.3%
RUK_Periphery	85	1.3%
Total (UK)	242	1.4%

Source: ONS mid-year estimates of components of population change.

This pattern of a strong concentration of international movement into London lends itself to some simple kinds of explanation in relation to several distinguishing features of this core area, notably that:

- it contains both major national institutions and key ports of entry into the UK;
- with many existing national/ethnic communities to which new migrants are attracted; and
- it has a relatively dynamic economy, with a flexible labour market and high rates of new job creation.

To get beyond these basic contextual factors, and understand patterns of change (recent and prospective), however, it is necessary to distinguish between several types of international migrant, with distinctive motives, expectations and likely trajectories.

4.2 Migrants from Rich and Poor Countries

Relevant differences between sets of migrants in relation to their roles and impacts include ones in: skill levels, command of English, citizenship (notably EU versus non-EU) and whether the main motive for coming is work, study, refuge or familial. Cutting across these, however, is another pervasive distinction, with particular implications for the dynamics of population change, namely that between those who come from:

- other relative 'rich countries' (e.g. Western Europe, the Old Commonwealth, the USA or Japan/Korea); or from
- 'poorer countries' (broadly the global 'south' and the European 'east').

In the latter case, a key factor in migrants coming to the UK (rather than staying in their birth country) is an expectation that a *generally better standard of living* can be obtained, at least in economic and political terms, than is otherwise likely. In the former case, however, where it is much less likely that any such gains which might accrue would justify often substantial disruption costs, the motivating factor is very much more likely to be the perceived availability of a *specific opportunity* – in relation to work, training, a personal relationship, cultural activities, or an environmental setting – of relevance to the particular migrant, who can't count on an equivalent presenting itself in their home setting (soon).

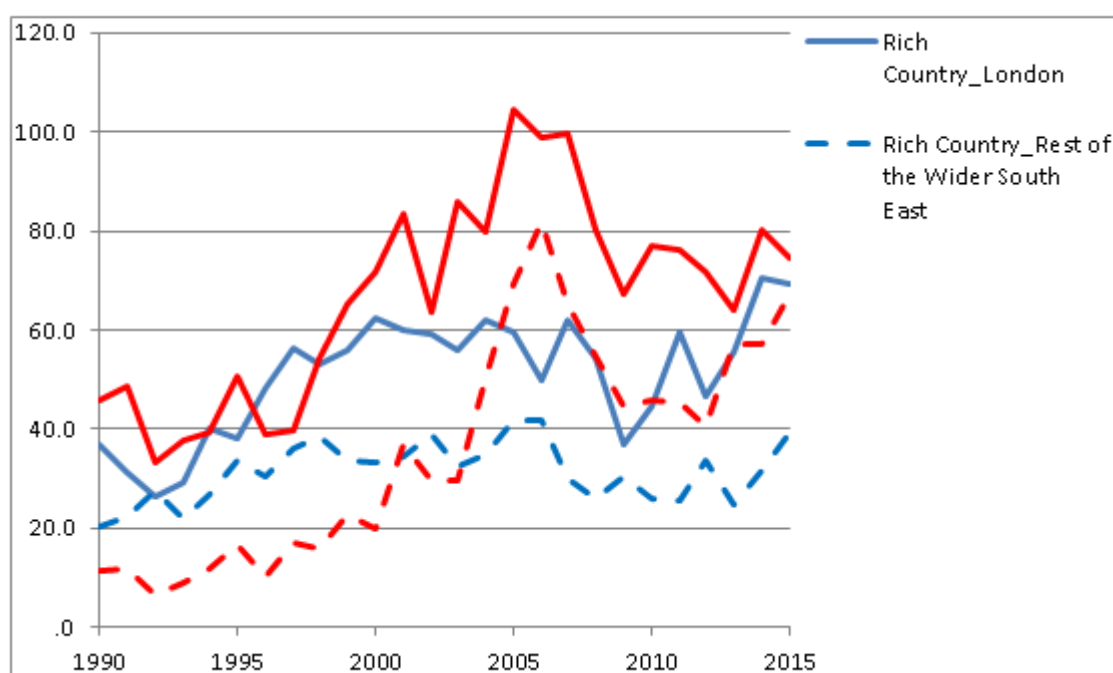
One predictable implication of this distinction is that – whatever their initial plans about using time in the UK to build up economic assets which can be taken back to a home country – migrants from poor countries are very likely to remain in the UK more or less permanently, while those from rich countries attracted here by specific opportunities and circumstances are very likely to move back or onward, as these are exhausted or more attractive alternatives come along. Our analyses of data from a long series of Labour Force Surveys (which provide estimates by duration of stay as well as

country of origin) suggest that after 10 years virtually all poor country migrants would still be in the UK, whereas 60% of those from rich countries would have left²⁸.

Another implication is that, irrespective of levels of formal education (which may be rather similar) or first language, migrants from rich countries who have chosen (or been chosen) to come to the UK are much more likely to quickly find a position within the UK labour market to match their potential than are those coming from poor countries. Thus about half of all new arrivals from poor countries start off working in the bottom quintile of jobs, with a subsequent convergence on the national average, with a halving of the gap over the first 8 years or so of residence for the average migrant (Gordon et al., 2007). This has several implications for their position relative to other resident groups within areas of settlement, perhaps most obviously in terms of their purchasing power in the housing market of a generally expensive region.

Trends in numbers of arrivals differ as between these two broad groups, with some differences in scale and timing also, between London and the rest of the WSE. These are shown in Figure 4.1, using our LFS-based estimates of gross inflows of poor and rich country migrants. In terms of their longer term impact on population levels and pressures, it needs to be borne in mind that rates of re-emigration are considerably higher for migrants coming from rich (rather than poor) countries.

Figure 4.1: Gross working age (non-student) Inflows from Rich and Poor Countries into London and the Rest of the Wider South East 1990-2015 (in 000s)



Source: estimates derived from the Quarterly Labour Force Survey: **Notes:** 1. numbers are grossed up versions of the numbers reported as having arrived in a calendar year, as reported in the QLFS for the first quarter of the following year; 2. they relate to working age people not currently in education.

Some specific points to be noted in relation to these trends are that:

²⁸ I.Gordon (2016) presentation to the annual conference of the Migration Statistics Users Forum, Home Office, London.

1. the (rather unsteady) upward trend in poor country migration reflects a number of identifiable (external) shocks.
 - a. Some of these were negative ones in the form of conflicts and environmental crises stimulating big flows of asylum seekers, at points between the late 1980s and the early 2000s (before these were effectively discouraged from coming to the UK). Prior to the introduction of dispersal policies in 2000, some 85% of these were concentrated in London (Gordon et al., 2009).
 - b. Others were positive ones, in the form of lifting of UK border controls for workers from Eastern European EU accession countries: the A8 group, including Poland, in 2004, with substantial inflows to areas in various parts of the WSE, though with London less over-represented than for most poor country flows (Coombes et al., 2007)²⁹ and the A2 group, principally Romania, in 2013, which are rather more heavily concentrated there³⁰.
2. other economic migrants have arrived on a more diffuse basis from poor countries outside the EEA, with less history of migration to the UK (including Latin Americans and other East Europeans). Poor countries are also the predominant source of the large number of highly skilled migrants admitted under Tier 2 of the Points Based System operating since 2009 - involving some 20 thousand migrants p.a. into London (mostly for CBD jobs), together with some 10 thousand into a range of other centres across the WSE, among these many IT workers from India (Whitehead et al., 2011)³¹.
3. rich country inflows seem more directly related to the performance and growth of economic opportunities in the WSE, although the massive proportional increase of these (particularly into London) during the upswing after the early 1990s downturn, and again after the 2007/8 financial crisis seem quite disproportionate. Again, however, it needs to be borne in mind that many of these involve working spells in the UK of only a few years, and that might well have been a higher rate of exodus by rich country workers in reaction to these two recessions.

4.3 Impacts of International Migration on Labour and Housing Markets in the WSE

In principle at least, the relationship between all forms of migration and the supply of housing/labour market opportunities is a two-way one.

Labour market effects: On the one hand, the expansion of employment opportunities during periods of growth may be an effective attractor for migrants from elsewhere – as for example for young people from Italy, Spain and Portugal during the period after the financial crisis, when their employment prospects in London were substantially brighter than in their home countries. But, on the other, it can also be true that – as being currently discussed in relation to some partial post-Brexit closure of UK borders to EU labour migrants – some jobs could simply not be filled without the availability of migrant labour. In some social care (or even construction) jobs, whether they are filled

²⁹ Gordon (2009) suggests that the wider spatial distribution of this group, beyond the metropolitan region, is likely to reflect the activities of employment agencies, as signalled by the fact that statistics from the Work Registration Scheme link very many more such migrants to an administration/business/management sector (which includes such agencies) than actually work there, including half of those going to areas outside London and the South East (for which the proportion was a quarter), actually channelling migrants to areas/job types with a particular need for cheap labour.

³⁰ with e.g. 35% of new Nino (National Insurance Number) registrations in London in the year to March 2017.

³¹ Many of these, including those in the intra-company transfer scheme, come on a fixed term basis, with a probability of return more similar to that of rich country migrants.

or not may be essentially a question of higher pay, and means of financing that. But, in other advanced service jobs, making it harder to recruit from overseas could instead mean that some growth in competitive activities simply takes place elsewhere. Looking back, rather than forwards, there is a real question to be asked about whether the rapid growth in central London business services since 2007 could possibly have occurred without the predictable availability of skilled migrant labour keen to take up these positions.

The only reasonably hard evidence, however, relates to the simple case where migration (of a particular kind) serves to lower wage costs sufficiently to stimulate a significant increase in product and/or labour demand. The example is the specific impact of *recent* migrants from poor countries, into London particularly, where their initial crowding into the lowest tier (quintile) of jobs lowered wage levels there, relative to other tiers and other regions by a wide enough margin (in the mid-2000s) to raise employment levels significantly. This seems, however, to have been wholly at the expense of employment in other parts of the WSE. The likely explanation is that while a very large part of the jobs concerned involve *almost* 'untradeable' services, for provision and consumption fairly locally, demand can still vary one way or the other across the London border, depending on what is available³² (Gordon and Kaplanis, 2014).

Displacement effects:

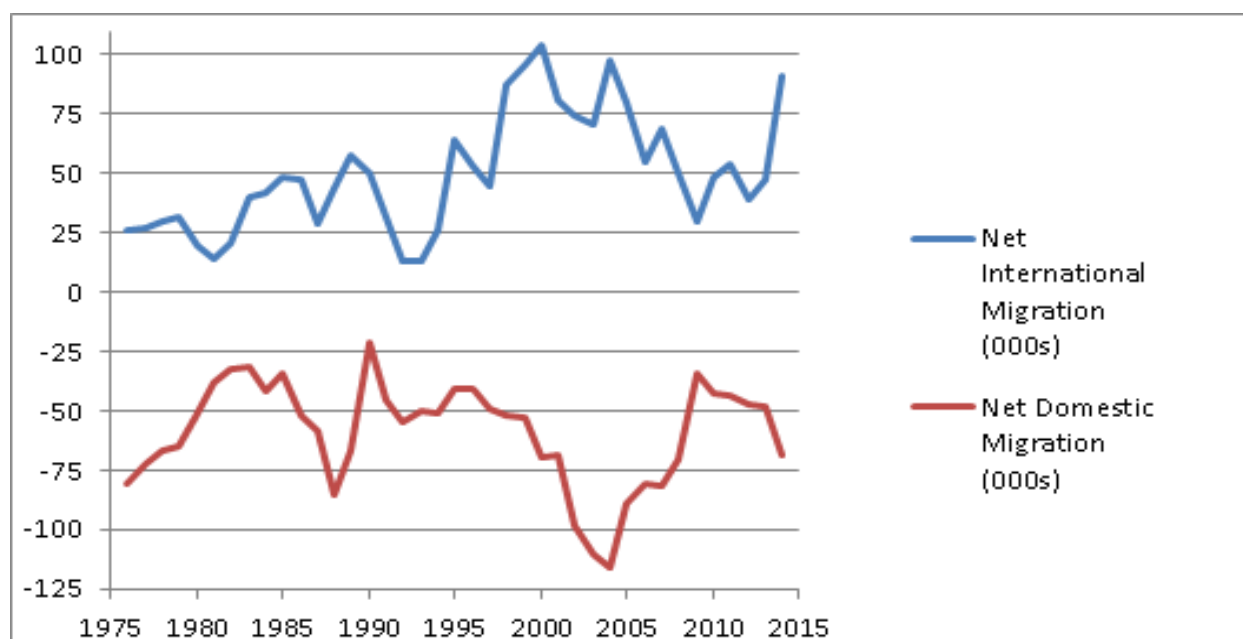
A more straightforwardly spatial repercussion of international migration into major destination areas within the region is in terms of a *displacement* of other workers/residents from these areas (and maybe even from the WSE as a whole). There is substantial evidence from US metropolitan regions³³ showing an association between the scale of net international migration into the region and net domestic migration out of it (Frey 1994, 1995 e.g.). A similar finding has been reported by Hatton and Tani (2005) in relation to migration flows into and across six southern English regions, with a net displacement effect of some 45%. It is also visually suggested by time series evidence for Greater London on its own, with mirror image relation between its shifting scale of international gains and domestic losses (Figure 4.2).

Assuming that the causality runs from international to domestic flows, representing some kind of 'displacement' - rather than vice versa, with international migrants being drawn to locations that natives were vacating - the link could operate in several different ways. Specifically: it could reflect primarily labour or housing market interactions; and it could be primarily a (qualitative) 'native flight' reaction to unwelcome changes in the local population/workforce, or a (quantitative) reaction to the additional competition for jobs/housing. While there is evidence that 'flight' consideration may have played a part in deciding *who* moved from London, we are aware of none that it could significantly have affected the scale of such moves. As to whether in this case the crucial competitive factor has been a housing or a labour market one, though influential prior studies have largely assumed that displacement would work through the labour market, we think that the London evidence points strongly to the opposite conclusion.

³² In the case of catering for example, both commuters and day trippers to London may consume more or less while there, depending on what is available at what prices.

³³ And also from e.g. Australia and Canada (Ley, 2007).

Figure 4.2: Net Domestic and International Migration Balances for Greater London (in 000s) 1976-2016



Source: ONS: Annual estimates.

Notes: 1. The international data splice together comprehensive LTIM estimates, for years from 1991, and earlier IPS series based solely on the International Passenger Survey (excluding asylum seekers, visitor switchers etc.); 2. The domestic series are mid-year based, while (before 2001) the international series relate to calendar years.

One reason for this judgement is that the space within which such displacement has been reported as occurring is for the most part that of the WSE, where (as chapter 2 has shown) housing market factors are generally dominant, rather than that of the UK as a whole, with longer distance shifts where labour market factors come to the fore. The other reason comes from the fact that analyses of neighbourhood-level change (across the WSE) show a similar degree of displacement effect to that reported for official 'regions' -, even though at the former scale labour market influences are an irrelevance. But the idea that such local level shifts can have region-wide implications also invokes the argument (introduced in chapter 1) that in a region such as this – both densely interconnected and with a constrained land supply – displacement effects are linked together and directed outward, away from the denser core areas, and potentially right beyond the WSE itself³⁴.

Housing market effects: The small area evidence (for Lower Super Output Areas, LSOA) relates to changes between the 2001 and 2011 Censuses in the relation between numbers of residents and of residential space (in terms of rooms), and its association with changes involving five population groups: those born in the UK; poor country migrants arriving in the country during the decade; rich country migrants from that decade; longer settled residents born in poor countries; their counterparts from rich countries; and the UK born (Gordon, 2014). The logical starting point was that accommodating changes in numbers from any of these groups involves: generation of additional room-space ('development'); denser occupation of existing space (densification); and/or 'displacement' of some other residents. In the last case people need only be diverted to a

³⁴ The new regression analyses summarized in section 4.6, below, are supportive both in showing the major displacement effects (within the WSE and its fringe) as paralleling those from a national housing demand indicator; and that though the balance of north-south flows turns out to be significantly affected by levels of international immigration into London as well as by differences in labour demand pressure, the two effects are entirely independent (with a possibility that the international migration effect in this case operates via differential house prices maybe particularly on the northward counterflow of older migrants).

neighbouring area, but wherever they go the same exigencies apply: if development and densification are insufficient to accommodate the extra population, then further displacement will ensue. In broad terms what the analyses showed for the foreign-born groups was:

- No evidence of a positive ‘development’ effect on the room stock in the housing market area;
- a modest positive effect on densities (per room) from those arriving from rich countries – except in Inner London (maybe reflecting greater affluence of these incomers there);
- a much stronger one from those arriving from poor countries, absorbing 55% of the additional numbers at LSOA level (presumably reflecting much higher densities of occupation by this relatively poor group);
- a rather weaker one (absorbing about 30% of change) for those from earlier waves of poor country migration (maybe reflecting convergence in density expectations); and
- additional spillover effects on density at housing market area level (equivalent to about 25%) for growth from all sources, except for rich country arrivals in Inner London (this effect would represent an adjustment by all residents to an intensified pressure of demand in the local housing market);

The implication is that 80% or so of the impact of new poor country migration at housing market area level would be absorbed by densification, which with a negligible effect on development might imply 20% displacement. For rich country arrivals into Inner London, however, the displacement effect seems to be over 90%; elsewhere it would be substantially lower, about 60% in Outer London and 30% outside London.

A complementary approach (within the same study) involving time series regression analyses of net domestic migration from London, between 1981 and 2011, suggested a 40% displacement effect (after 1.5 year lag), from all international migration into London – though a parallel analysis for the rest of the WSE found no evidence of displacement from international migration into that area, and suggested that three quarters of what was displaced from London ended up outside the WSE. Follow-up work (for 1992-2014), using the LFS arrivals estimates for rich and poor countries separately (as in Figure 4.1 above) for London alone indicates a displacement effect of about 75% from rich country migrants, and a statistically insignificant one from poor country migrants. These are point estimates, however, assuming a simple (2 year) lag between migrant arrival and displacement – looking at/for distributed lags (i.e. ones spread over a series of subsequent years) might yield significantly larger estimates for these displacement effects (as the analyses reported in section 4.6, below, imply).

Whatever its precise scale, there is good evidence now of a substantial displacement effect from international migration into London at least, reflecting competition for a constrained supply of housing market opportunities, with ramifications apparently extending beyond the boundaries of the WSE. This displacement which has had important implications for the balance of intra-UK flows in/out of London has been principally related to rich country migrants – much more than those from poor countries who formed the larger part of net overseas migration into London, principally because new arrivals among the latter have accepted much denser occupancy levels than others in London would, including longer established groups from such countries. If density expectations (and real incomes) among recently arrived groups show any substantial convergence on WSE/London norms, there could be a substantial effect via deferred displacement on London’s domestic migration level – and potentially on its population level, if inward migration rates from such countries were to abate (e.g. post-Brexit).

4.4 Conclusions and Implications

The pattern of international migration into the UK since 2001 has involved some very significant local influxes in parts of the WSE where this has been unfamiliar. At a broader level, however, it is evident that the major concentration has been within London where the per capita impact of net overseas migration was three times the national average, while in each of the other zonal rings it was a little below average (as in the Fringe and the RUK). At regional scale, however, it has been a key source of population growth, with population displacement effects, starting within London, already spreading at least half of that impact right across the region, and beyond, via additions to the deconcentrating current of domestic migration. And (as we shall see in section 4.6 below) its fluctuations, as well as those of the macro-economy have played an important role in the ups and downs of that current since 2001.

It is crucial to understand better how this connection works, including the much stronger displacement effects occasioned so far from rich country migration into London (for who it represents about 75% of the inflow numbers), than by the poor country migrants who boosted the city's population more by cramming themselves into densely occupied accommodation (and for whom the displacement effect represents only about 25%). How far this changes over time as people from the latter group advance their employment status and economic position is an important (largely) unknown – both in relation to what has already been happening in terms of de-densification, and the scale of adjustment still to be expected. It matters crucially, since a reduction of poor country migrant crowding could imply substantial further boosts to the deconcentration current beyond what is currently forecast.

What happens to free movement of EU labour in the next few years and to other migrants' perception of London's welcome to them are clearly even more fundamental sources of uncertainty in terms not only of London's own population and housing market situation, but (again) right across the region and out to the Fringe. Little can be done to research how international flows will actually change but, ahead of finding out about that, it would be valuable to understand a good deal more clearly how the ramifications for domestic migration operate, particularly in relation to their dynamics, i.e. how they change over the years (and decades) after the time of arrival.

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Chapter 5: The Direct and Indirect Patterns of National Migration Particularly Arising from London

5.1 Introduction

The purpose of this chapter is to document the national (within UK) migration flows that have impacted on the WSE in the past, giving particular attention to the net outflow from London to other parts of the region, and to identify the principal drivers of these migration flows as a basis for assessing how trends in these might change in volume or nature. Particular attention is given to the period since 2001, for which more detailed data are available, and which provides the basis for GLA's (2017) demographic projections for areas across this region. But these are set in a longer run context, going back to 1975 (using a consistent but more aggregated data set), in order particularly to address the question of how far trends of the last few years simply represent a return to more normal patterns prevailing before the 2008-09 'Great Recession' - by looking back at migration patterns immediately before and after the previous economic recessions of 1990-91 and 1980-81. The next section of this chapter (5.2) provides this longer-term context. Then attention is focused on the period since 2001, looking first at the broad spatial patterns of movement (5.3) and then at variations in the age composition of flows (5.4). The chapter continues with a review of significant sub-regional variations (5.5). Two final sections take a broader view: first addressing the question of how sharp fluctuations in migration since 2001 might be understood, drawing on evidence from the longer-term trends and the kinds of causal factor discussed in previous chapters (5.6); and then considering the relevance of emergent trends and uncertainties (5.7).

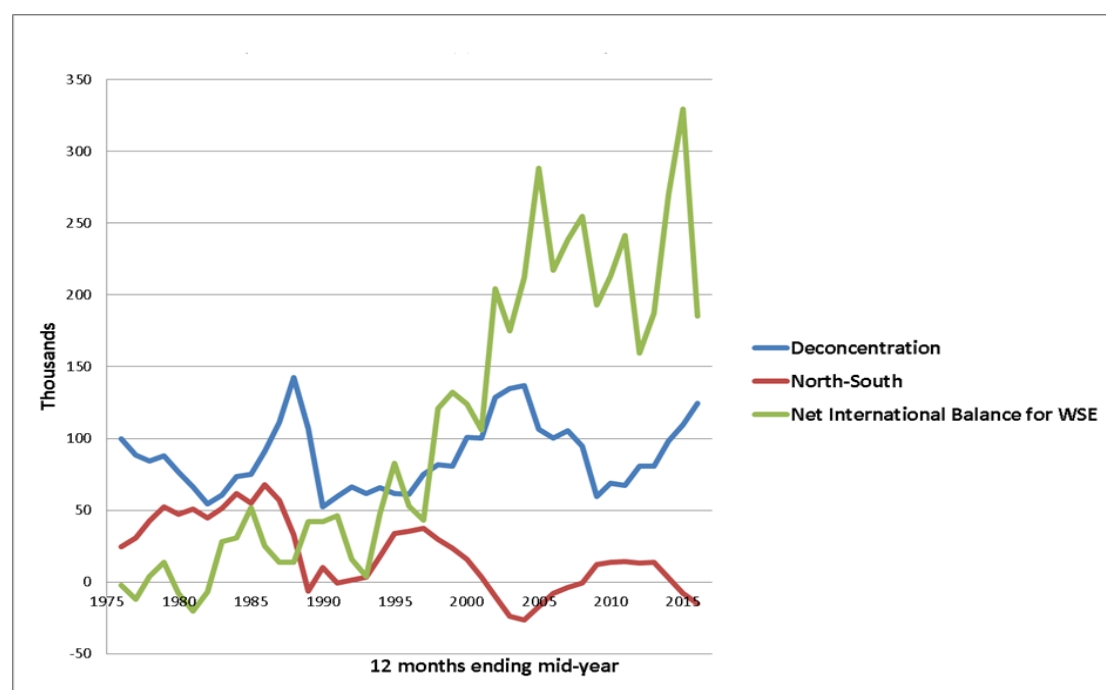
5.2 The Longer-term Context of Migration

At its most fundamental, the migration context of the WSE can be depicted in the form of three principal currents of net movement, namely: gains from overseas (picking up on the theme of Chapter 4), North-to-South migration within the UK and deconcentration within the South of England. Figure 5.1 shows how these three currents have altered in their relative volume since the mid 1970s, using data assembled for aggregates of the former Government Office Regions (GORs) and countries because for the earlier years the within-UK migration data are readily available on a consistent geographical basis only at this broader scale. As with the longer run of ONS data that we also use, these are consistently compiled on the basis of 'years' running between the mid-year dates for which benchmark population data are regularly produced for official purposes. In the interest of readability, however, we have adopted the convention throughout of referring to numbered years on the basis of the end of one of these recording periods. For example, estimates of migration during the period between mid-year 2001 and mid-year 2002 refer to 2002 migration data.

The international migration component shown in Figure 5.1 refers to net migration from outside the UK to the WSE. The picture of rising international gains is one that is familiar from Chapter 4, shifting from averaging around a zero balance in the late 1970s to one of around 50 thousand through to the mid 1990s, and thereafter generally in excess of 100 thousand and almost double this in the final two

years – though with considerable short-term volatility, which is mostly ascribed to sampling error in the main data source (see Chapter 4).

Figure 5.1: Three Currents of Migration Affecting the Greater South East



Source: Authors' calculations from ONS data.

Notes: 1. See text for definitions of currents. 2. International is for calendar year until 2001.

Turning to intra-national migration, the balance of migration flows between the North and South of the UK (the latter being defined as the WSE plus East Midlands and the South West³⁵) shows quasi-cyclical fluctuations around a downward trend, contrasting with the upward one of the international current, though with much less variation. As seen in Figure 5.1, during the first 10 years the net gain to the South averaged around 50 thousand a year, but it has not reached that level since then. Peaking soon after the Big Bang of financial deregulation in the City in 1986, it slumped to virtually a zero balance in the early 1990s before a temporary recovery. From the late 1990s its cyclical behaviour has continued, but with the long-term average now down to around zero, with two periods of net flow northwards separated by a temporary gain for the South in the aftermath of the 2007/8 financial crisis.

In the case of deconcentration within the South (Figure 5.1), no secular long-term trend is evident, but there is considerable volatility that largely corresponds with national economic cycles of boom and bust. The volume was lowest after the two recessions of the early 1980s and early 1990s and then accelerated in the subsequent years of recovery; in the 2000s there has again been a pattern of a reduction in this current after some years of boom, with a low point at the end of the decade, followed by a steady upshift that by 2015-16 had taken it close to the peaks reached in 1987-88 and 2001-04. One difference between this and the two previous cycles, however, is that nearly half of the decline

³⁵ as in Champion (2005)

in numbers between 2004 and 2009 occurred before the recession hit, raising a question about causation that we will return to later. For now, it is important to note that the metric used here is not just the net flow from London to the rest of the GSE, but also includes the net flow between the WSE and a Fringe comprising the rest of the South, i.e. East Midlands and South West.

In summary, the key features of Figure 5.1 are as follows. Over the past four decades the international migration component has switched from being the least important of the three principal currents of migration affecting the South to being the most important. By contrast, the North-South component has shrunk in volume and in recent years has been playing very little part in the South's population change, at least in the net terms shown here. Meanwhile, the deconcentration process has been a permanent feature of the past 40 years, with no obvious trend to it, but considerable temporal fluctuations that broadly match the business cycle and also seem to reflect those in the international component.

These broad temporal trends have different spatial impacts within parts of the WSE and adjoining regions, and in the case of the deconcentration represent the combined effect of shorter distance moves. This spatial dimension can be seen much more clearly with data available for years since 2001, as in Table 5.1, which abstracts from the temporal fluctuations to show the pattern of flows over the last 15 years between a set of 'rings' that distinguish the Outer Metropolitan Area (OMA) around London from an Outer part of the WSE (OWSE), and a more tightly defined Fringe beyond the northern and western borders of the WSE (see Chapter 1).

Table 5.1: Migration for Five Zones of the UK, 2001-2016, annual averages (000s)

	To:	London	OMA	OWSE	Fringe	Rest of UK	Total
From:							outflow
London	..		103.9	61.3	29.5	68.4	263.2
OMA	53.0	..		77.1	29.5	53.9	213.4
OWSE	45.0	53.0	..		47.9	69.5	215.3
Fringe	25.1	19.5	40.8	..		102.5	187.9
Rest of UK	69.8	42.0	62.8	106.7	..		281.3
Total inflow		192.9	218.4	242.0	213.6	294.3	1161.1
Total outflow		263.1	213.5	215.4	187.9	281.3	1161.1
Net domestic		-70.2	4.9	26.6	25.7	13.0	0.0
International		96.3	17.5	23.6	19.6	85.3	242.2
Net inter-zone							
London	..		50.9	16.3	4.4	-1.4	
OMA	-50.9	..		24.1	10.0	11.9	
OWSE	-16.3	-24.1	..		7.1	6.7	
Fringe	-4.4	-10.0	-7.1	..		-4.2	

Source: authors' calculations from ONS data. **Notes:** 1. OMA = Outer Metropolitan Area; OWSE = Outer Wider South East; Fringe = (Thin) district-based Fringe outside the GSE; 2. Numbers may not sum exactly because of rounding; 3. '.' migration within zones is not shown.

Among the key features evident from Table 5.1 are the following:

- Over the 15-year period London lost an average of 71 thousand people a year to the rest of the UK in net terms, while gaining some 96 thousand from abroad. In both cases these net figures represent the balance between large flows in each direction (including a domestic inflow averaging 192 thousand). London's net domestic exodus was almost entirely concentrated in exchanges within the WSE, with the OMA alone receiving 51 thousand (see lower panel).
- Despite this very large net outflow from London, the OMA gained only an average 5 thousand a year from all within-UK flows, much less than its 17 thousand a year gain from net international migration. The very small net gain from domestic migration represents a balance between very much larger flows across its borders (with in- and out-flows each averaging over 200 thousand) and large net losses to each of the rings further out (24 thousand per year, to the OWSE, 10 thousand to the Fringe and 12 thousand to the Rest of the UK. In the context of a pervasive process of deconcentration, the OMA is thus something of an entrepot, rather than a final destination.
- The OWSE averaged a gain of 28 thousand a year from domestic migration, somewhat more than from international migration. It also performed an entrepot role in relation to deconcentration, though in its case the net outflows to areas beyond the WSE were more modest than the net inflows from the metropolitan region, averaging 14 thousand against 41 thousand (much of the latter coming from the OMA).
- The Fringe gained 26 thousand a year through domestic migration, a little less than its gain from abroad. It is distinctive in having net gains from all the other four zones, though most of its net gain actually derived from within the WSE (contributing 21 thousand per year) rather than the rest of the UK – justifying our characterisation of it as effectively a fourth ring of a Still Wider South East.
- The Rest of UK was also the recipient of a net outflow from this extended region (averaging gains of 13 thousand per year) – suggesting that deconcentration might well extend beyond the Fringe – though its gains came only from the OMA and OWSE. There was a small loss in its exchanges with the Fringe, while large flows to and from London (each averaging nearly 70 thousand per year) tended to be in balance. Net international migration (averaging 85 thousand per year) overshadowed the scale of exchanges with the WSE.

These two complementary perspectives on the broad currents of mobility in the region, and their spatial/temporal variability (taken separately) point to both continuities and discontinuities, as well as suggesting some unevennesses, in patterns of movement. The continuities involve:

- the resilience of the deconcentration tendency, persisting at much the same strength through three recessions, each of which seemed to have checked it; and
- the pivotal role of London in this process, both its own outflows to surrounding rings, and its indirect impact on the outward movements from these rings, notably from the OMA which itself incurs only a small positive balance from domestic migration.

The major discontinuity is in:

- the greatly increased volume of net international inflows into London especially over the past 30 years, which would be expected to have had important displacement effects, boosting the deconcentration current.

The potential unevennesses arise from the observation that:

- net outward flows represent the balance between much larger gross movements in both directions and over varying distance ranges, which can be expected to differ substantially in their motivation, and also (as we shall see) in their composition.

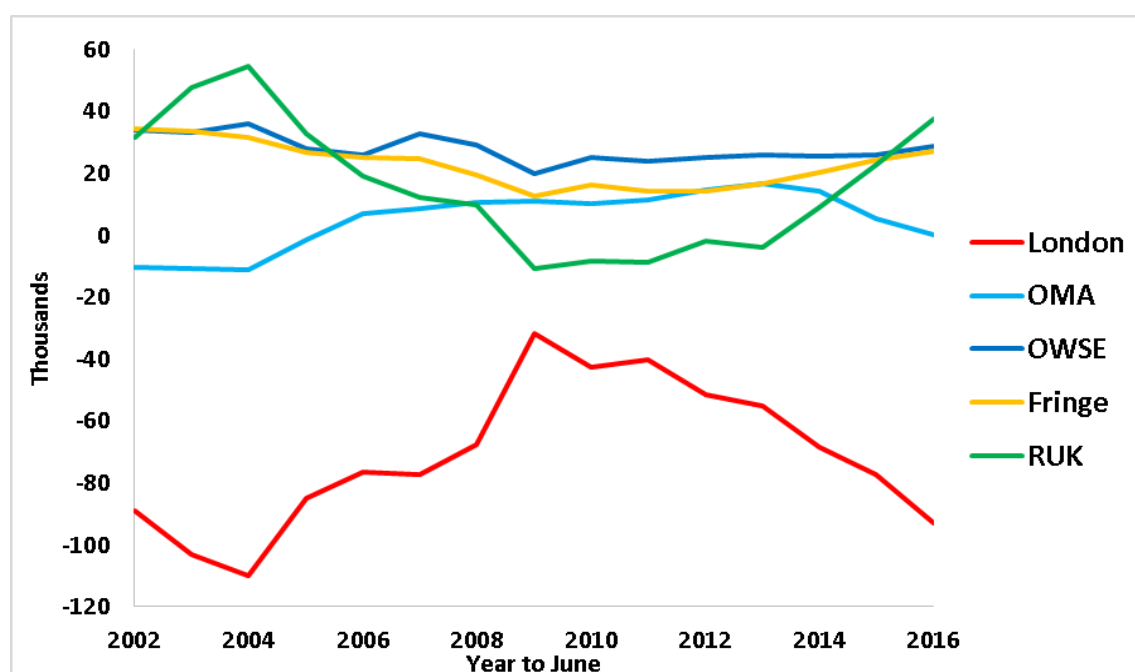
In the next section we use the post-2001 data set, with its greater spatial detail, to unpack the deconcentration component, with the aim, in part, of seeing whether its continuity is something to be counted on. Specifically it (and the sub-regional section later in the chapter) looks in more detail at the experience of the past 15 years, in terms of how the pattern of flows between the rings distinguished in Table 5.1 has evolved through a period marked not only by the Great Recession and partial recovery from that, but also the earlier (post-2004) slow-down in the rate of deconcentration.

5.3 Post-2001 Trends in the Volume of National Migration Affecting the WSE

This section focuses on within-UK migration flows for the 15-year period from mid 2001, using detailed ONS annual estimates of the components of population change at local authority (LAD) level, and of flows *between* each pair of these (though not within LADs nor within Scotland/Northern Ireland) disaggregated by gender and age. The data are as consistent as ONS can make them, but even so some caution is necessary in interpreting the results, *both* because of a fuller recording in recent years of the movements of people up to and away from university, *and* because other elements of inter-area movement which remain incompletely covered by administrative records (though detectable from independent estimates of local population change) are only recorded in net form as ‘other changes’, rather than as migration. Some of the correction recorded in this way might relate to international moves, but the likelihood is that it primarily involves unrecorded internal moves.

Figure 5.2 shows the annual change in the net balance of within-UK migration for the five zones of Table 5.1. The central feature of this chart is the sharp reduction in the net outflow from London, falling by two thirds between 2003-04 and 2008-09, followed by a clear rebound after 2010 toward something approaching the earlier volume of annual net losses. The decline in the volume of net loss was particularly steep between 2007-08 and 2008-09, with the downturn in the national economy. But the trend in this direction had already begun in 2004-05 and most of the reduction actually precedes the financial crisis. Whatever the original cause may have been, the reduction in the recession year was sharp and from 2009 it took 5 years for the level of net migration loss from London to get back to the level just before it (Figure 5.2).

Figure 5.2: Net Within-UK migration, 2001-2016, for the Five Zones of the UK (000s)



Source: Authors' calculations from ONS data)

By definition, levels of net domestic migration across the other four zones have to balance those for London. It is striking, however, that it is just the Rest of the UK (beyond the Fringe area outside the WSE) that displays a temporal pattern shadowing that of London's net losses. Indeed it is somewhat unexpected since the pattern which they have in common – of net balances peaking in 2004, sharply shrinking over the next 5 years, stagnating and then recovering to something approaching their old level – is that of the deconcentrating current in Figure 5.1 which might be expected to operate most strongly within the WSE, which is neither a significant gainer or loser from domestic migration.

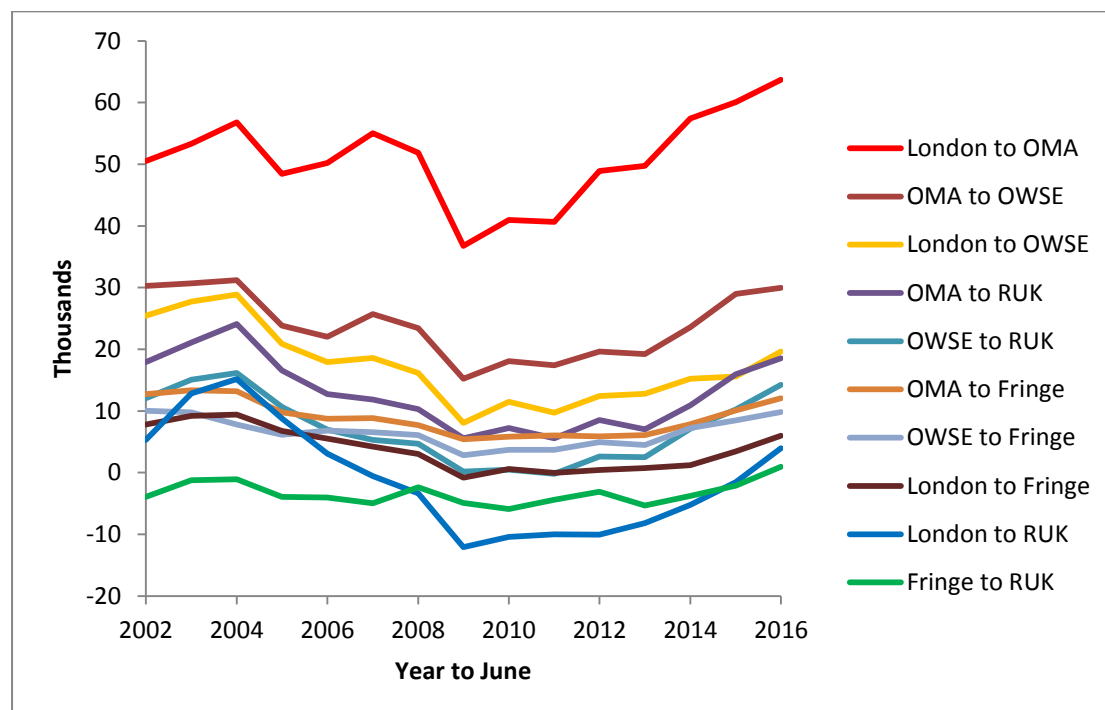
Figure 5.2 thus confirms London as still being the epicentre of shifts in migration balances across the rest of the country, as had been noted for earlier periods (see Chapters 2 and 3). Whether because of specific developments occurring there or because the impact of wider economic changes shows up much more strongly in its space-constrained situation, waves of population movement ripple out from the capital (much as those in house prices do). At times when the net exodus from London reduces, then the supply of extra population to the other four zones diminishes – even where (as Table 5.1 showed for areas beyond the OMA) direct migration linkages are not that strong. The fact that in quantitative terms the impact is greatest for Rest of UK beyond the Fringe may relate to the limited capacity of the intervening three zones, such that those three zones respond to the reduction in net inflow from London by shunting fewer people to the zones further away from the capital. As regards the OMA following London's trajectory for some of the time but those of the more peripheral zones at other times, this may be logical in terms of its intermediate location between London and the latter – or because the three migration waves depicted in Figure 5.1 are not synchronised and differentially affect each of the rings.

A next step in achieving a fuller understanding of these between-zone relationships can be made by looking at the net migration balances between each pair of zones (i.e. the ten net flows shown as 15-year averages in the lower panel of Table 5.1) and seeing how these have altered annually over the 15-year period. These are shown in Figure 5.3, where the trajectories are now plotted in terms of their ‘deconcentration’ volumes (i.e. positive for net flows that move people to a zone further away from London). Thus the top line of the chart shows the exchange between London and the adjacent OMA as consistently involving the largest outward transfer of, albeit with a volume fluctuating between less than 40 thousand and over 60 thousand. Second and third positions have, almost as consistently been taken by the net flow from the OMA to the OWSE, the next ‘ring’ outwards, and by London’s direct transfer of population to the latter.

This consistency reflects a much more general parallelism in the post-2001 trajectories displayed in Figure 5.3, mirroring that of the overall London balance, as shown in Figure 5.2. The basic pattern is the same for all the pairings involving significant net flows, though the scale of variation is not consistent (and may be sensitive to the size of gross movements involved, as e.g. in the London-RUK case).

It extends to the fact that decentralising flows tended to fall away significantly between 2004 and 2008 (ahead of effects from the financial crisis), though curiously this is not evident in the case involving the largest absolute population shift (from London to the OMA).

Figure 5.3: Net Migration Balances, 2001-2016, for the ten between-zone exchanges (000s)



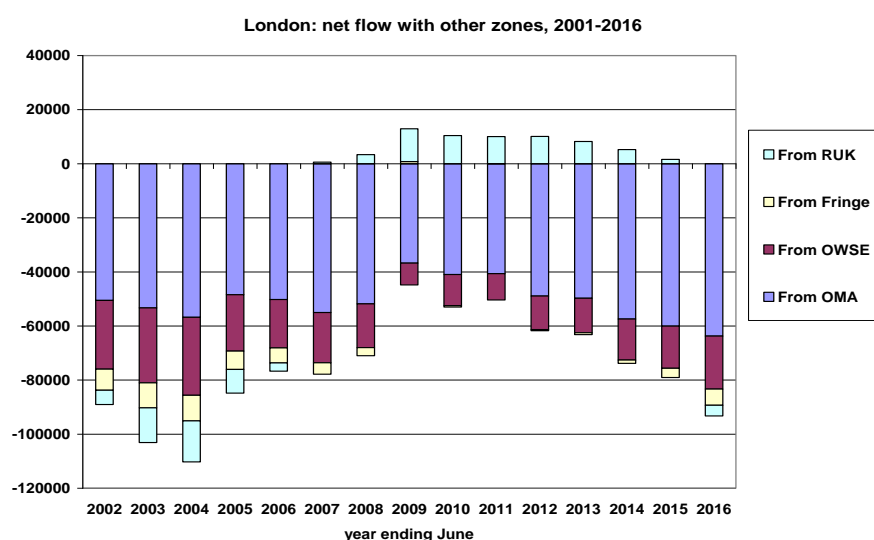
Source: authors’ calculations from ONS data

Since about 2011 the levels of net movement in each of the outward streams seems to have recovered substantially, though there is a difference between the pairs of areas where they have regained that of the early 2000s and those where they have not. Obvious examples of the former in Figure 5.3 include the (net) flows between contiguous rings within the WSE (London:OMA and OMA:OWSE), as also that of from OWSE across the border to the Fringe ring. On the other hand, London's net transfers to zones beyond the OMA have not yet returned to those levels (and consequently London's overall total net outflow has not quite regained its 2003/4 peak, as shown in Figure 5.2).

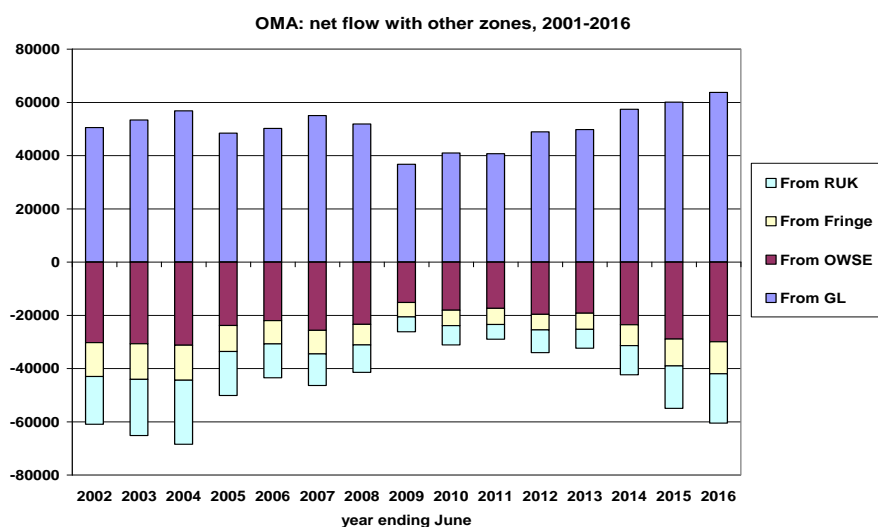
An alternative way of visualising Figure 5.3's information is by focusing on each zone in turn and looking at how the composition of their net migration balances with the other four zones has altered over the 15-year period. Here we do this for the three zones making up the WSE, in a way which particularly highlights the different ways in which migration balances for London, the OMA and the OWSE have been affected by fluctuations in the strength of the deconcentration current during this period (Figure 5.4: A, B and C respectively). The upper half of each Figure shows, for the zone concerned, the changing volumes of net migration it receives from each ring for which inflows exceed outflows, while the lower half shows the equivalent information for the rings for which its outflows exceed inflows. In only one case (that involving flows between London and the RUK) is there a shift between positive and negative balances, so the contributions of particular flows, as well as of all with net in-flows, or out-flows, can be followed through the period.

Figure 5.4: Net Exchanges with the other four UK zones, 2001-2016, for (A) London; (B) OMA; and (C) OWSE:

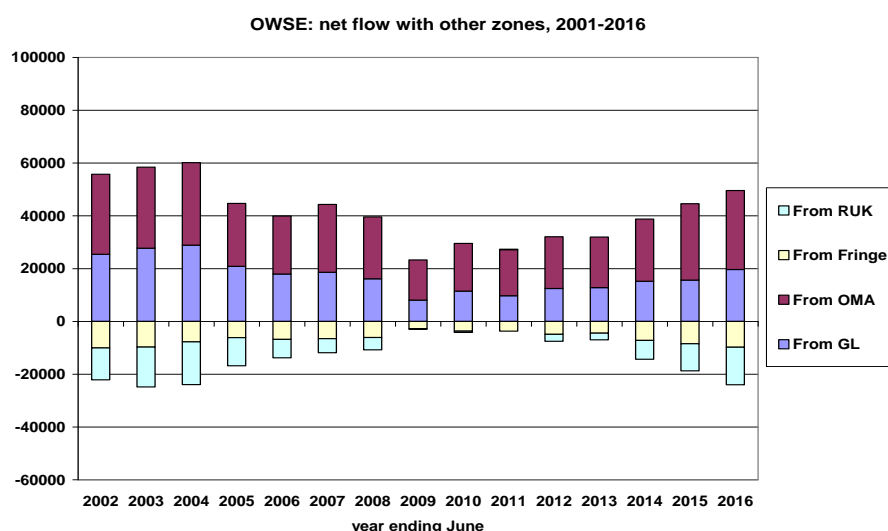
(A) London



(B) OMA



(C) OWSE



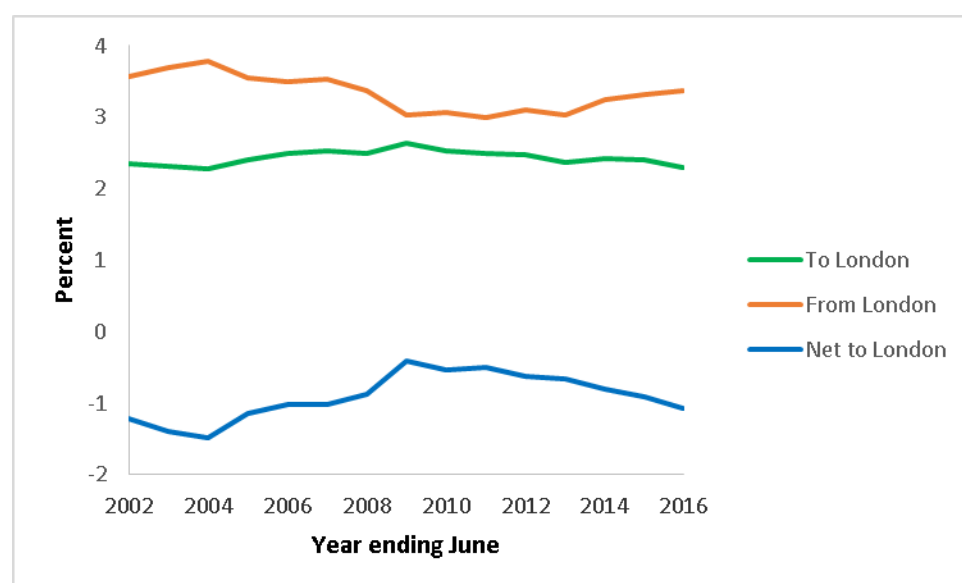
Source: authors' calculations from ONS data

The main, simple thing which these graphs show is that the scale of net inflows and outflows move together, with each tending to peak in 2004, to be at their lowest in 2009 and then peak again in 2016. The effect, as can be seen from comparison of the graphs, is that in the London case, with permanent net outflows to each ring except the RUK, the overall negative balance reduces in scale and then rises, while in the OWSE case, where the scale of net gains from the metropolitan region always exceeds those of net losses to areas further out, the overall positive balance first reduces in scale and then rises. That should, even more clearly, also be the case for the Fringe area outside the WSE. But for the intermediate case of the OMA, where the scale of net outflows and net inflows are generally comparable, the overall balance changes rather little. The variations it does experience in this balance,

and the particular instance when it shifts from being modestly negative to positive (between 2004 and 2006), owes more to exchanges with areas further out than to those with London, where the net balance shows less change (notably in the years between 2004 and 2008, as already noted).

The focus so far on patterns and trends in *net* migration is appropriate in relation to many planning and infrastructure issues where prediction and management of population growth is the issue. But it can obscure some of the causal processes, particularly where quite different ones, with distinct dynamics, may be associated with moves in and moves out of a particular area. In particular, past studies have argued this to be particularly true for London, where economic booms and busts have been noted to have much greater impact on the volume of outflows than of inflows. A standard explanation for this difference observes that, on the one hand, out-migration from London is primarily driven by income-sensitive demands for additional housing space (beyond what can be satisfied in London) that are strongly pro-cyclical. Meanwhile, inflows – though largely employment-related – include a large element of school-leavers and university graduates whose numbers vary little in size and who have longer term aspirations to ‘step on to the escalator’.

Figure 5.5: Rates of Inflow To, Outflow From and Net Flow To London, 2001-2016



Source: Authors’ calculations from ONS data.

Evidence on gross flows into and out of London for the period from 2001 (Figure 5.5) confirms that the pattern continues to hold, with the large shifts in net migration predominantly reflecting fluctuations in out-migration, which are in some respects pro-cyclical (despite, again, the puzzle as to why this started to fall back long before the financial crisis). The inflow rate was very much flatter throughout the period, as expected, though rising temporarily in the recession year (which impacted less on London than elsewhere).

5.4 Post-2001 Patterns, Trends and Rates of Age-Specific Migration

As noted in Chapters 2 and 3, migration is an age-sensitive phenomenon, both in the general sense that some age groups (specifically young adults) display greater mobility than others, and also more specifically that people in different life cycle stages are liable to move for varying mixtures of motives and hence often to/from different area types. Thus the displacement processes involved in the deconcentration current within and out of the WSE will often involve members of one life cycle stage moving into an area, while those of another move out.

This section therefore focuses on the link between age and rates of movement across the five broad rings within and outside the WSE. To highlight these differences in a way that is independent of how broadly or narrowly particular age bands are defined (i.e. affecting their relative size), movement data are presented in terms of (proportionate) rates, relative to the numbers of people in the relevant area and age group, rather than simply the numerical size of a flow or balance.

To illustrate the importance of this step as well as set the scene, Table 5.2 presents data on within-UK migration balances for seven age groupings and the five UK zones in terms of both absolute numbers and percentage rates. The age groups chosen for this purpose distinguish those aged; 0-15 (children), 16-19 (spanning school-leaving and the main age of university entry), 20-24 (spanning the main ages for graduating from university), 25-29 (intermediate between young adulthood and main family-building ages), 30-44 (family-building ages), 45-59 (more mature families and later working age) and 60+ (including retirement and beyond).

Table 5.2: Net Within-UK migration for Five Zones of the UK by Age Group, 2001-2016, annual averages in thousands and percentage rates (compound)

	0-15	16-19	20-24	25-29	30-44	45-59	60+	All ages
000/year								
London	-28.9	-6.2	22.6	7.3	-36.2	-15.1	-14.9	-71.3
OMA	5.8	-14.7	7.0	2.8	10.6	-3.9	-2.6	5.0
OWSE	7.4	2.3	-6.5	-1.1	10.2	6.6	8.8	27.7
Fringe	8.2	-1.3	-2.9	0.4	9.4	5.5	6.3	25.6
Rest of UK	7.4	19.8	-20.1	-9.4	5.9	6.9	2.4	13.0
%/year								
London	-1.84	-1.67	3.90	0.90	-1.78	-1.15	-1.22	-0.91
OMA	0.45	-4.75	1.96	0.71	0.76	-0.31	-0.20	0.08
OWSE	0.51	0.56	-1.35	-0.23	0.64	0.43	0.47	0.36
Fringe	0.60	-0.35	-0.65	0.11	0.63	0.37	0.36	0.35
Rest of UK	0.12	1.17	-0.91	-0.45	0.09	0.11	0.03	0.04

Note: OMA Outer Metropolitan Area; OWSE Outer Wider South East. Numbers along the rows in the top panel may not sum exactly because of rounding.

Source: Authors' calculations from ONS data.

The main features of the annual average numbers and rates for 2001-16 shown in the two panels of Table 5.2 are largely consistent with the findings of the research undertaken on within-UK migration dating back to the 1970s, as reviewed in earlier chapters in this report, as follows:

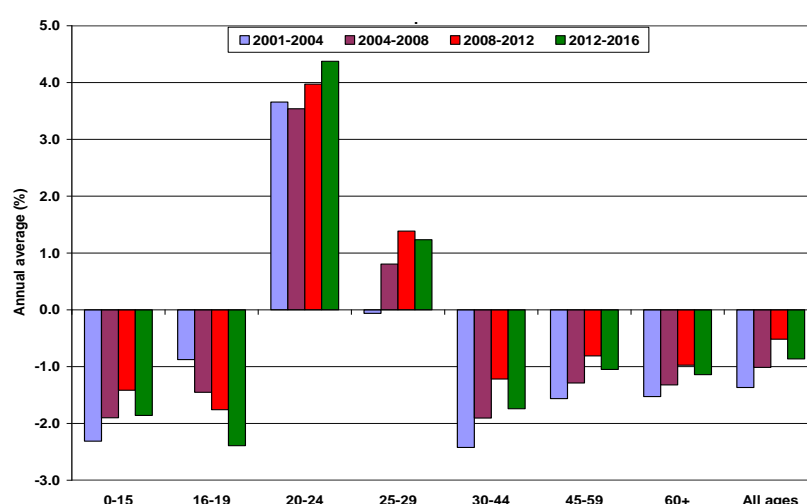
- London's largest population losses are of 30-44s, who in absolute terms are redistributed fairly evenly across the other four zones, though with a percentage impact on the destination zones that falls with distance from the capital – a pattern that is broadly mirrored by the 0-15 age group.
- London is also a net loser of 16-19s, this being mainly due to its resident households generating more university students than its higher education institutions have places for – something that is even more a feature of the OMA. A significant part of London's net gain of 20-24s, and possibly all that for the OMA, is likely to involve the return of graduates to a home area;
- London continues to perform the 'escalator' role first identified by Fielding (1992) for the 1970s, whereby it gains people at the early stage of their careers (nowadays especially graduates from universities situated beyond the OMA) and loses people of older working and retirement ages as they 'step off the escalator'.
- The OMA shares some of London's other features besides being a net loser of 16-19s, specifically in terms of the escalator patterns of being a net gainer of people in their twenties and a net loser of the two oldest groups, but unlike London is a net receiver of 30-44s and 0-15s.

- The OWSE, Fringe and RUK share with the OMA the role of net receivers of London's large exodus of 30-44s and 0-15s, but are otherwise distinctive from both the OMA and London in gaining the older age groups and losing those in their twenties.

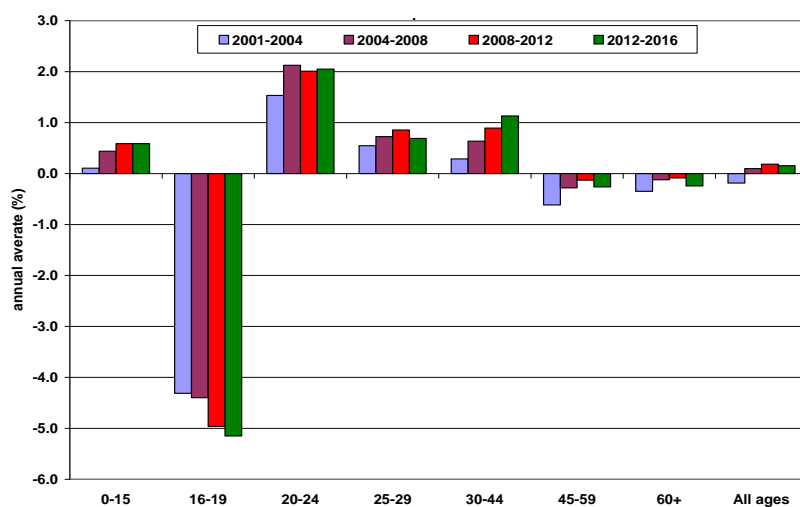
The key question for present purposes, however, is whether any of these patterns have changed significantly over time and especially the extent to which the downturn in population shifts from the early 2000s and subsequent rebound may have involved those in some age groups more than others. In order to highlight the main changes over the 15 years, we group the latter into four periods that reflect the main phases that appear to dominate London's 2001-2016 series as shown in Figures 5.4 and 5.5, thus starting with the three years of highest net out-migration up to 2004, following on with the four years of reducing rate, then the four years of lowest out-migration and ending with the four years of more strongly accelerating out-migration. Figure 5.6 displays the results for each of the three WSE rings, with the vertical scales each spanning 9 % points so as to aid comparison between the three.

In the case of London (Figure 5.6A), one particularly remarkable feature is the steady increase in its annual net loss of 16-19s, but there has also been a clear acceleration in London's rate of net gain of 20-24s since 2008. These two trends are probably connected, because of the pattern of movement to/from HE institutions noted above – growing in scale, because of a real growth in HE numbers and probably also because of the improved recording of these moves (as noted earlier in the chapter). Flows in the 25-29 age group, much less affected by this particular factor, also show a rise over the first three periods, though then falling back a little. The other four age groups, comprising the under 16s and over 30s, share a trajectory which closely tracks that of London's all-ages balance, with all their rates of net loss reducing substantially by 2008-12 before rebounding somewhat, the latter by most for the 30-44s and 0-15s.

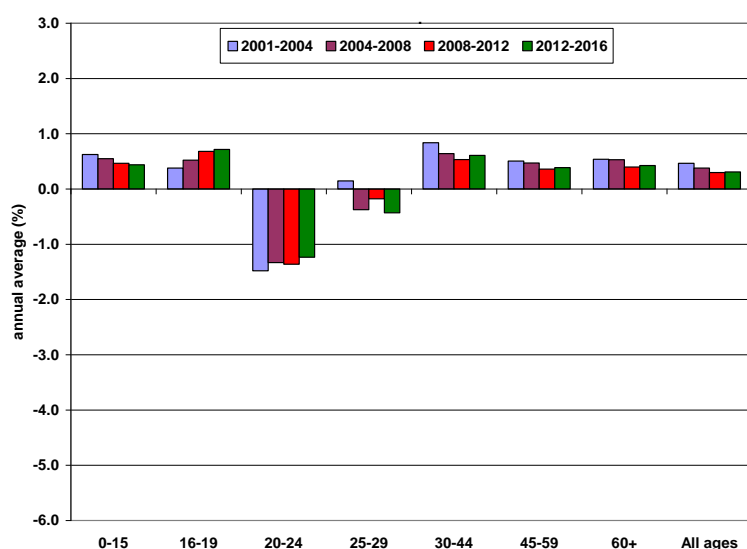
Figure 5.6: Rate of Net Within-UK inflow to (A) London; (B) OMA; and (C) OWSE, by period and age group (A)



(B)



(C)



Source: Authors' calculations from ONS data

Turning to the trend in migration rates experienced by the OMA over 2001-16 (Figure 5.6B), the patterns are similar to those of London for certain age groups. In particular, the net exodus of 16-19s – while proceeding at a much higher rate than for London throughout, display the same progressive acceleration over the four periods. The variation over time for 45-59s and 60+ is also the same here as for London, with the net out-migration rates falling between 2001-04 and 2008-12 but then rebounding somewhat. Similarly, for 25-29s the most positive rate occurred in 2008-12 in OMA as for London, but for 20-24s the rate is rather flat after 2004, unlike for London, and for 0-15s the rate was stable in the last two periods. This latter would seem to be linked to the pattern for 30-44s, for whom the progressive upward shift in rate across the first three periods was continued into the final period, unlike for London.

The trends for the OWSE (Figure 5.6C) are perhaps the most distinctive, albeit that the age-specific net rates are much lower than most of those for London and OMA and the changes generally more muted. The modal pattern, displayed by the groups aged 30 and over, is for a net gain rate that subsided through to 2008-12 and then rebounded somewhat, i.e. the mirror image of these three groups for London and for the OMA's two oldest groups. The pattern for 16-19s, similarly, is the mirror image of London and OMA, with progressive increase in gain rate, while that for 20-24s follows broadly the same trajectory, i.e. shifting towards a more positive balance. But the pattern for 0-15s is the opposite of OMA's, with a progressively lower net gain that only partially mirrors London's declining rates of net loss.

In sum, the modal trend over the 2001-2016 period appears to be one of slowing rates of population redistribution through within-UK migration, after a high point in the early 2000s, with the slowing continuing through the period of fiscal crisis and recession, followed by a partial rebound in the last few years. But there is also a second pattern that does not appear to have been affected by the economic downturn, where there has been a progressive acceleration in rates across the four periods, this being most evident for 16-19s and 20-24s and presumably linked to changes in the numbers moving to and from university (possibly through statistical artefact as well as actually). Perhaps the most distinctive – and puzzling – feature is the progressive acceleration of the OMA's net gain of 30-44s, which is at least partially related to the same trend for its 0-15s and may also be at the expense of the OWSE, where these rates have tended to drop back. On the other hand, in terms of both patterns of movement and change there seems surprisingly little difference between the over 60s and those in middle age ranges.

These results provide a clear justification for separating out the WSE beyond London into two separate rings with their differing migration patterns and trends. The next section (5.5) proceeds to provide a much finer breakdown of the WSE using a TTWA-based regionalisation so as to identify commonalities and differences at a more localised scale and see how strongly they are related to distance from London.

5.5 Sub-Regional and Radial Differences

The impact of, and approaches to, migrational flows at the *local* level will obviously reflect various specific factors – including the relation between growth pressures and housing land supply in nearby areas. But there may also be other systemic influences operating at a *sub-regional* scale beyond the obvious one (highlighted in the report so far) of relative closeness to the pressurised core of the metropolitan region. Others might involve longstanding differences in economic role and performance between eastern and western sides of the region, or between the northern/western sectors where spillover is possible into adjacent areas, and southern/eastern sectors bounded by sea. To explore the potential significance of such differences, this section considers the pattern of variation in the scale and types of population flow across Travel to Work Areas (TTWAs) within the region, and how far these reflect commonalities within radial sectors of the region, as well as within the rings on which we have focused so far.

TTWAs – here approximated by groups of (*whole*) Local Authority Districts (LADs) – are taken as the units of analysis, since they have been defined (on a consistent basis) to represent areas encompassing both the main employment centres for their residents and the main residential areas for their workforce, and within which most of the matching of employment and population change might be expected to occur. Given the complex geography of this region, there is actually quite a lot of commuting across TTWA boundaries, and a degree of arbitrariness in their scope, since all localities have to be assigned to (just) one TTWA. But, as with the Housing Market Areas (HMAs) used as a frame for the statutory Strategic Housing Market Assessments (SHMAs), they provide a useful first framing in which to consider the balancing of housing and labour market. HMAs and TTWAs actually represent a similar level of spatial disaggregation within the WSE, with the TTWA-basis being adopted here, because these units are fully defined on an agreed and consistent technical basis across the region/country³⁶, which is not yet the case for HMAs.

Within the region as a whole, there are 45 TTWAs (with a typical population of about 250 thousand, but a range from 64 thousand to 8.7 million³⁷). The largest of these, naturally, is a London TTWA, though this is not identical with the GLA area, including a number of contiguous districts with particularly strong commuting links into the city, but excluding a group of boroughs in west London assigned to a separate Slough/ Heathrow TTWA. Both of these (but particularly the latter) overlap the boundary between our London and OMA ‘rings’. There are a number of other cases, most notably the Cambridge TTWA, stretching down to the London one, but also Basingstoke and Chelmsford, which straddle the line between our OMA and OWSE rings – while the Peterborough TTWA should include some districts in the Fringe, outside this region (though we have excluded these). But most of the TTWAs are clearly identifiable with one of the three rings – and it is worth noting that about two thirds of them are in the OWSE, where the potential for variation between such areas is greatest.

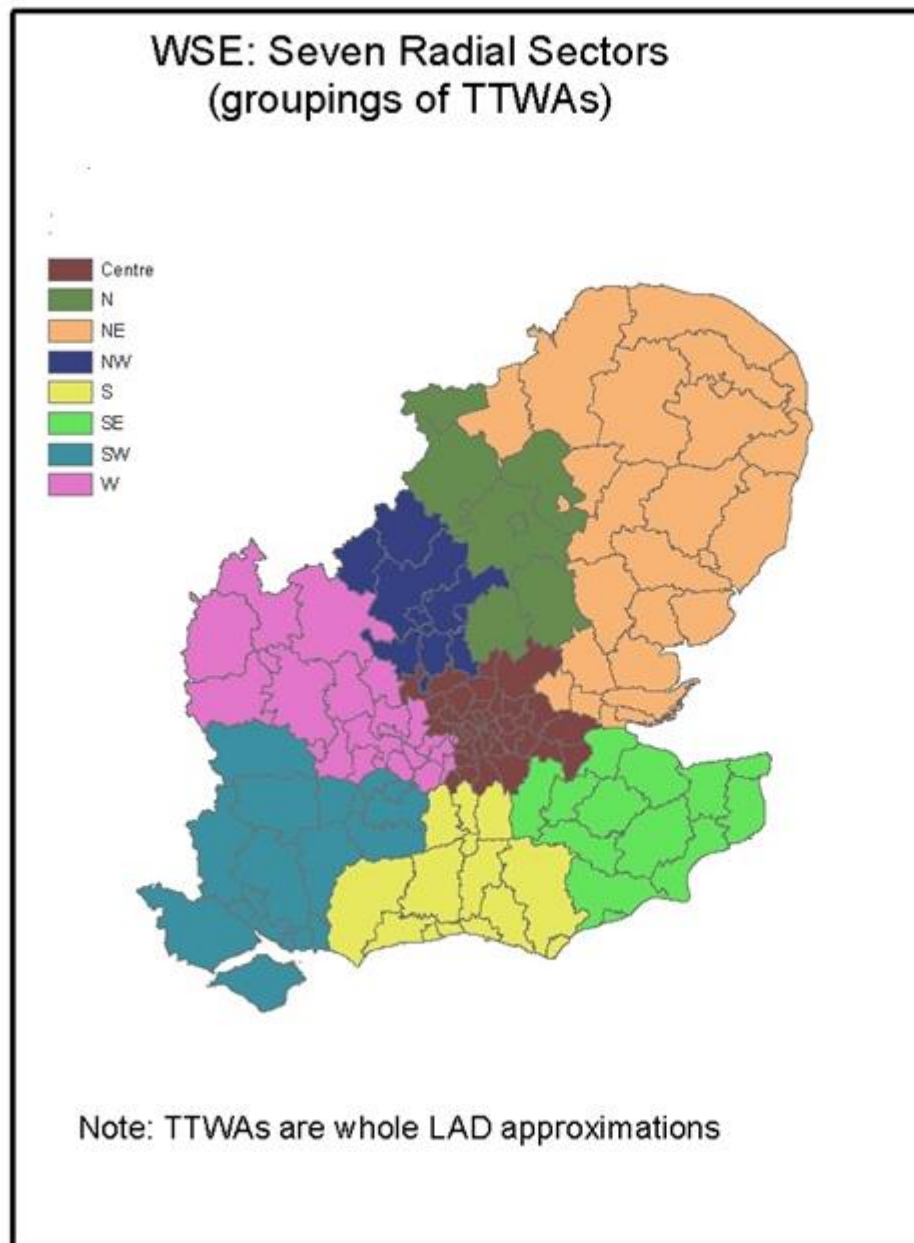
Another dimension of variation in the region, complementary to that of the ring-based zones, is that of *radial sectors* (which have counterparts in the Fringe across its land border). Reasons why this may be significant in relation to migration include traditional differences between the western and eastern halves of the region – partly extending historic ones within London, but also reflecting different levels of accessibility to the UK’s mass markets. The coastal factor also has some bearing for sectors on the southern/eastern sides of the region, both because it attracts specific types of migrant (typically older and more leisure-oriented), and because it presents a natural barrier to the more obvious ways of moving (still) further out – with no ‘fringe’ areas on these sides of the region. This has potential relevance given another reason for exploring variations in migration patterns between these sectors, namely that migrants (and decentralising ones in particular) seem commonly to have moved *within* these radial sectors. This may reflect a greater familiarity, encouraged by the structure of the rail network in particular, or simply because the nearest opportunities for a slightly different kind of environment/housing market are likely to be found within the sector where people already live – except where the coast presents a barrier to getting further away from the core of the region. For our analyses, TTWAs have been assigned to 7 radial segments (the set of compass points, apart from the

³⁶ The current definition of TTWAs is based on commuting flow data from the 2011 Census, used to define levels of self-containment, involving both the proportion of the resident working population with jobs in the area and the proportion of local jobs filled by residents. For areas of the size/density found in this region, the minimum self-containment level for a TTWA is set at two thirds for each of these (Coombes/ONS, 2015).

³⁷ As with all ‘TTWA’ statistics that follow, these numbers relate to whole-LAD approximations to the set recognised by ONS, which uses spatial definitions in terms of Lower Super Output Areas.

East, omitted because of the Thames Estuary) which broadly reflect that rail network structure (see Map 5.1).

Map 5.1



In this section of the report we address a number of different aspects of the sub-regional geography in the WSE, including variations in net balances, the relation to other components of population change, variations by age group, the direction of flows into/out of areas, and variations in trends and volatility. These are followed up in chapter 8 via a set of summary migration indicators which are mapped and used as the basis for a clustering of migration areas.

5.5.1 Spatial variations in the balance of domestic migration

The great majority of TTWAs within the region [the WSE] have experienced a net inflow of domestic migrants since 2001. The notable exceptions include not only the London and Slough/Heathrow TTWAS, but also Luton, Reading and (on a smaller scale) Guilford/Aldershot, among those within the OMA, as well as Brighton, Oxford, Peterborough and (on a smaller scale) Banbury outside it – all actually areas of some economic dynamism.

At the other extreme, the TTWAs with the heaviest proportionate net inflows (at annual rates of at least 1% of their base population) include Ashford, Canterbury, Chichester/ Bognor Regis, Clacton, Cromer/Sheringham, Eastbourne, Hastings, Ipswich, the Isle of Wight, Margate/Ramsgate, Thetford/Mildenhall, Wisbech and Worthing. These are all well outside the OMA (and in many cases on the coast) – as are others in the second rank (with 5% plus), though that group also includes Stevenage/Welwyn, Chelmsford and Andover.

Simple statistical analyses of net migration rates for TTWAs within the region confirm the existence of significant variations of this kind. When net migration rates are related to/regressed on dummy variables for the three ‘rings’ within the WSE and for 7 radial sectors (reflecting the rail network structure, but identified with a set of compass points, omitting that for the East, because of the Thames Estuary), both sets of spatial variables appear as (statistically) important influences. Specifically, as would be expected, overall net migration rates tend to be more positive further out from the centre of the region – but also in those sectors with a coastal face (the NE, SE, S and SW) – and less positive in the landlocked sectors with extensive ‘fringe’ areas adjoining them in other regions. A possible explanation for this is that outward displacement of migrational pressures is likely to be much easier in the latter cases – especially where fringe areas are less developed and freer of statutory constraints on development.

One factor which might partially explain these sub-regional differences in the impact of domestic migration is the impact of other ‘components of population change’, specifically of competing growth pressures from international migration and/or natural increase (the balance of births minus deaths). The balance of natural change may itself reflect effects of areas’ varying age/life cycle balance of net migration – since moves of older people affect where subsequent deaths occur, and those of young adults affect where future births are likely. But it (as well as international migration) is also likely to affect achieved rates of domestic migration, because of competition for housing space, especially in places where its supply is pretty inelastic.

One version of this has been discussed already, in chapter 4, in relation to the likelihood of large inflows of international migrants into urban areas having led to displacement of some current residents and/or diversion of some potential inward migrants from other areas. At neighbourhood

level, at least, this was found to be a general phenomenon across (affected areas of) the WSE – though in sub-regions with more elasticity in housing supply the effects at TTWA level might not be nearly as strong. But inter-area variations in rates of natural change could also have significant effects – since (on the one hand) the higher death rates of areas attractive to an older population entail a flow of vacated properties for others to take up, while higher birth rates in areas with many young couples imply extra demands for residential space that may compete with attracting/retaining additional adults there.

The potential significance of this (space-competition) factor was investigated by including rates of net international movement and the two components of natural change, along with rings/sectors, in the regression analysis of TTWA-level net domestic migration rates³⁸. Allowing for this factor weakened, but did not remove, the evidence of significantly higher inward migration rates into the main coastally-bounded sectors (NE, SE and S), but pointed to other elements of variability. Specifically, while inter-TTWA differences were consistent with a 50% displacement effect of international migration on the balance of domestic migration, there seemed to be little or no such effect from varying birth rates. In the case of death rates, there was general evidence that larger numbers of deaths were associated with a more positive migration balance, but with the ratio between them varying substantially between the OWSE and the metropolitan region (i.e. London and the OMA). In the former case it appeared that 100 extra deaths went with the addition of about 50 to the balance of domestic migration. In the two inner zones, however, the implied proportionate effect was about three times as great. This contrast reflects an intelligible difference between housing markets with some elasticity in supply and those which are really tight and supply is inelastic; in the latter case (within the metropolitan region), the numbers imply that spaces vacated through deaths tend to get re-occupied by others at substantially higher average densities. Recognising such sources of unevenness does not, however, alter the basic picture which is that the base level of net migration into the Outer WSE has been substantially higher.

In terms of impacts on total population growth rates over this period at TTWA level, these relationships translate into a pattern where:

- additional births seem to be more or less directly translated into net additions to population;
- additional international migration produces an addition equivalent to only about half its volume; and
- variations in the death rate have significant negative effects in the outer parts of the region (again corresponding to half their scale), whereas within the more tightly constrained core they do not, and might even have some positive impact on total population.

Holding such effects constant, the underlying pattern has been one in which total population tended to grow by about 1% p.a. faster in the OWSE and 0.25% faster in the 3 radial sectors with a wholly coastal external border (i.e. the NE, SE and S).

³⁸ The 'other change' component, representing adjustments made by ONS, in the light of other evidence on total population change (notably from the 2011 Census), was initially included also, as a control variable. The results (involving coefficients of -1.0 on this variable), however, strongly suggested that the ONS correction essentially related to internal population moves not captured by records of e.g. GP transfers. Hence, for the final regressions in terms of overall net migration, the net domestic migration and other change elements were combined (altering coefficients but not the qualitative findings).

Variations in the Age Mix of Domestic Migrants

Strikingly, not one of the TTWAS in the region shows consistently positive/negative balances of domestic migration across each of the age bands distinguished in Table 4.2 (above). In the previous section this was noted as being the case in relation to the zonal rings, where age-selective migration patterns could be explained simply in terms of very clear differences in accessibility to the major employment core. It would not necessarily be expected to apply to each of the (much larger number of) TTWAs within these rings – but the fact that it does so reflects other bases for sub-regionally distinct patterns of age selectivity.

One of these bases, relating to the treatment of student ‘moves’ to and then from universities, has an exaggerated significance when the 16-19 and 20-24 groups are treated separately, as explained in the last section. But, even when these two are combined, there is just a single TTWA with a consistent pattern across the age bands, Colchester, which recorded net inflows in each. The norm, even at TTWA level, is for areas to make net gains of (domestic) migrants in one age group, but lose them in others – with different kinds of bias toward young adults³⁹, family-forming ages, and the middle-aged/elderly.

At TTWA level (as for the broad zonal rings) there are two pairings of age ranges with strongly shared patterns of movement justifying further grouping: the child/young parent (0-15 and 30-44s); and the middle aged/elderly (45-59 and 60 plus). For younger adults (the 16-24s and 25-29s), though there is an important similarity as the only age ranges with a positive balance of migration into the London TTWA, and for which employment factors play a clear role in the direction of movement, other striking differences justify treating them separately.

For the combined *familial* (0-15 and 30-44) group, the one spatial pattern evident from the TTWA-level data is the ring-based one already discussed – with a sharp contrast here between net outflows from London (especially inner areas, and hence a bit less markedly from the Slough/Heathrow TTWA) and net inflows to rings outside. This pattern applies equally within each of the radial sectors, with no clear bias towards any of these. Net outflows are concentrated on a few TTWAs – notably London but also Brighton, Slough/Heathrow and Reading (plus just 4 lesser cases⁴⁰), while there are substantial inflows almost everywhere else (with Bedford showing the largest gain relative to resident population).

For those aged 45 and over, again there is a strong ring pattern of deconcentration (as already noted), with the basic contrast in this case between outflows from areas across the whole metropolitan region (London and OMA) and inflows into outer parts of the WSE (and, again, beyond) – consistent with access to employment concentrations playing a substantially lesser role than for the familial group. But in this case there is a rather clear contrast also between radial sectors, with the ones stretching to the coast (NE, SE, S and less clearly the SW), recording larger net inflows than those with an adjoining fringe (N, NW and W).

³⁹ and toward particular age-ranges within this category, as discussed below.

⁴⁰ Here and in the remainder of this section the selection, naming and ordering of examples reflects differentials in the ratio of net balances to TTWA populations.

For young adults (16-24), the ring effect is more simply dominant, with the London TTWA being substantially more attractive than other broad parts of the region – and no significant differences between radial sectors. Two particular features of this group are: a concentration of university towns among the small number of TTWAs with net gains (most strikingly Brighton and Canterbury, but also Southampton, Colchester, Norwich, Oxford, Reading as well as London, among the 11 cases); and a uniquely positive association (on a per capita basis) with net inflows of overseas migrants.

For the age group immediately above them (25-29), the pattern is rather more complex. In this case the ring differences are small, and though there is an indication of a sectoral bias in favour of the NW, the conspicuous variations are just *within* the outer ring of the region, and not simply radial. The TTWAs with the most notable positive balances of migrants are Bedford and Milton Keynes, both in this sector; so too is Banbury among a second group with proportionately large gains, though Basingstoke and Ashford also figure there. At the other end of the spectrum are those places (including university cities other than London) especially favoured by the 16-24s. A broader kind of contrast with that group is that net domestic migration among the 25-29s – like the family-forming and older categories – is negatively (rather than positively associated with the balance of international migration).

The Direction of Movement

As emphasised previously, relatively simple spatial contrasts in the balance of net domestic migration, as observed in relation to the rings, are typically the outcome of more complex sets of exchanges – with inflows from one direction (as well as from one age group) stimulating outflows in another direction (of the same and probably other age groups). To get some idea of these, we have looked at the balance of each TTWA's overall migrational exchanges with each of the rings.

The basic pattern is a simple one, involving a cascade of deconcentrating movement down the density surface of the region, and its neighbours. Almost all TTWAs associated with a particular ring exhibit net gains from any ring closer to the centre of the region, and net losses to rings further out. So it is easier and potentially more interesting to remark on departures from this pattern.

The first involves the Oxford TTWA, which is the only one in the region to record an overall net outflow (over the 2001-16 period) to London. It does have counterparts in other regions, with other cities hosting major national universities (notably Leeds, Newcastle, Sheffield, Nottingham, Manchester, Durham, Cardiff and Liverpool), which seem to serve as intermediaries in the familiar brain drain from the provinces into elite London jobs. It just lacks counterparts within the WSE or the Fringe – even Cambridge, perhaps to be explained in terms of a relatively stronger concentration of job opportunities for people with the highest levels of (academically-based) skills.

There are no comparable exceptions in the OWSE of TTWAs recording net losses in exchanges with the OMA. Nor are there any within the metropolitan region (i.e. London and the OMA) which show net gains from their exchanges with either the Fringe across the WSE border, or the RUK beyond that. Even among the 32 TTWAs within the Outer ring of the WSE (OWSE) there are just 5 which had such net gains from either/both these external rings. These include Cromer and the Isle of Wight (with gains from both rings), which are so far out from the core that, were they not within the (former) East of England/South East administrative regions, they might reasonably be seen as belonging to the Fringe. A similar observation might also be made about Norwich and Great Yarmouth (each with net

losses just to the Fringe). That would leave Brighton (which has had significant net gains from both external zones) as the one notable exception to the 'rule' about TTWAs within a ring all gaining from those further in and losing to those further out. This TTA actually recorded a significant overall net outflow of migrants, but managed this by sustaining a considerable net loss to other areas within the OWSE, rather than to those further in or out – and by occupying a quite distinct national role (e.g. in Richard Florida's terms, as the most 'Bohemian' place in the UK outside central London).

The overall pattern for flows in 2001-16 is then rather simple/orderly, sustained by marked differences between rings in the degree of supply inelasticity, displacing growth pressures right out to the edge of the WSE. The interesting questions are: firstly, about how far such differences are a natural consequence of limits set by past urbanisation, or by aspects of past containment policies that are potentially modifiable through region-wide planning reviews; and secondly, about how this pattern responds to variations over time in the rates of outflow from the regional core – to which we now turn. It should be noted, however, that – though variations in the elasticity of supply (i.e. its responsiveness to variations in demand) are an obvious and basic feature of the region, and the subject of work by a number of housing economists (including Bramley et al., 1995; and Hilber/Vermeulen, 2016) there is a current gap in research on its relation to migration patterns, which this report does not directly fill.

Change in the Pattern of Migration

Two aspects of change are of interest within the post-2001 period covered by the locally-detailed ONS data base (and used by the GLA demographers in their projections). One is the varying extent to which TTWAs were impacted by the major swings in the level of migration during the period, i.e. between a first peak in 2003/4, a trough in 2009/11 and a second (possible) peak in the last two years, 2015/16. The other is possible evidence of a longer-term trend, as detected from areas' differences in levels of net migration between the two 'peaks'.

Both comparisons beg a couple of questions: one about whether the last two years represent something approaching a peak, deserving comparison with 2003/4; the other about whether the 'recovery' after 2009/11 actually represents the unwinding of cyclical changes experienced in the 5 years before that or also involve some qualitatively new factors or factor mixes. These are questions to which we shall return within a longer term perspective. But for any comparison of how the dynamics of migration may have varied across sub-regions during this period, these are the three natural reference points.

To start with the question of cyclicity - i.e. the degree to which the balance of migration in particular TTWAs shifted between the years when deconcentration proceeded most rapidly (the two 'peaks') and least rapidly (the trough) – a *first observation* is that the general pattern was strongly proportional. That is, while areas with net outflows (or inflows) tended to retain that balance through peaks and troughs, the general pattern was for all of them to have larger balances in the trough years than in either of the sets of peak years. And where imbalances in either direction were large (relative to population) they varied much more than where they were modest. More specifically, the pattern was one where in the downswing net migration rates for areas fell by about 70% of their average level, regaining about 40% in the upswing (so far). For both London, in one direction, and the Outer WSE,

in the other, swings in flows were large relative to the size of their populations, while in much of the OMA small imbalances between inflows and outflows were scarcely affected by changes in the net outflow from London.

A *second* observation is that, where the size of actual swings in an area differed from this norm, they have tended to be above/below average in both cases (i.e. to be correlated) – though this is not entirely the case. The noticeable exception (so far) is that the ‘recovery’ of net outward movement from London has gone quite a bit further than that of net inward movement to the OWSE. Since the flows have to balance out, the implication is that inflows to other areas, including those beyond the WSE, have increased disproportionately. This might suggest that the upswing has not been a simple unwinding of the downswing, but the pattern of variation is also consistent with likelihood that the rippling process takes time to work its way through, with some way to go still in the outer areas.

At a TTWA level, the areas where the two swings involved both the biggest reductions and recoveries in net outflows were London and Slough/Heathrow, along with a range of nearby urban centres including Luton, Guilford/Aldershot, Reading and Basingstoke in the OMA, but also Cambridge and (notably) Milton Keynes in the OWSE. At the other end of the spectrum, those where net inflows conspicuously fell and then recovered included Andover, Chichester, the Isle of Wight, Kings Lynn and Lowestoft – representing some of the places within the WSE (as well as others outside) where net in-movement seems most sensitive to the scale of net out-movement from London and other pressurised centres.

Turning to what may possibly be learned about *trends* from a peak-to-peak comparison, it has to be acknowledged that this aspect is difficult and very uncertain. One reason is that the ‘upswing’ – whether still with some way to go, or maybe having run its course – does not fully restore the status quo of the early 2000s (as already noted). Given this, it may still be notable that the net inward movement to TTWAs in the OMA has actually shown some increase while that to the OWSE has shown less recovery than might have been expected from trends in outflows. Another reason for questioning what can be learned about real trends from this comparison is that there is a great deal of variation that does not seem to show clear patterns – maybe because several different sources of change have been in play (some possibly one-offs). As a matter of simple reporting, however, we would note that TTWAs in which the balance of net domestic migration has become more positive include not only those such as London where peak levels of net outflow have yet to be regained, but others where the balance of movement has shifted or where net inflows have already passed their level at the previous general peak: these include places such as Andover, Bedford, Crawley, Thetford, Southend and Portsmouth. At the other end of the spectrum, those which have experienced larger reductions in net inflows since the previous peak include several on the East Anglian coast (Wisbech, most notably, but also Cromer, Kings Lynn, Lowestoft and Great Yarmouth), together with Ashford, Canterbury, Chelmsford and the Isle of Wight.

5.6 Longer Run Evidence on Causal Factors

The aim of this final section is to place this quite detailed review of patterns and trends in the domestic (intra-UK) element of residential movement across the WSE since 2001 within the context of both longer term trends and earlier chapters' discussion of causal processes, including the role of international migration.

In broad terms the main things which have emerged from examination of the trends during the past 15 years (which provides the basis for GLA demographers' population forecasts) is:

- confirmation of the importance and pervasiveness across the WSE, and fringe areas to its north and west, of the continuity of a strong process of population deconcentration affecting the whole of this territory; despite an element of long-distance movement, this operates in large part through displacement processes, such that areas receiving the largest inflows from London generate balancing moves to ones further out.
- this process of deconcentration is evident for all age groups except for younger adults (16-29), though with a distinction between the 'familial' age bands (broadly 0-15, and 30-44), with a marked shift out from London to the OMA and beyond; and older groups, both of working and post-working ages (45 plus), showing a general shift from out from the metropolitan region (London + OMA) as a whole;
- large fluctuations in migration levels and balances since 2001 are dominated by (very similar) ones for these deconcentrating groups, with a sharp reduction in rates of outflow followed by considerable recovery – in a seemingly cyclical pattern.
- flows for young adults, and for the overall balance of north-south flows, also exhibit strong fluctuations, though with a different time patterns, which sometimes reinforces that of the deconcentrating groups, though even then its net swings primarily reflect variations in inward rather than outward movement; and
- despite evidently cyclical aspects to the rhythms of both these 'currents', neither simply coincide with the expected pattern of 'normal' patterns of movement being disrupted by the financial crisis and recession of 2007-9; in particular, reductions in the rate of outward movement started several years ahead of that, in the context of a seemingly healthy regional/national economy.

The time period since 2001 is simply too short, however, to answer questions about why shifts in the balance of movements varied in this way – though that is important for understanding what is most likely over the next 15-30 years – particularly in a period when there is reason to believe that (quite irregular) fluctuations in international movement will have had impacts. Hence this section focuses on evidence in relation to these broad types of flow available on a more aggregated (spatial and age) basis for years from 1975, and statistical (regression) analyses of how fluctuations over this long period relate to some indicators of key housing, employment and international influences.

The aim of these statistical analyses is not to offer either a full explanatory model of the course of specific migratory flows impacting within different parts of the WSE, or a usable forecasting model, but rather to see how far three hypothesised relationships, discussed earlier, are able to account for the fluctuations observed during the period as a whole, and the years since 2001 in particular. This indirectly involves addressing two other questions raised about this period, about:

- how far fluctuations within it represent the impact of a major shock on an established/normal pattern of flows, and effective recovery from that shock; or
- possibly the emergence of some new configuration of flows, as a consequence of structural changes.

The third clear possibility – taken as the baseline in these analyses – involves neither simple continuity, nor some change of regime, but 'simply' shifts (induced by external factors) in the relative

importance of a few well-established relationships. The three (hypothesised) relationships on which we focus – and the simple indicator variables used to approximate the driving factors – are:

- disparities in employment opportunities between the ‘north’ and ‘south’ – roughly proxied by differences between WSE and national unemployment rates – as a driver of economically-motivated long-distance migration by young adults into the WSE as a whole;
- macroeconomic influences on the strength of effective demand for additional residential space – roughly proxied by the volume of private residential completions (in terms of bedrooms) – fuelling the over-spill of residential demand from constrained areas, which underlies the deconcentration current, across the WSE and beyond; and
- international migration, particularly into core areas and represented by net flows into London from abroad, as a source of additional space demands there, with displacement effects that reinforce the deconcentration current.

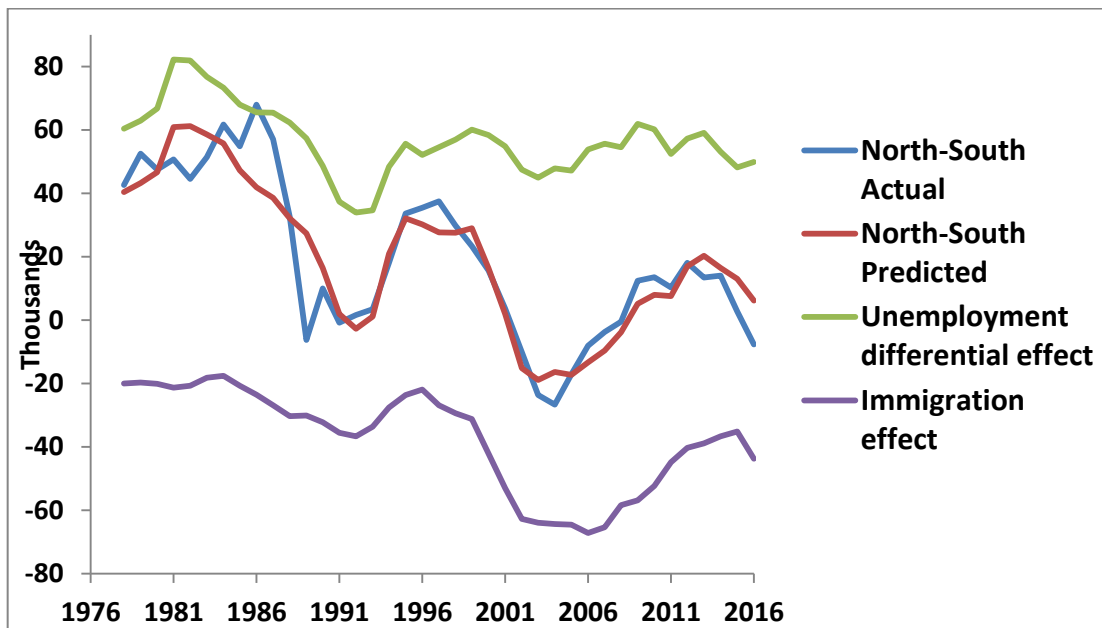
In each case allowance has to be made for the likelihood that the full effect of changes in these driving factors on levels of migration will not be felt immediately – for several reasons. One is that habit and out-of-date perceptions play a significant role, especially in the case of ‘speculative migrants’, moving in search of opportunities rather than to take up a specific one. Another is that some changes simply take time to have their full effect, as with those international/speculative migrants who occupy minimal space while finding their feet, and only exercise substantial displacement effects after they have done so. And, a third is that movement processes themselves take time, so the diffusion/rippling down of population movement shocks across the region via a chain of moves is likely to take a while.

The importance of these for different aspects of migration in the WSE – and the extent to which each might explain the pattern of fluctuations since 2001 – was investigated initially by analyses of the annual data on aggregate movements between 1975 and 2016, in the two main domestic currents (as depicted in Figure 5.1). These analyses focused on identifying a small set of significant independent variables, defined in ways that were largely independent of developments within the region’s own housing/labour markets, and allowing for influences to be delayed and/or spread over time in their effects.

In the case of *north-south flows*, where the long term pattern involved both a declining trend and continuingly significant cyclical fluctuations, the analyses showed a strong relation with the gap in unemployment rates between the WSE and the country as a whole – responding particularly to changes in this within the last couple of years, but also to its size before then. But the London immigration rate (two years before) also appeared as a significant factor, lowering the level of (net) north-south movement, for reasons other than impacts on unemployment rate differences – and hence potentially via housing cost effects (maybe for older people leaving the south rather than young labour migrants). The evolving balance between these two effects is shown in Figure 5.7 (below), with immigration and unemployment differential effects, exerting similarly scaled effects in opposite directions, tending to cancel each other out over a run of recent years⁴¹.

⁴¹ In the absence of either effect – with identical unemployment rates and zero net immigration into London, the predicted balance of north-south moves would be consistently zero.

**Figure 5.7: Regression Analysis of the North-South Net Flow Volume 1977-2016:
Predicted Effects of Two Factors and Comparison with Actual Flows (000s)**

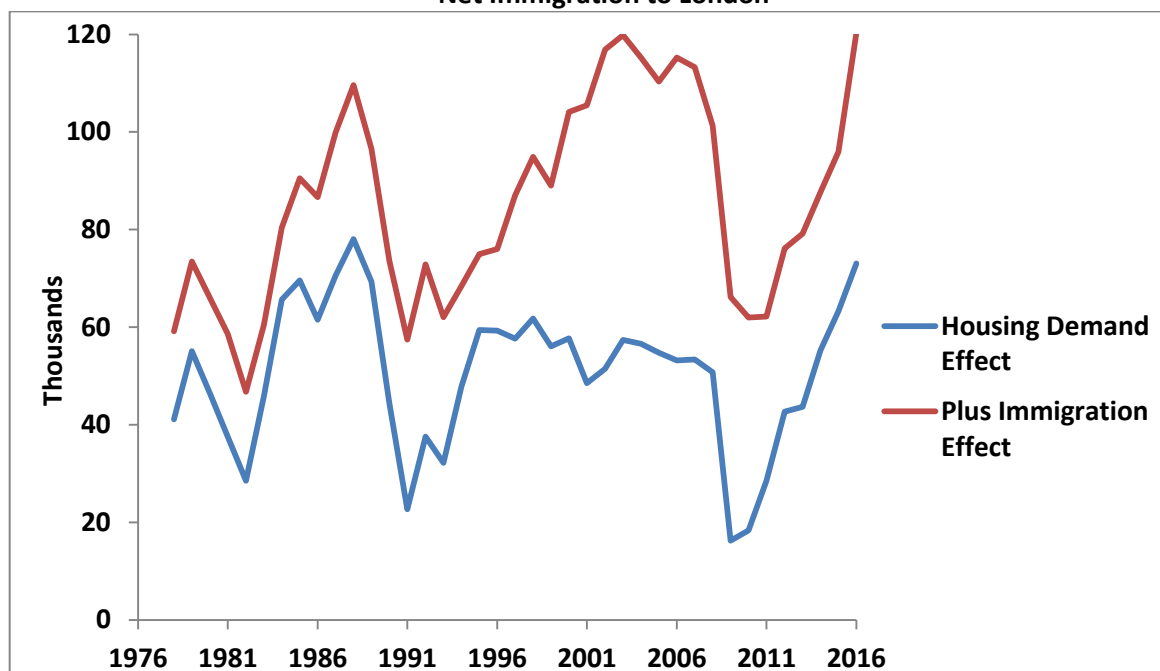


Sources: author's calculations from ONS migration series and claimant count unemployment rates (from NOMIS). **Notes:** 1. The top line in this graph represents the predicted (consistently positive) effect of the unemployment gap on the balance of north-south movement; and the bottom line represents the (consistently negative) one of net international migration into London. 2. The two middle lines show the relation between the overall predicted volume of net movement (in red) - summing these two effects plus a negligible constant - and the actual recorded balance of north-south migration (in blue)

For the *deconcentrating* current, which has emerged as more central to migration fluctuations across the region, and most age groups too, the strongest influences, were (as expected) those stimulating housing-demand over-spill from core areas - specifically the scale of net inward migration into London, and (UK-wide) *growth* in private sector completions. In both cases these effects involved not simply the most recent levels of the factors concerned (or just the two year lag identified for the immigration effect in the north-south flow analysis), but a spread of impacts over up to five years. Surprisingly, given the rather strong degree of labour market integration across the region, there was also some indication that the excess of London unemployment rates over those elsewhere in the WSE might also act to reinforce the rate of population deconcentration. But this actually rested on flows between the Fringe area and London, rather than ones within the WSE. This is omitted from the version for which Figure 5.8 (a) presents evidence on how the main influences play out over time. Similar analyses just for London's net outflow show very similar results, except that in this case the impact of the national housing demand factor is concentrated in a single year. This difference is consistent with a version of the 'rippling out' process as something which takes time to work its way through since chains of moves are involved - and with the suggestion (in section 5.5) that this might explain why recovery of in-migration to the OMA seemed to have proceeded rather faster than for the OWSE.

Figure 5.8: Regression Analyses of the Deconcentrating Flow Volume 1977-2016

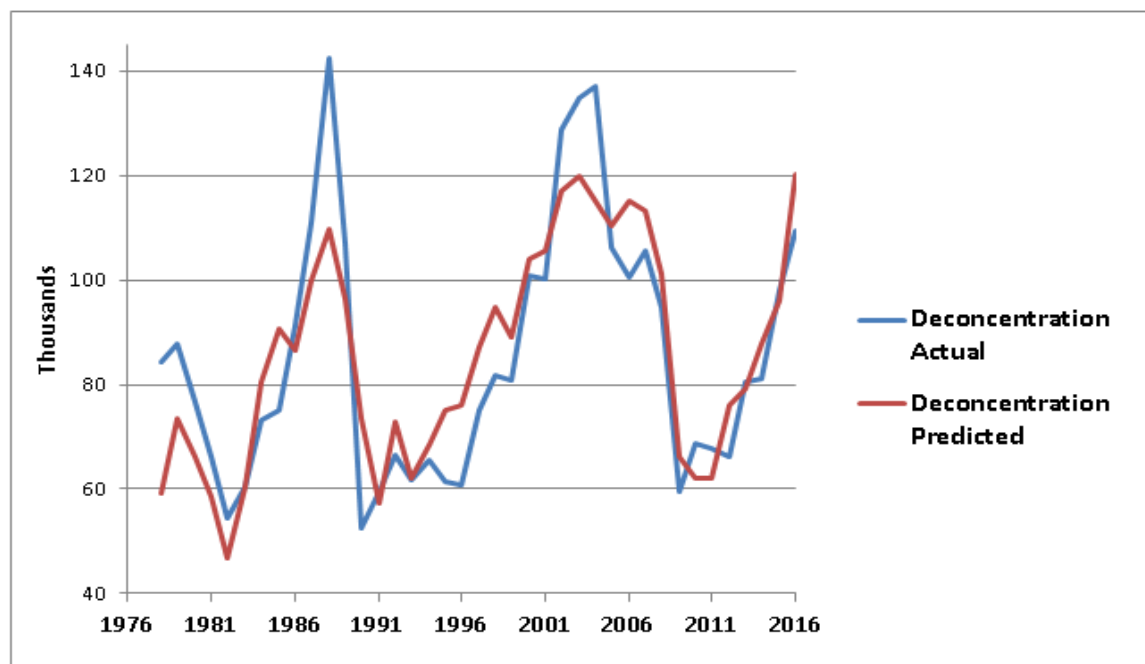
(a) Two Elements in the Predicted Flow: National Housing Demand and Displacement Effect of Net Immigration to London



Note: the top line in this graph shows the predicted effect from the two effects combined (as in 5.8b below); the lower line shows that from the national housing demand indicator (plus the constant term); and the gap between the two shows the predicted effect from net international migration.

Source: author's calculations using original data as in Table 5.7, plus DCLG housing completions data for private sector completions, weighted by numbers of bedrooms.

(b): Actual versus Predicted Flows (in 000s)



Note: the predicted flow (red line) is, as in the top line of Figure 5.8 (a) the sum of (positive) national housing demand and London immigration displacement factors, here compared with the actual, recorded scale of deconcentrating movement (blue line).

The comparison of actual with predicted flows (in Figure 5.8 b) shows the statistical model as generally tracking the time pattern of fluctuations rather well – *but* as falling substantially short of matching the scale of peak out-migration in 2002-2004. This also appears true for the two previous peaks, but less strikingly since each of those involved just a single peak year. Again this is also the case with analyses confined to the net outflow from London. The dynamics of responses to housing demand and immigration fluctuations does predict a reduction in this outflow prior to the shocks from the financial crisis, but nothing like the sharp change observed in 2004-5 from a peak well above those which these two factors suggest. There is something important to be explained here, justifying more detailed empirical work - and consideration of institutional factors in the housing market to be discussed in the next chapter. But putting this event in the context of the longer perspective, it seems that the scale of net out-migration in 2002-4 is more remarkable, and deserving of attention, than the fact of a downward shift thereafter.

The broader question which we raised, about whether anything fundamental might have changed in the migration ‘regime’ of the WSE, since the millennium, can be partly addressed via this simple modelling exercise, by testing for possibly significant changes in the effect sizes from either of the key variables. The answer from running this simple test is negative, with no significant shift effects. What seems to be rather different between the pre and post 2000 years is the degree of volatility in external factors, rather than how WSE migration has responded to these. The test itself is rather simplistic, however – since qualitatively new influences may have appeared and there is unlikely to have been any simple/single point of transition.

5.7: Potential Sources of Change and Limits to Knowledge about these

Two broad themes that run through the rather detailed review of migration trends and patterns in this chapter are:

- the continuing centrality of 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 to population deconcentration from urban cores (principally London) as far as the edge of the WSE, and beyond; and
- chains of displacement effects, linking relative short distance movements (commonly between adjacent rings) together to produce this pervasive outward (deconcentration) ripple of migration - final impacts of which get concentrated around the edge of the region – with international inflows into the core reinforcing the process.

A considerable degree of continuity is evident in these processes – including repeated cyclical fluctuations in the strength of the deconcentration current, and a waning of the north-south drift as regional differences in employment rates were reduced – though the sheer scale of international gains has first increased and then fluctuated, for largely external reasons.

There are big questions, however, to be addressed about change – and implications of current trends for housing supply and its location present real challenges for strategic planning policies across the WSE. One of these questions is about the trustworthiness of any projections involving an extrapolation of migration trends when experience within the past 10-15 years has shown so much volatility. Another involves a recognition of 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.

Putting these two questions together leads to a conjecture, which we have considered, as to whether some at least of the disorderliness of trends over the period since the millennium may represent not just disconnected external influences but elements of a new order. To put it strongly, whether a combination of structural changes might be leading to some rather different pattern or scale of migration in the region (with implications for the balance of movement from London) – a new ‘migration regime’ perhaps.

Some key sources of such change to which we have given attention as potentially relevant are;

- the impacts of long distance migration on the ethnic and educational mix of the London population, shifting its balance toward groups, who have traditionally shown a stronger attachment to *urban* life, in communities with many people of similar backgrounds;
- a trend toward rather lower overall levels of both employment and retirement related mobility, less evident than in the US, and masked by increased movement for university courses, but a reality for longer distance moves here too (unexpectedly given a more highly educated population including more single people);
- a delayed progression through the life-course, with longer education delaying progression to full adult independence, new sources of uncertainty and diminished affordability of housing encouraging more ‘boomerang’ returns to family terms than were normal in the UK, and older people staying in family housing for longer; and
- an apparent increase in the power of agglomeration economies for more dynamic sectors of a globalised and deregulated economy, notably in knowledge-based industries and creative activities whose rise in British cities has contributed to some renaissance in their residential attractiveness.

These are potentially powerful factors, several of which suggest at least some moderation of the trend to deconcentration.

But in thinking about how much difference they might make we are struck by two things:

- the fact, indicated by our analysis, that the form and scale of fluctuations in the two main domestic (within UK) currents since 2001 actually seems pretty predictable from how these currents had previously been influenced by a couple of independent factors: the macro-economically influenced state of effective housing demand (at UK level); and the scale of net international migration (very heavily influenced by external crises, EU enlargements, and continuing globalisation) – without evident need to invoke other, novel considerations; and
- that an array of comparably relevant kinds of change have operated since the 1970s, with impacts on London involving a transformation of the city’s sectoral/occupational mix, household structures, ethnic composition, housing tenure mix, the rise of an increasingly graduate population with a taste for urban life, as well as big shifts in strategic planning – but have seemingly left the pattern of overall population movement little changed, except for the impacts of enlarged international migration.

On balance we are doubtful then as to whether recent trends presage any particular shift in migration regime for the region, at least in terms of the volume and balance of population flows. But in relation to some of the continuing drivers/constraints of these, we are aware of considerable uncertainties, involving:

- the future of international migration into London;
- the speed of convergence of housing space expectations between recent waves of migrants from poor countries and those of established residents; and
- the impacts of any continued stagnation in real income levels on the course of effective housing demand growth from those established residents.

The first of these major sources of uncertainty is hard to mitigate through research, but both of the other two would be important topics to investigate further. So too are the questions of:

- how any shifts in planning policies and other action that *succeeded* in boosting housing construction in areas of strong demand - in any or all of the three zonal rings of the WSE - could be expected to alter patterns of population movement; and
- the ways in which different kinds of local constraint (from topology, past development and planning/conservation policies) affect migrational flows, of particular sorts, and hence the pattern of population distribution across the WSE (and SWSE) through the variations in housing supply responsiveness to demand pressure.

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Chapter 6: Housing Market Influences on Residential movement in the WSE: affordability, job access and housing supply responses

6.1 Introduction

Although, as the last chapter has shown, population growth at the regional scale is clearly influenced by economic/labour market factors, and some sub-regional differences (at TTWA scale) in the migration behaviour of young adults also seem to be related to job opportunities, both the force and the dynamics of population de-concentration (within the WSE and over its borders) primarily reflect demands for residential space and the operation of housing market processes.

The brief for this part of the project emphasised the need for a robust yet comprehensive position on *the linkages between commuting, house prices and migration*. This was set within a context involving:

- continuing strong demands from commuters for houses outside London;
- National Planning Policy Framework requirements that the planning system respond to signals of constraints in the housing market (notably from house prices); and
- barriers/structural constraints to meeting forecast needs for housing, which were a challenge throughout the WSE, unlikely to be resolved in the short-medium term.

A specific task that was proposed involved looking at the relationship between increases in commuting, travel time and house price differentials. In the migration literature house prices figure in two basic ways, relevant to different types of migrants (distinguished earlier and in the Annex). For longer distance labour migrants, involving workplace as well as residential changes, housing cost differentials clearly get taken into account alongside money wage differences in determining how a move will affect expected earnings in real (price-adjusted) terms (e.g. Rabe and Taylor, 2010⁴²). For shorter distance movers, simply making a residential change for housing/environmental/other reasons, as is the norm within the WSE, however, a central issue is understood to be that the trade-off between relative accessibility and what (how big and how nice a property) can be afforded. A similar consideration weighs with inter-regional labour migrants when they are making decisions between residential locations in areas around their new workplace. Other things being equal, house prices (and rents) will consequently tend to be higher in areas with better access to jobs – and transport changes which improve access in these terms will naturally get reflected in higher prices/rents (as may expectations of those changes). Whether that also means more migration to the affected areas depends on how a particular housing market actually responds.

⁴² Though Murphy et al. (2006) had suggested that speculative considerations about trends in property values could play a, potentially contrary role.

The content of this chapter consequently sets this question within the need for a broader understanding of how housing market factors and processes shape the pattern and dynamics of residential mobility within this region. As such, the chapter seeks to provide a logical link between the last chapter's analysis of population trends, and the next one's consideration of the relation between population and household changes (both numerically and in relation to some types with specific implications for housing need and provision). We approach this task in two stages: first looking at the relationships between commuting and migration, and then broadening the perspective to consider the significance of housing market trends for the dynamics of migration/population change in this region, and the challenges these present.

6.2 The Relationship between Commuting and Migrational Change

Migration and commuting clearly interact in multiple ways, because for (actual or potential) workforce members decisions about where to live and where to work have implications for each other - and often tensions between them which are not readily resolved on a one-off basis. And, where workers choose to live has general implications for local housing costs, affecting where those outside the workforce (or less centrally concerned with employment choice) can make the best of their resources and preferences. The relation is complicated because people can choose to move their residence, their workplace or (less commonly) both at once – all of which will involve changes in commuting patterns, though only the residence changes represent migration. But there are some things to be learned by looking at how the two kinds of (recorded) mobility relate, particularly in relation to the flows in and out of London which are a central theme for this project.

As previous studies have indicated, and the flow analyses of the previous chapter have substantially confirmed, the strong population deconcentration currently operating across this region (and into the fringe beyond) principally involves simple shifts of residence by working people who retain an existing job location (for some time at least). For these people commuting costs (in time and money), are an important deterrent to moving too far, but housing/environmental concerns are the drivers, and shifts in commuting are generally a consequence rather than a motive. At an aggregate level, the expectation is this that the continuous large-scale out-movement of (working age) residents from London to its commuter hinterland would have been accompanied by substantial additions to the level of (net) inward commuting, even though 'secondary' workers may change jobs soon after moving. Over the long run, this seems not to have been the case on any very large scale, which is consistent with evidence that very many out-movers subsequently find jobs outside London. The fact that (as chapter 4 showed) net population flows from London into the main parts of that commuter belt (in the OMA) have been more or less matched by net outward movements of others - many of whom may themselves have been London commuters – to areas further out, is also part of this story of gradual shifts away from engagement from the London job market.

Where commuting – or at least labour market – factors might have been more of an actual trigger to out-movement of this kind is in the context of (Central) London’s remarkably rapid job growth over the past decade. This ought to have significantly widened the gap between housing supply and demand in the city, with increased in-commuting as a logical consequence. That would scarcely seem a reason, however, for more people to move out and commute back in – but rather a matter of encouraging more existing residents of this hinterland (or people moving there from other regions) to start commuting to London jobs. If there is a positive connection between accelerated job growth in London and the scale of (net) out-migration, it would involve attraction of overseas migrants to fill labour supply gaps, with the kind of displacement effect which we have identified in relation to London’s overall immigration balance.

Some illumination of what has actually happened can be gained from looking at the evolving pattern of commuting trends over the last decade or so. Over this period a range of data sources, both formal and informal, point to a particular growth in the volume of commuting into London. For example Department for Transport data on rail arrivals into central London termini during the morning peak shows an increase of 10% (from 530 to 583 thousand) between (autumn days in) 2010 and 2016, with 80% of the increase concentrated in the 3 years 2012-15 (DfT table RAI0201). For the years since 2001, comparable TfL (2016) cordon survey data shows an average growth of 1.6% p.a. but with significant declines in 2001-2 and 2008-9, when arrivals by modes other than rail (presumably from nearer areas) also declined, though by less.

In relation to the regional issues of this report, the most comprehensive up-to-date source on changes in commuting patterns is the Labour Force/Annual Population Survey which presents information on areas of residence and workplace (for a large sample of the population) which can be disaggregated by, for example, occupational group. In order to relate this to the migration trends discussed in the last chapter, our analysis focuses on the three zonal rings of the WSE (London, the OMA and the OWSE) and trends in net movements between these for years from 2004 to 2016.

For an average year these data show:

- a net inflow into London of some 450 thousand;
- a net inflow into the metropolitan region as a whole, averaging about 120 thousand; and
- an approximate balance in commuting flows across the WSE border (Figure 6.1).

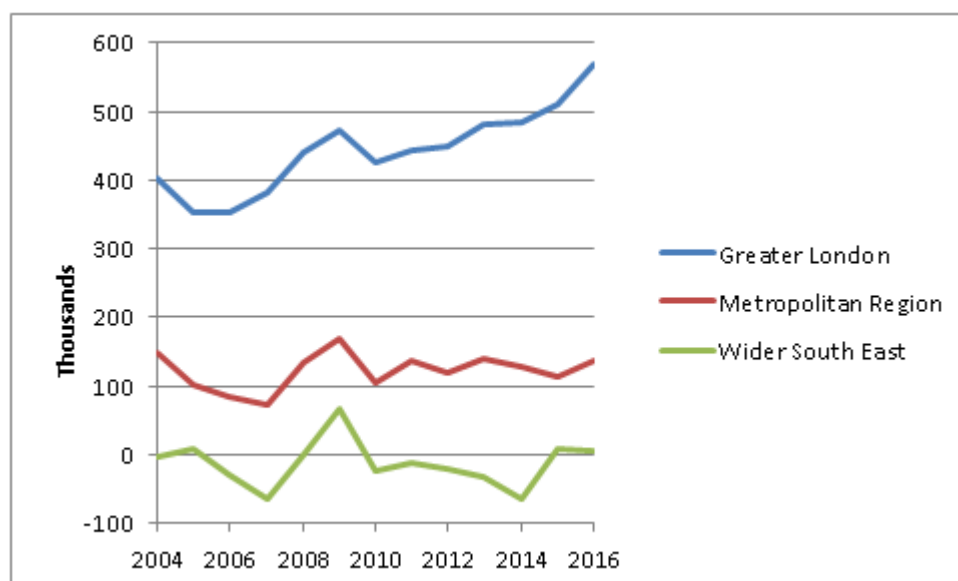
For London there was a strong upward trend over the period from 2004 of about 40% (or 3% p.a. – substantially faster than for Central London rail arrivals). For the two broader areas there was no such evidence of a trend – with the implication that net commuting from the OMA, essentially toward London, had grown by an amount equivalent to London’s net inflow, while the smaller net outflow from the OWSE remained at about the same scale. In the first half of this period, up to 2010 there are rather strong short-term fluctuations – originating in London, but transmitted out to the balance of flows across the WSE boundary – with all

balances becoming less positive in 2004-5, recovering in 2006-9, and then falling back in 2009-10. These swings reflect changes in the number of people with London workplaces rather than in the number of working London residents.

Patterns and trends vary greatly by occupation, with a clear divide in the London case between people in managerial, professional and semi-professional/technical jobs, on the one hand and those in all other jobs (administrative, service, manual etc.). The former currently account for almost 60% of London jobs (as compared with about 40% elsewhere in the WSE, and in other regions) but over 75% of net commuting into London. With an average growth rate in London (between 2004 and 2016) of over 3% p.a. (more than double that in the other occupations) they have accounted for three quarters of the job growth. They also account for the entire growth in net inward commuting to London over this period – a remarkable addition of 167 thousand to the balance.

But this is simply proportionate to the growth and existing commuting propensities in this occupational group (with a commuting balance consistently running at 19% of these occupations' London employment). In this case it looks as though the shifts in the net commuting inflow reflect either simple recruitment of a proportion of the extra workers for these jobs from among existing residents of the OMA, or maybe of long-distance migrants some of whom settle in the commuter belt rather than inside London. Logically, fluctuations in net outward migration that reflect changing housing market factors should also be reflected in net commuting flows, given that people moving out in response to these factors will normally at least start by commuting back into London. But that is not evident from these data, and would in any case depend upon the timing of job switches away from London among those who had moved out in past years/periods.

Figure 6.1: Net Commuting (in thousands) into London, the Metropolitan Region and the Wider South East 2004-2016



Source: authors' calculations from ONS Annual Population Surveys

For more direct effects of commuting on migration patterns we would have to look at the impacts of (overall) changes in the real cost of peak-hour travel and/or (more specific) ones in time/discomfort costs on particular routes. We are not able to do this systematically within this 'state of the art' project. But, in relation to the former, we note that real costs of rail travel generally, which had increased by over 40% between 1987 and 1999, have gone up by less than 10% since then (TfL, 2016), while those for car travel have actually turned down (except for the few years following the financial crisis). Rail costs are the more relevant ones for commuters into London, and it seems that these should have had little effect since 2000 on either the rate of residential out-movement by workers or the distances moved. But in relation to service quality, it should be noted that rail travel times into London have been significantly improved on a minority of routes – most notably with the Javelin/HSE London services from East Kent operating since 2008, which might have been expected to boost in-migration there, though that was not evident from the TTWA trend comparisons in chapter 4. If this finding is robust it suggests that the case for infrastructure investment that depends on household growth and thus outward migration may be overstated. Other factors need to be taken into account such as the increases in house prices that tend to occur as improvements are put in place. This is an area which requires more detailed analysis than has usually occurred to distinguish better between price and quantity adjustments in the housing market.

6.3 Migration and Housing Market Processes

Turning now to broader issues of the relation between migration dynamics in the region and housing market processes, we *first* review what is understood from migration research and basic urban economics, and *then* focus more specifically on what housing economic research conveys about the practical significance of housing market institutions, including those relating to finance and to public policy – and what these might explain about past migration patterns and potential changes.

Housing markets work on the basis of demand and supply as modified by government intervention through planning, regulation, direct provision of affordable housing and welfare support. Migration is, except in rare cases an individual decision which takes account of family circumstances, labour market possibilities and the housing options available in different locations. For the individual it usually appears that family circumstances dominate, but costs and ease of travel to work on the one hand and the cost and availability of housing on the other play fundamental roles in determining location choices - and changes in these variables directly impact on migration patterns. Hence the actual pattern of movement that emerges depends substantially on how supply responds to demand, in different times and places.

6.3.1 Principles

A simple (text book) starting point is therefore the idea that people evaluate their residential situation and available alternatives in relation to a wide range of attributes that fall broadly into three categories:

- available and usable **space** (inside and outside the home);
- **accessibility** to workplaces (current or future) and other valued facilities;
- other features of the natural/social **environment** of importance to the people concerned.

All of these come at a price, which at least for the private sector, is effectively set by the overall strength of demand for the attribute concerned and the rigidity of limits on its supply, and these – together with other (non-housing) costs, including costs of travel to work/facilities – also come into evaluation of what is affordable and worthwhile (including the type /amount of space as well as location), relative to alternatives.

In the text book models, with substantial support from empirical research, within this framework an ‘equilibrium’ pattern of development, occupancy and housing prices/rents emerges, shaped by a given set of background factors (including population numbers, mixes, tastes, communications links, facilities/environmental qualities, supply constraints etc.). So long as these prevail people face a set of rather clear trade-offs - between e.g. how much space is affordable and how good success is to current/potential workplaces, or between either of these and personally valued social/environmental features. When background factors change the equilibrium should change, most obviously in terms of price differentials between areas, but then also potentially in terms of who lives where and how that alters the desirability of locations for (various) others. But in any case, the process through which change occurs and a new equilibrium emerges will involve residential movement.

Actually, residential movement is expected in any case, because individuals' circumstances (and tastes) change even when those of the population as a whole do not. Most obviously, within a region which has a principal urban area at its core – even one as extended as the WSE – there tend to be strong life-cycle patterns of movement (young singles coming to the core, family formers moving out and the retired moving still further out). Such flows do not necessarily involve any net movements, and tend to preserve rather than alter patterns of differentiation, in population mix and prices, within the city/region. On the other hand – as seen within this simple framework – a general growth in incomes boosting the demand for some of aspects of the residential 'package', most commonly for space (though for some groups it might be for accessibilities), is likely to generate significant net flows, changes in the scale of land demand, and in the configuration of the region (where permissible). Other pervasive changes, e.g. in education levels or in familial patterns, may have comparable effects, though possibly pulling in the opposite direction – toward more rather than less concentration. Each of these (unlike the simple life cycle flows) will also have implications for commuting patterns, depending on how flexible actual transport link capacities are. So, of course, will independent changes in the spatial distribution of employment and provision of transport infrastructure over time, often over longer time periods than changes in migration.

Within an extended region where overall demands for space are increasing rather than decreasing, all of these changes are likely to involve people moving into areas outside the inner core. Whether and how far that implies net additions to the local population, or whether the demand is dealt with in part by increases in prices in the receiving area, is likely to depend on two factors:

1. the extent that to which an injection of demand stimulates additions to the dwelling stock, or these are constrained by existing development, physical obstacles or planning policies; and
2. how densities of occupation among incomers compare with those of the people who choose to move out when local property values rise.

6.3.2 Some evidence

A starting point for looking at how migration and housing markets interact is to look at what has happened to the household/stock balance over the last decades⁴³. Table 6.1 shows that in household terms the biggest proportionate growth in household numbers since 1996 is in the East of England and that the rate of growth has increased since 2011. The proportion of households in the South East has also grown more rapidly than in England overall and at an increasing rate since 2011. London, in household terms, however has grown less rapidly than the country as a whole except since 2011- reflecting the great changes in household structure discussed in chapter 6.

Table 6.1: Number of Households by region (000s)

	1996 nos and % of England	2011 nos and % of England	Increase from 1996	2016 nos and % of England	Increase from 2011 1996
London	2887 14.5%	3181 14.4%	10.2%	3261 14.4%	2.5% 13%
South East	3170 16%	3538 16%	11.7%	3654 16.2%	3.3% 15.3%
East	2127 10.7%	2470 11.2%	16.1%	2537 11.2%	2.7% 19.3%
Wider SE	8184 41.3%	9189 41.6%	12.3%	9452 41.8%	2.9% 15.5%
England	19,811 100%	22,069 100%	11.4%	22,624 100%	2.5% 14.2%

Source: ONS, Households by region

Table 6.2 allows us to examine changes in the balance between households and dwellings from 1996 to 2011. Looking at this balance we see a relatively healthy balance of stock over households in England in 1996 of 3.5%; a somewhat higher one in London but a tighter relationship in the South East and roughly the national average in the East. By 2011 the balance in the east has reduced to 2% but has increased above the (slightly reduced) national average in the South East and remained relatively stable in London. These figures reflect the slowdown in outmigration to the South East and the East in the first decade of the new century. Since then the market has tightened somewhat as household numbers have continued to grow but housing stock numbers took time to recover from the financial crisis.

⁴³ In this section the main spatial analysis is presented by region rather than rings as much of the data is only readily available in this form.

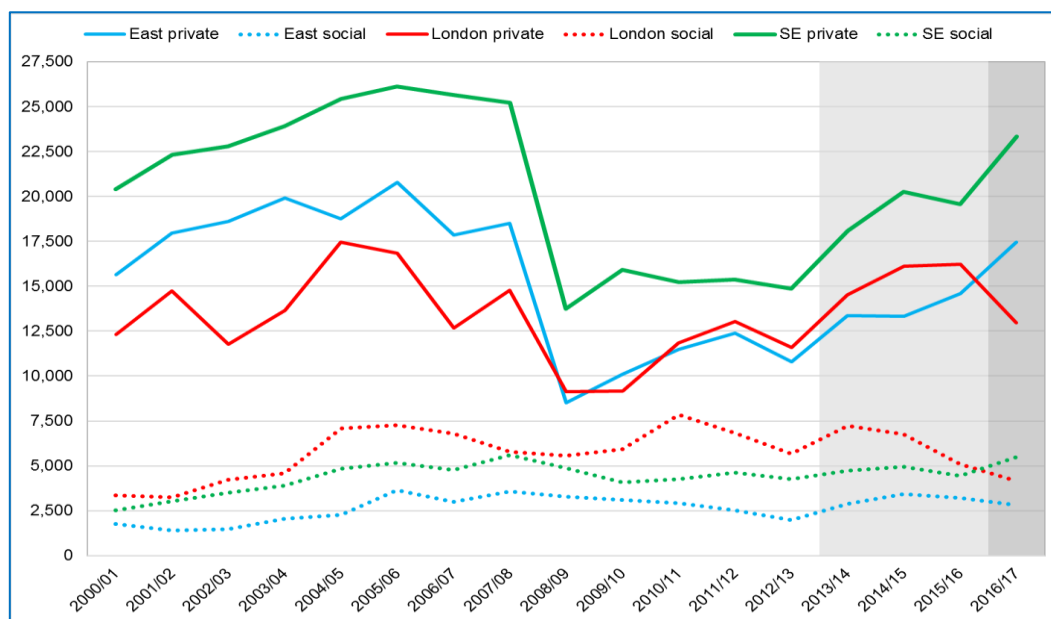
Table 6.2: Housing Stock by region

	1996 nos and % England	2011 nos and % England	Increase from 1996
London	3009 14.7%	3318 14.5%	10.3%
South East	3250 15.9%	3683 16.1%	13.3%
East	2205 10.8%	2520 11%	14.3%
Wider SE	8464 41.4%	9521 41.7%	12.5%
England	20,468 100%	22,814 100%	11.5%

Source: DCLG Live Tables

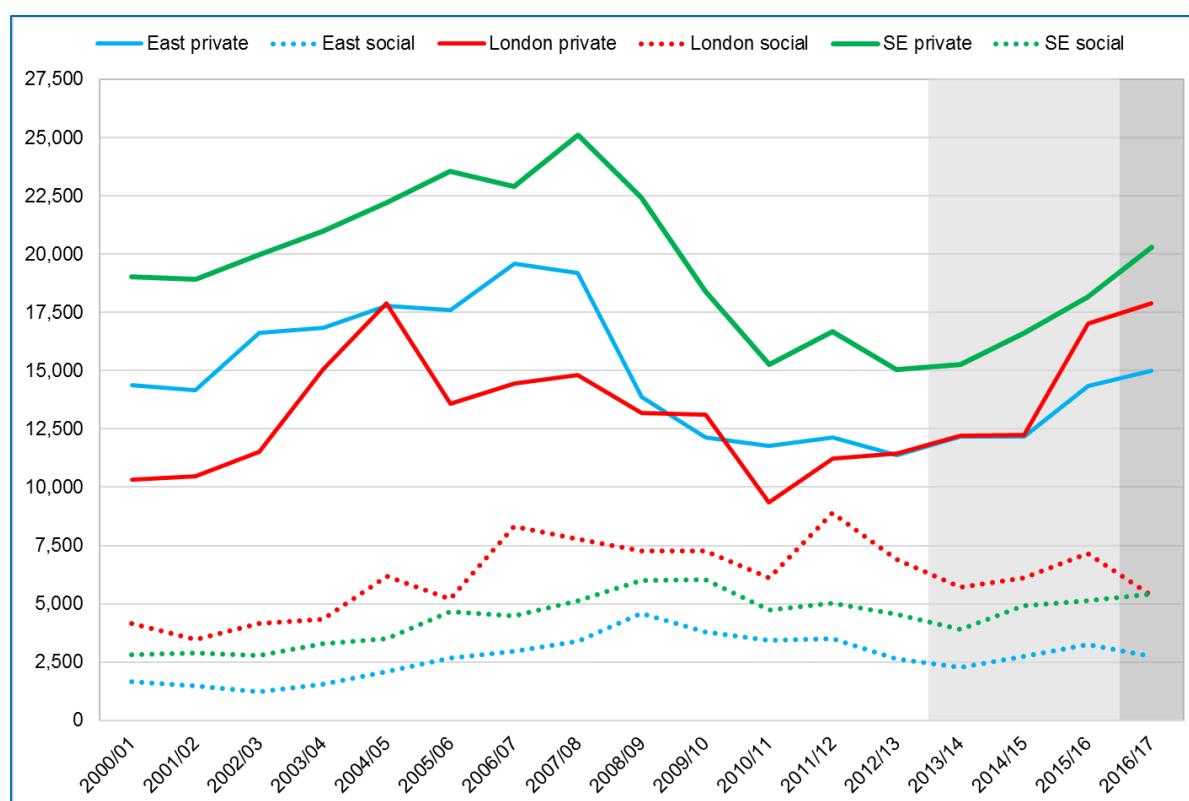
Figures 6.2a and b show the picture of starts and completions by the three regions since the turn of the century. They show first that numbers in the East of England generally exceed those in London although the region is considerably smaller in household numbers terms.

Figure 6.2a: Starts by Tenure 2000/01 - 2016/17 (numbers)



Source: Authors' calculation based on DCLG *Live Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district* (accessed in July 2017). The totals are not identical to the national figures. **Note:** Light shading covers the period since the introduction of Help to Buy; dark shading covers the period when the scheme was modified in London to enable up to 40% government equity share).

Figure 6.2b: Completions by Tenure 2000/01 - 2016/17 (numbers)



Source: Authors' calculation based on DCLG *Live Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district* (accessed in July 2017). The totals are not identical to the national figures. **Note:** Shaded lightly (darkly), since Help to Buy was in effect (London-40% Help to Buy was fully in effect).

In proportionate terms, the East also builds considerably more as compared to the South East - perhaps reflecting the relative availability of land. But equally output rates are slightly more volatile - perhaps reflecting its greater dependence on migration flows.

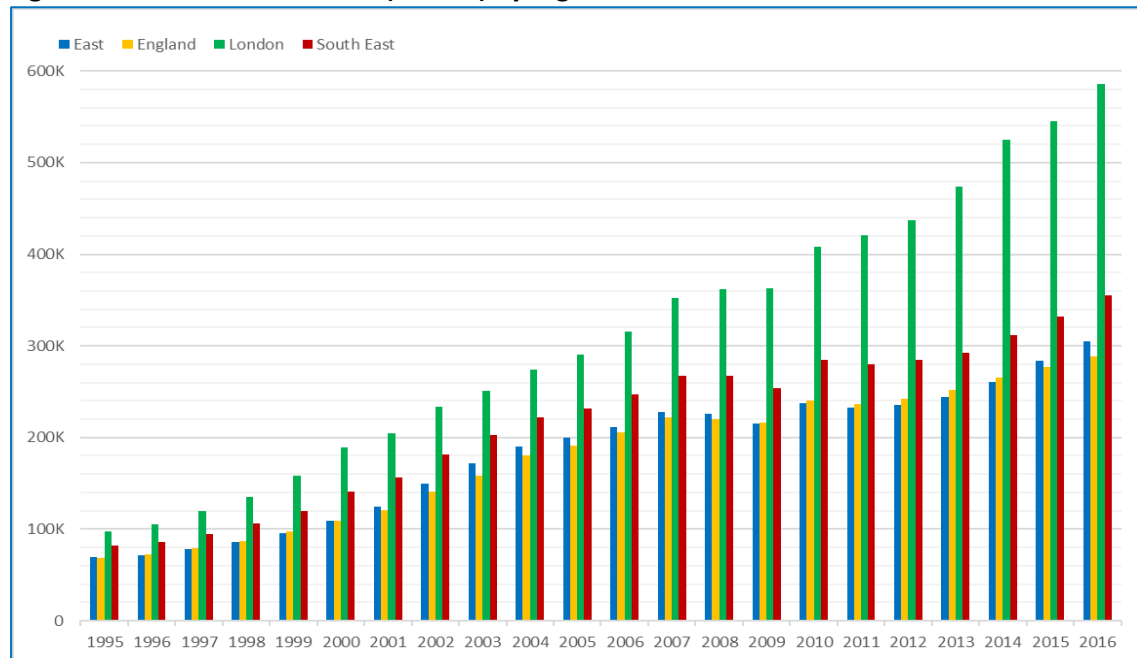
The figures also show the massive reduction in private sector starts during and after the crisis and clarify that numbers have not yet returned to pre-crisis levels. Indeed in London there was a sudden fall in 2016/17. But they also show that the upturn started in 2012 before the introduction of the Help to Buy programme.

The completions pattern is rather different, showing a notable growth in output in London in the early part of the century and a sudden decline in 2004/5 which may be related to worsening affordability - see the evidence on prices in figures 6.3a and 6.3b below. Importantly there is also a rapid increase in completions in the last two years, probably reflecting the increasing importance of permitted development which is often poorly reflected in the starts figures.

The most important trend in house prices has been the relative growth in London house prices over the period from 1996 and especially since the financial crisis - such that in 1996 they were roughly 50% higher than the country as a whole and are now more than double (figure 6.3a). Prices in the Eastern region have generally been relatively close to those in the country and

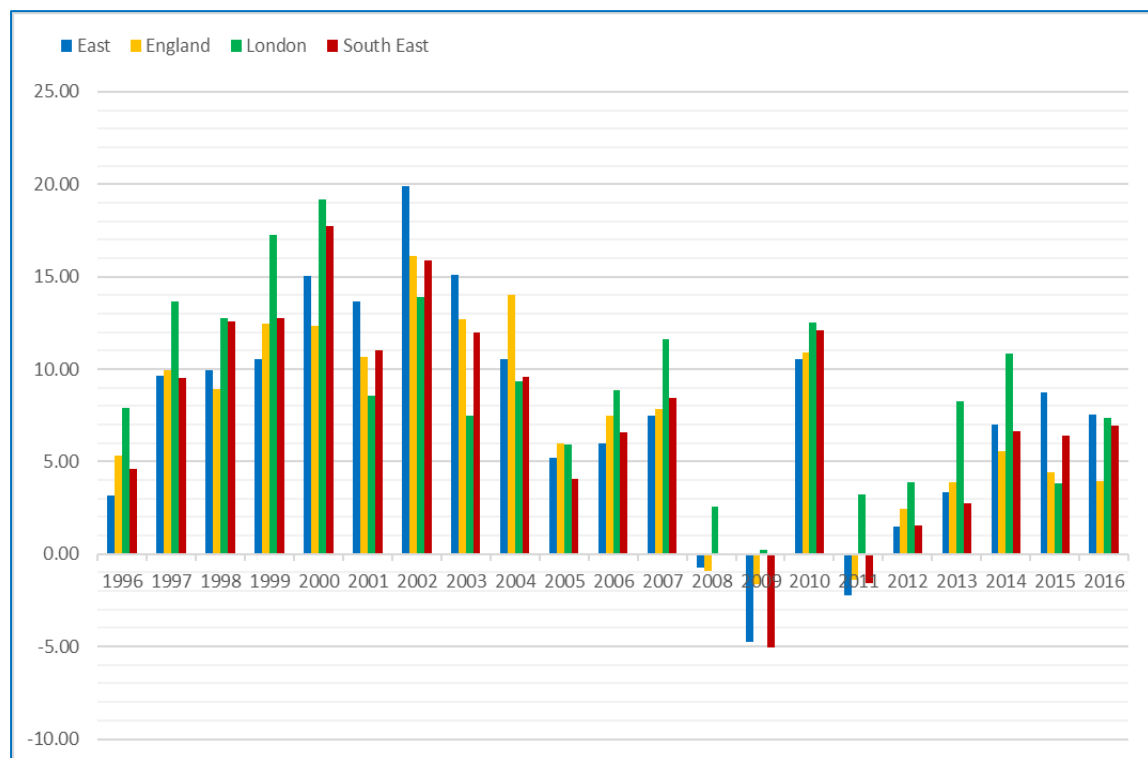
around 80% of those in the South East. Most importantly they have fallen from around 70% of London prices at the beginning of the period and again around 2004/5 to not far above 50% in 2014.

Figure 6.3a: Mean House Price ('000 £s) by region



Source: Authors' calculation based on Office for National Statistics, Land Registry. House Price Statistics for Small Areas (June 2017).

Figure 6.3b: Annual Growth Rate (%) of Mean House Prices by region

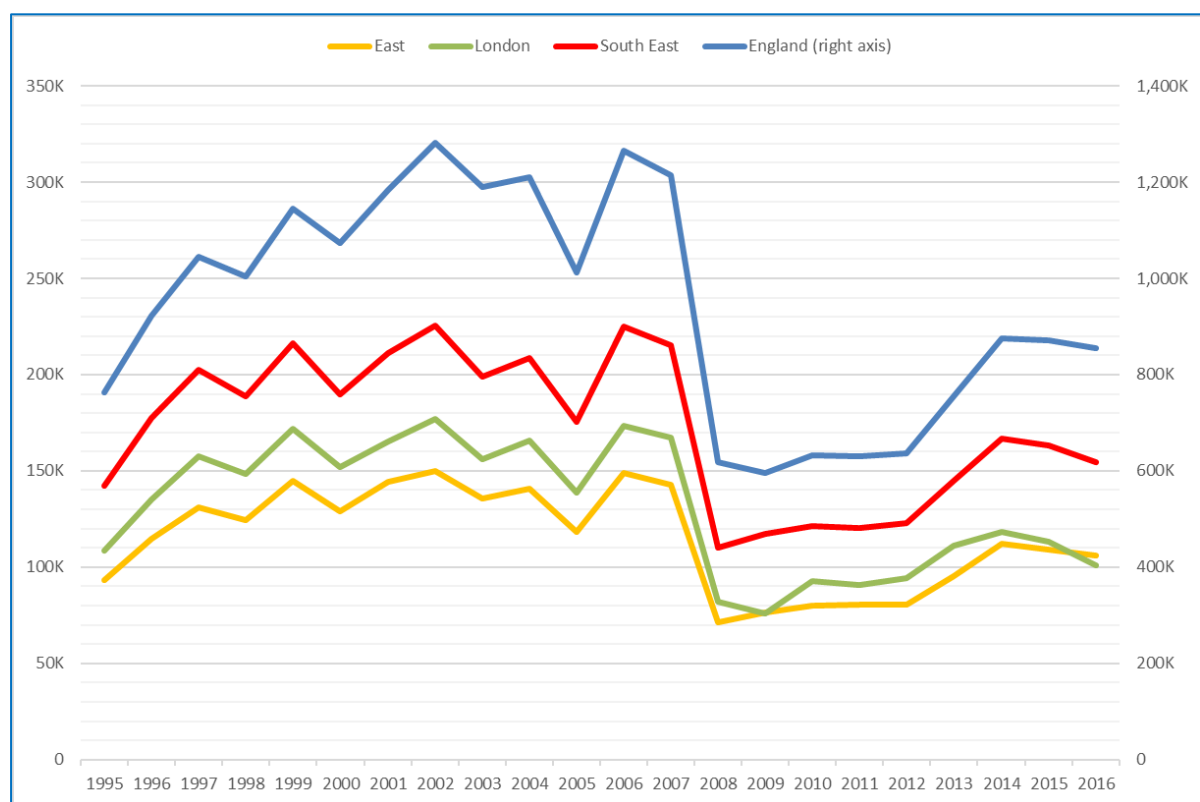


Source: Authors' calculation drawing on Office for National Statistics, Land Registry. House Price Statistics for Small Areas (June 2017).

Figure 6.3b on the other hand shows, using the same data, how volatile relative rates of growth have been across the region - with a particularly strong increase in the East of England from 1999 to 2003 when there was a spike in migration and again on 2014/15. The South East shows a somewhat similar pattern but with much less strength. Importantly, the extent of negative price change around and after the financial crisis increases with distance from London within the wider South East.

A rather different approach to looking at the extent of differential pressure is the number of residential transactions (which includes sales in all types of tenure). Figure 6.4 shows that the pattern does not vary greatly between regions with all three regions reflecting the national picture of rapid rises in transactions until the early 2000s; a large drop in 2004 probably reflecting worsening affordability followed by a recovery - perhaps reflecting that high loan to value and self-certified mortgages were becoming easier to obtain. The financial crisis almost halved the level of transactions and while the numbers increased from 2012 they have now stabilised again at levels not dissimilar to the mid-1990s. The lack of movement in the existing housing market has become a significant matter of concern for government and implies that adjustments in the use of the stock must be occurring more without change of ownership – i.e. mainly in the private rented sector (see below).

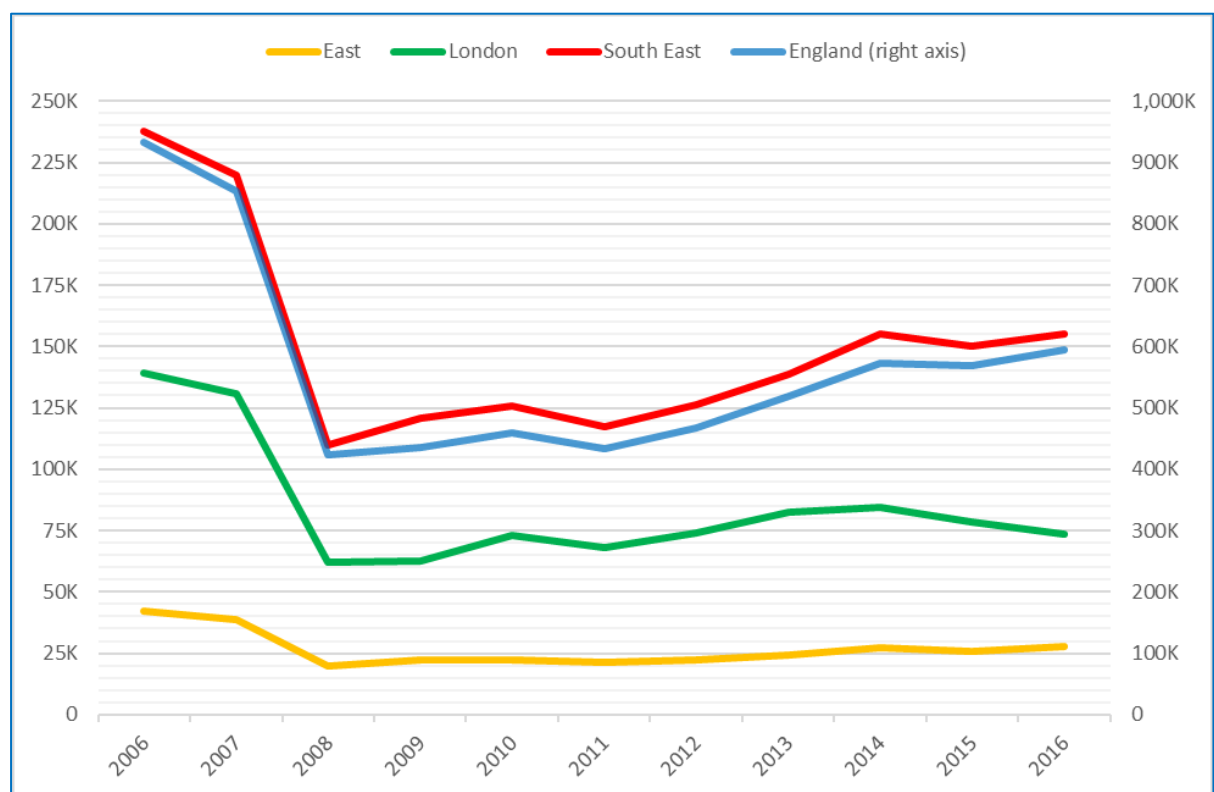
Figure 6.4: Number of Residential Property Sales by region and country



Source: Office for National Statistics, Land Registry. House Price Statistics for Small Areas (June 2017).

Figure 6.5 shows the extraordinary changes in the numbers of loans for those moving as owner-occupiers over the last decade. Lending was at its height in 2006, at the beginning of the period. Over the next two years the number of loans across England dropped by more than 50% to little more than 400,000 loans - and has increased only slowly to around 600,000. The pattern in the South East closely follows that for the country as a whole but suggests that London has recovered rather more slowly and there has been very little improvement at all in the East. Notably the numbers in the Eastern region were always relatively low - reflecting the extent that moves tend to be by older households who may not need a mortgage. More generally the fact that fewer than 50% of owner-occupiers now have a mortgage means that many can move without access to the mortgage market -although it must be remembered that this is the group which moves relatively less than younger households who do usually need a mortgage. It is these younger groups, and especially first time buyers that have been constrained by the very large changes in access to mortgage finance.

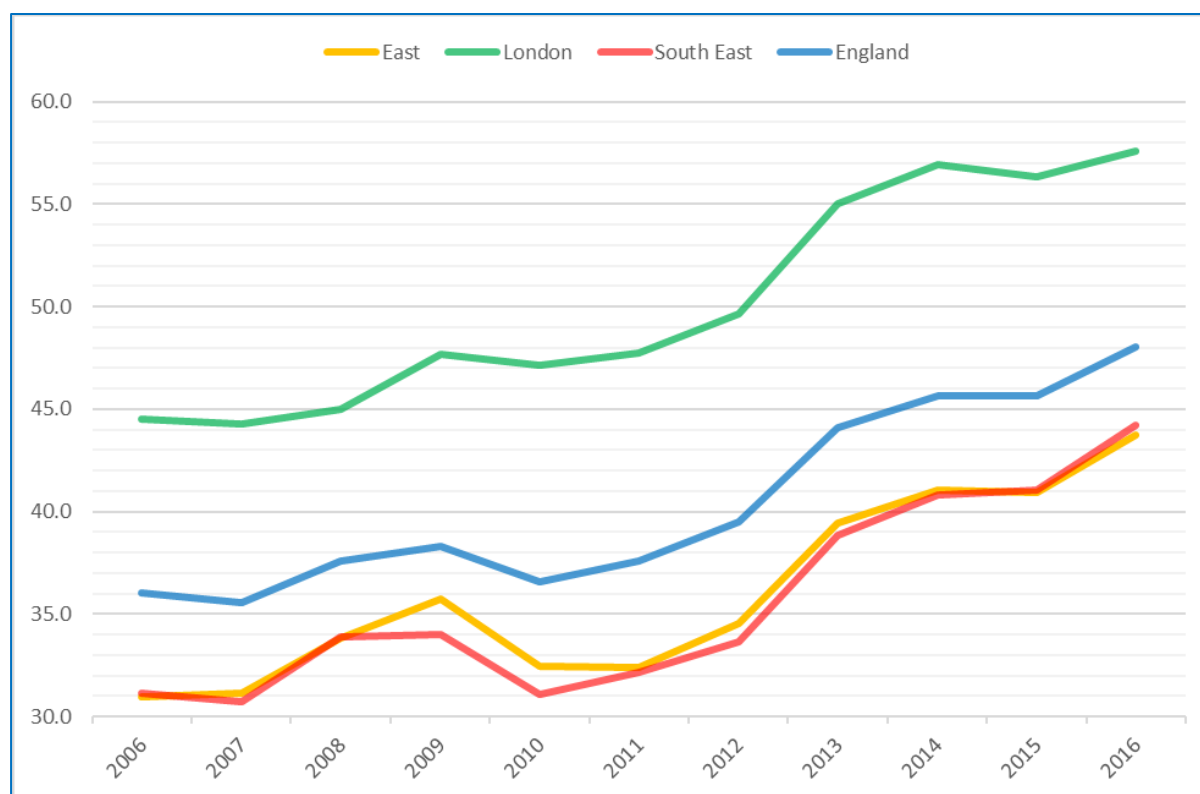
Figure 6.5: Number of Loans to Existing Owner-Occupiers 2006 - 2016



Source: CML ML3R.

Figure 6.6 shows that the East of England and the South East saw the biggest falls in the proportion of first time buyers immediately after the crisis and yet thereafter, although they have faced particularly strong constraints, the proportion of loans going to such buyers have risen consistently across the two regions.

Figure 6.6: Ratio of First Time Buyer Loans to Total Loans %



Source: CML ML2R.

One more substantive point concerns private rental sector moves as the importance of that sector has increased in all regions. Between 1996 and 2011 the numbers of households in the private rented sector have almost doubled in both London and the Eastern region and by almost 85% in the South East. As a result 17% of households in the Eastern region and the South West lived in private renting in 2016 while in London the proportion is now 27%. In the period from 2006 to 2011 the sector grew by 37% in the Eastern region; by 33% in London and 27% in the South East. As a result a far higher proportion is from private renting or the family home to private renting than has been the case in the past. The idea that people move out to become owner-occupiers of course is still relevant but private renting to private renting is increasingly important. The housing reasons for moving across borders within the private rented sector are likely to be more short term than those for actual and potential owner-occupiers but undoubtedly include the relative cost of renting in different locations (with rents extremely high in London) as well as the size and quality of housing available. It is also far easier to move to address changes in housing versus transport cost differences than in the owner-occupied sector.

Inter-regional gross flows can be derived only from the census and are shown in Figures 6.7a and b. They show that inflows to private renting are larger than those to owner-occupation in all three regions -accounting for over a half of those moving into the South East and the East and a very much higher proportion of those coming into London. Outflows from London

are somewhat higher than inflows and comparable to those for those moving to owner-occupation. Outflows from the South East and the Eastern region are less than inflows but still very considerable. The result is that new flows are relatively small and may give the impression of being unimportant. However in housing terms they are now almost more important than owner-occupier moves. What is less clear is what will happen in the future.

Figure 6.7a: Household Inflows in 2011 by region

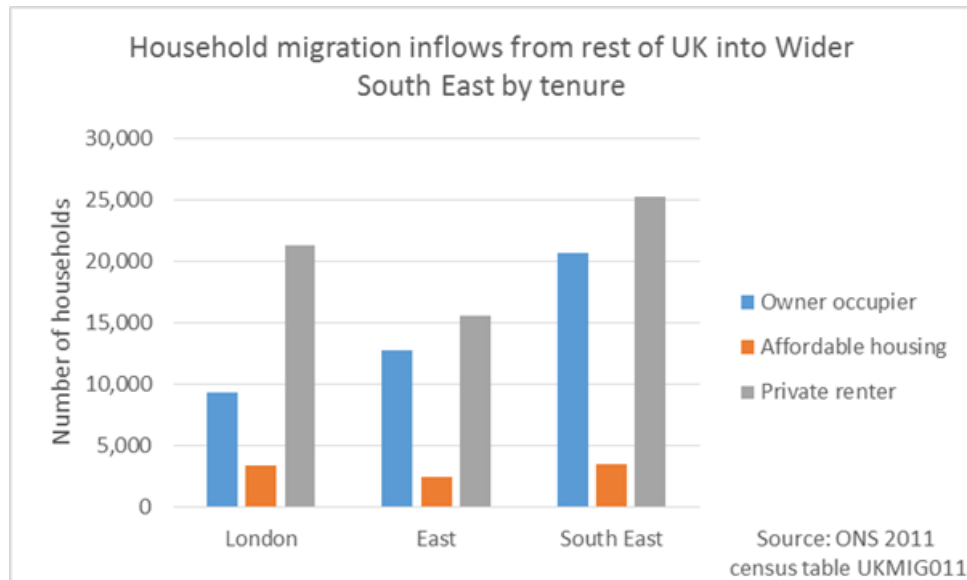
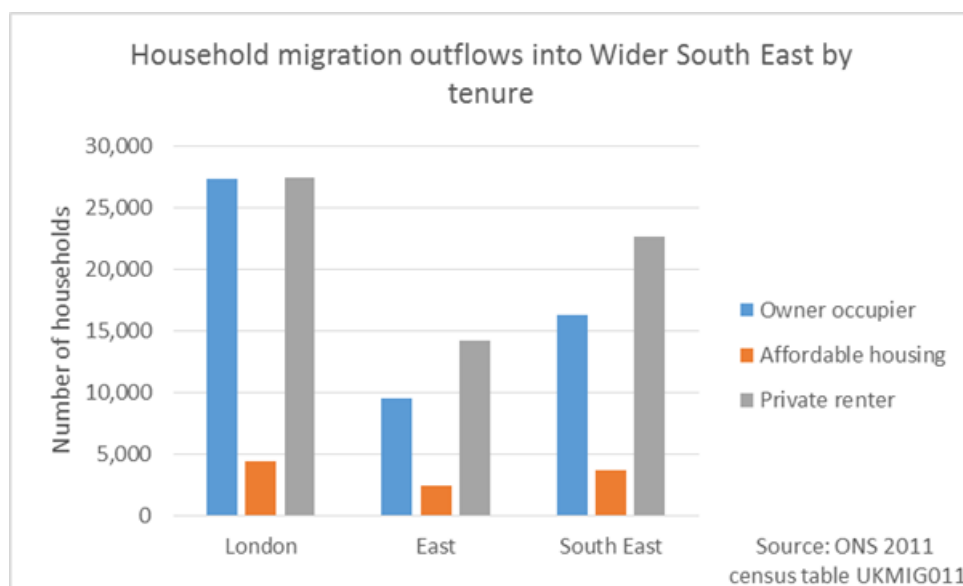


Figure 6.7b: Household Outflows in 2011 by region



6.4 Discussion

The evidence on commuter costs suggests that the only improvements that have occurred are in terms of time - notably as a result of HS1 into Kent. The evidence in the literature suggests that this has been great enough to impact both on house prices and on building rates - although adjustment has been relatively slow. More generally commuting costs have increased in money term so any impact on de-concentration would be the result of housing market changes.

The evidence on supply suggests that the East of England had generally been more responsive than areas closer to London and particularly as compared to London itself.

The rapid increases in prices (and rents) in London appear to arise as much from increased densities of occupation as from greater capacity to pay. This suggests that outmigration has been considerably less than in the past, for reasons to do with the nature of international migration, changing demographics and attitudes to urbanisation and job availability as well as worsening access to mortgage finance.

House prices are directly affected by increases in accessibility to relevant job markets. New building might also be expected to increase, but the extent to which this occurs will vary depending on what constraints there may be in a particular area. In the main, spatial patterns of house prices outside London have remained fairly stable. Even so, there are fundamental pressures around tenure mix and household type which appear to be driving significant changes in location choice. In addition the costs of moving have significantly increased in both the private rented and the owner-occupied sectors - suggesting that adjustment to fundamentals is likely to be slower.

In terms of the relationship between house prices, labour markets and commuting it is clear that commuting costs are only one among many of the factors that people take into account when deciding whether or not to move out of London and if so, where to go. We also know that most people move relatively short distances and tend to remain in the same job at least initially. As a result commuting can be expected to increase when mobility increases. If the move involves some distance, 'secondary' workers with transferable skills tend to move job to be near their new location to be able to manage child care and other family requirements. The decline in mobility after the early 2000s is therefore likely to have reduced commuting pressures: the actual increase since then has simply reflected job growth in London.

Many of the issues raised in this final section are not well evidenced and it is therefore extremely important that there is consistent monitoring of major trends and drivers - ideally across the whole of the wider South East.

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Chapter 7: The Impact of Demographic Changes on Household Characteristics

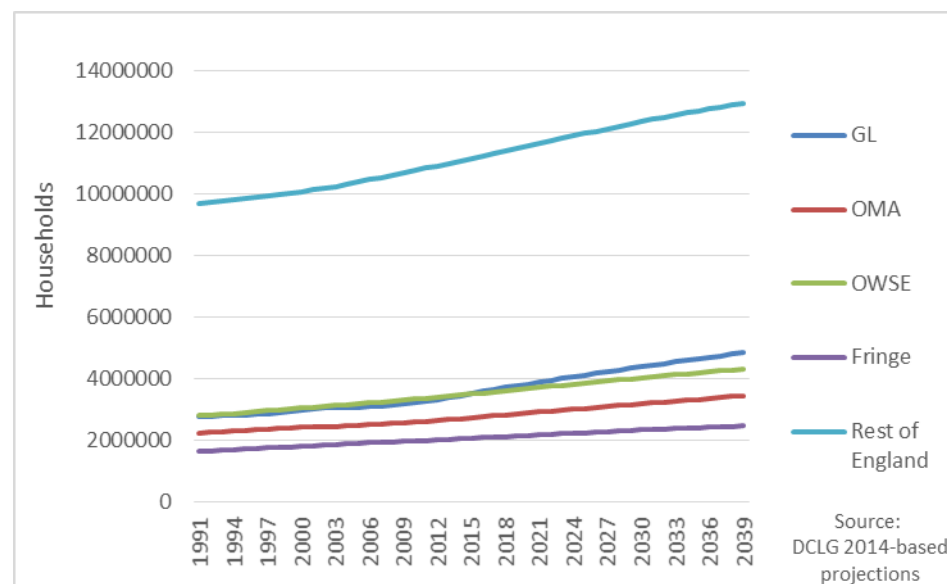
In order better to understand how migration, particularly from the GLA, impacts on household characteristics in the Wider South East we first examine patterns of household migration based mainly on census information; then look at the changing mix of households projected into the future. The chapter is therefore rather different from the earlier ones in that it mainly presents material produced by the authors from the government's own household projections. We then comment on the main drivers of change and the implications these may have for the robustness of estimates about the future.

7.1 Total Household Numbers

Our starting point is what has been happening in terms of total household numbers across the country and how these numbers are expected to grow through to 2039. Figure 7.1 shows the latest evidence from the DCLG household projections and actuals going back to 1991.

Looking first at the period 1991 – 2011 the lowest growth was seen in the Rest of England at around 12% over the twenty year period. London and the OMA grew by around 17% but the OWSE and the Fringe grew fastest 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 relative pressure was therefore strongest in the outer areas around London. The figure also shows that growth in household numbers is expected to increase more rapidly over the period from 2011 – 2039 a topic we return to later in this chapter.

Figure 7.1: Household Numbers by rings 1991 - 2039

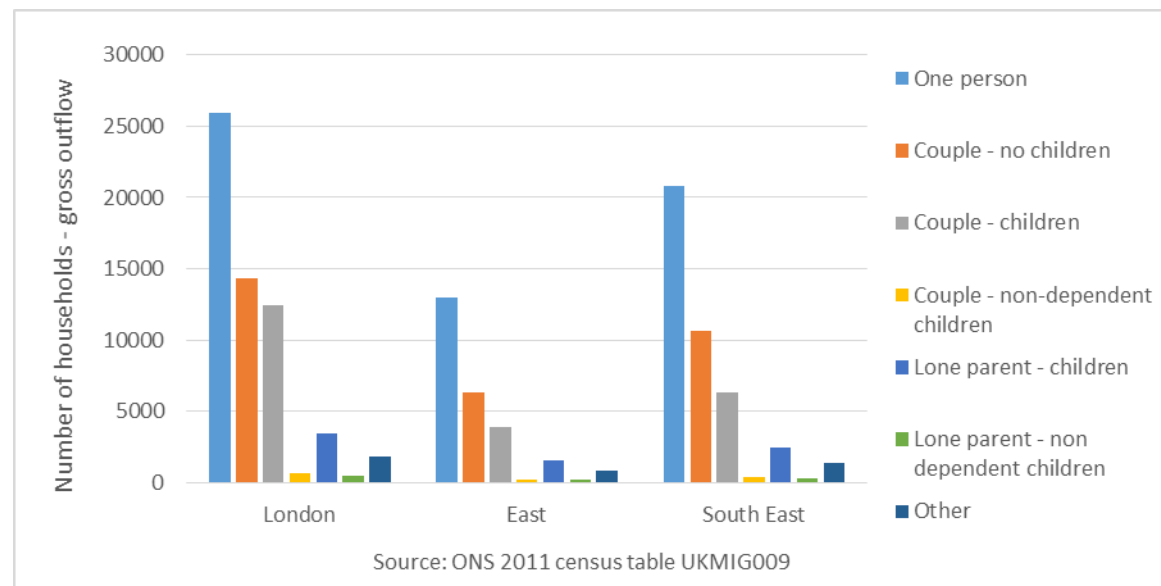


7.2 Looking Back

An important limitation at household level is that it is only possible to examine inward and outward migration for geographies covered by the census. For the rings we can only directly measure net migration. The data used here are 2011 census data for migration in the 12 months prior to the census.

In many ways of course the pattern of household outmigration follows that of the population, especially as it is dominated by single person households and by London (figure 7.2). Couples without children remain the second most mobile group but traditional family households are also important.

Figure 7.2 Household Outflows: 2010-11



Turning to the evidence from net flows, we can see from figure 7.3 that London saw a net outflow of 25,000 households while the OMA saw a small net inflow – but with the majority of impact from London’s outflow ending up in the wider south east. This does not mean that Londoners jump the OMA but rather there are large flows both in and out of all the rings, including between OMA and OWSE (consistent with the evidence on population).

Figure 7.3: Net Household Migration Flows for London and the Four Rings: 2010-2011.

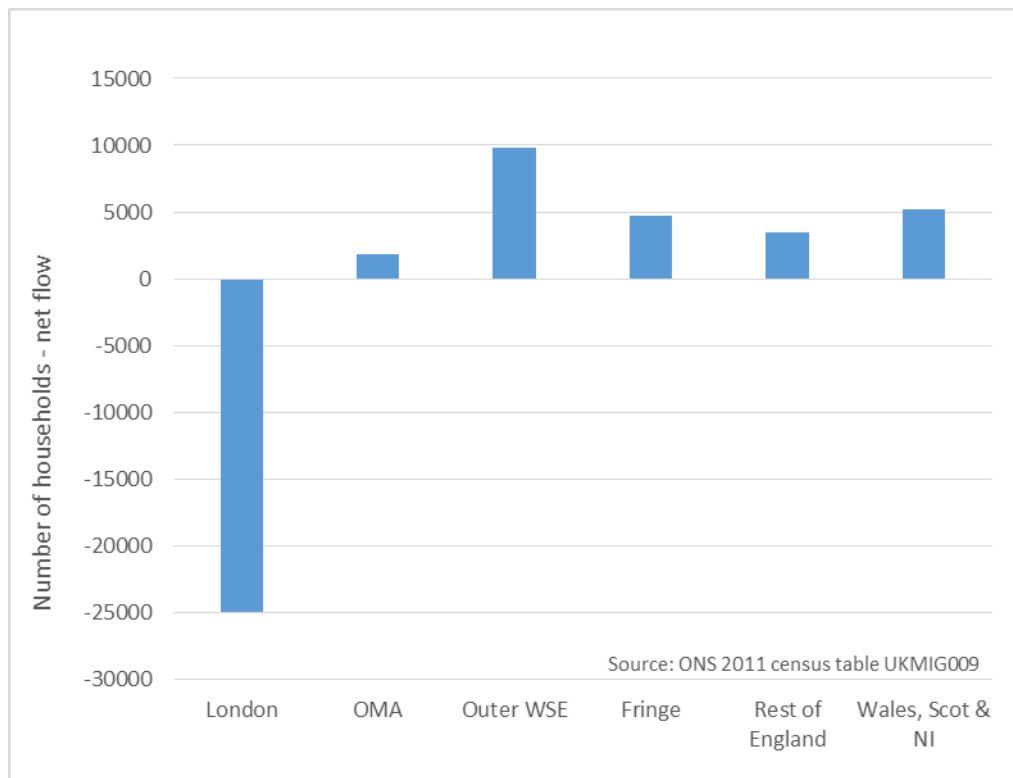
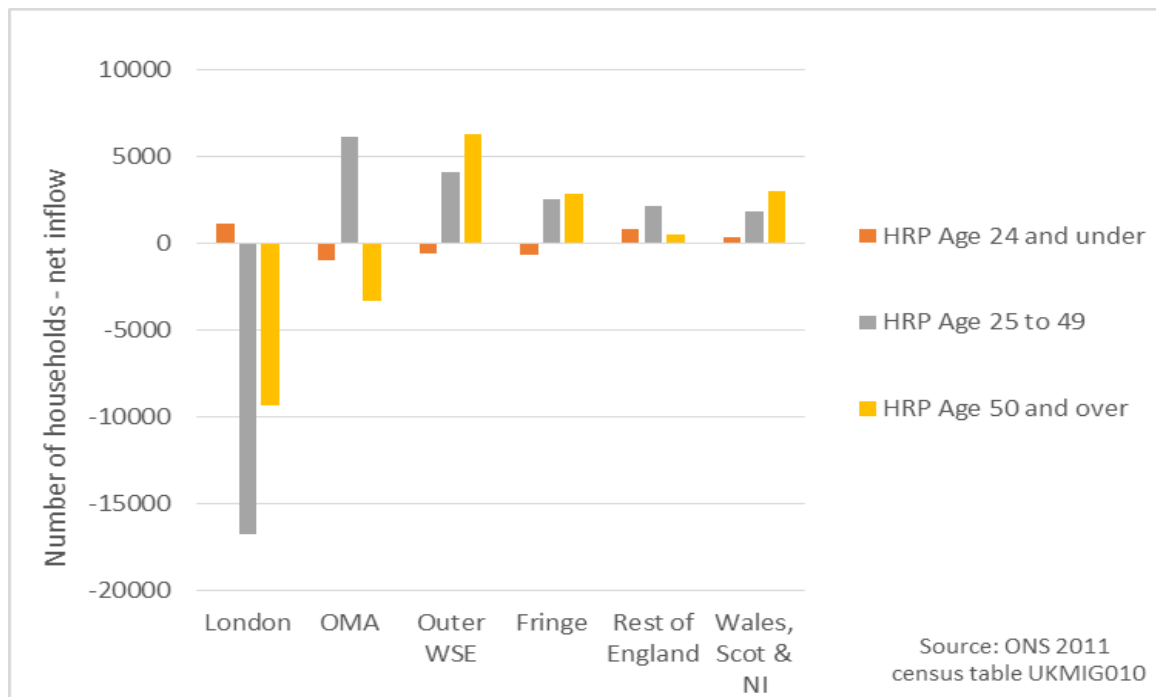


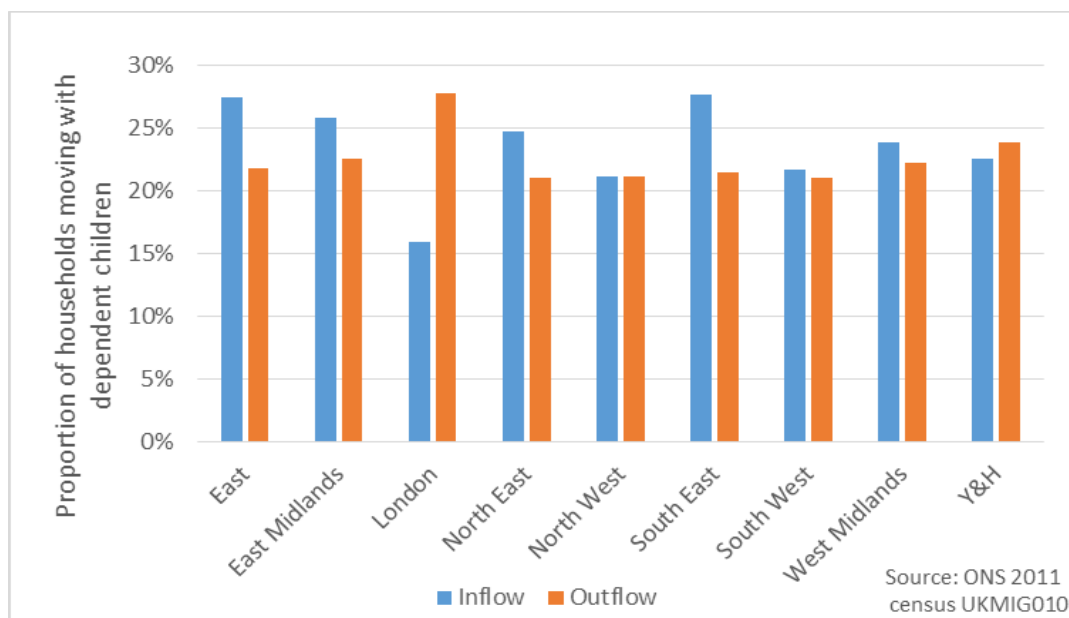
Figure 7.4 clarifies, to the extent the census allows, how concentrated household mobility is in terms of age – with the youngest group (24 and under) moving into London from the rest of the Wider South East and fringe while the majority of those moving out of London are of mainstream working age and (as we see in figure 7.10) are actually in work. A significant proportion of these households move to the OMA, with the number moving further out decreasing with distance.

Figure 7.4: Household Net Flows by age: 2010-11



A significant number of older Londoners (identified by Household reference person) also move out of London – accounting for over a third of the net outflow. For older households, the rings beyond the OMA are net recipients of households. For those aged 25 to 49, all of the rings outside London are net recipients and the numbers fall with increasing distance from London.

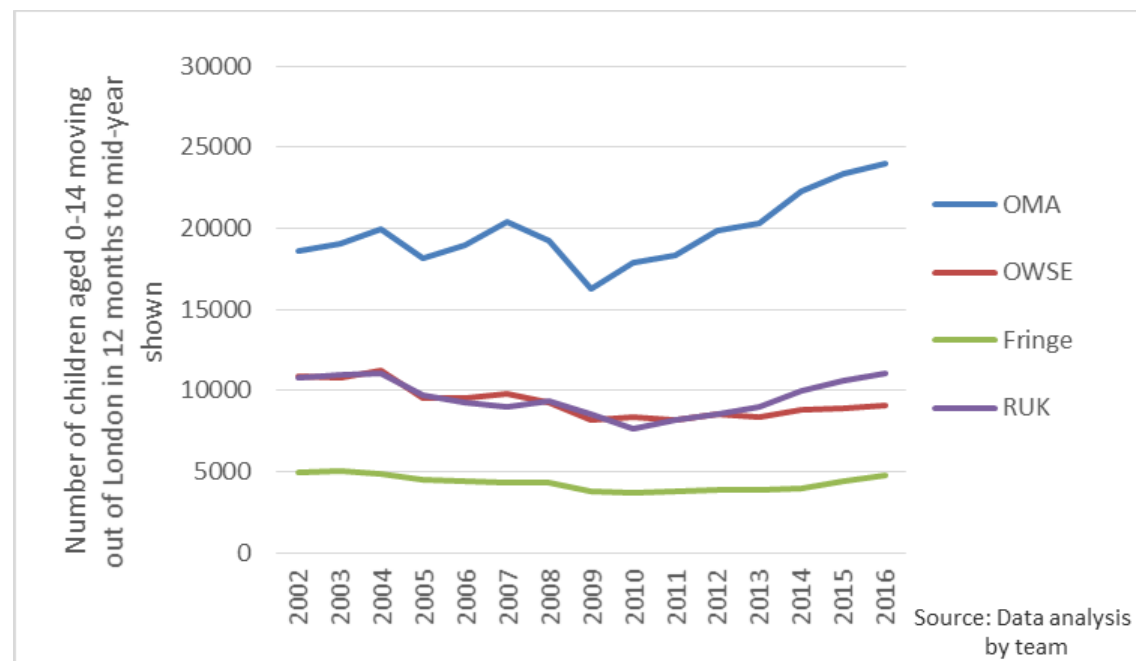
Figure 7.5: Family Households Moving Behaviour: 2010-11



To give a more detailed picture of families (couples or singles with dependent children) we look at movers in and out by this group by region (figure 7.6). Again London provides the greatest outflow although it is important to note that there are significant proportions of similar households still moving into London. Again the largest relative inflows are to the South East and the East with decreasing net effects further afield.

We can look at family households in more detail year by year from 2001, mainly by examining the movement of children who will, almost all, move with their parents. The next two figures show outflows from London and from the OMA and confirm that the gross flows into and out of the OMA are very significant even though nets are quite small. Interestingly the numbers of family households moving into the OMA from London has increased quite significantly since 2009 (figure 7.5) while that from the OMA to the OWSE (figure 7.7) has increased by much less - implying more family households locating in the OMA. Longer distance movement by families to the rest of the UK has also increased perhaps reflecting the extent to which some moves have been 'missed' as a result of the financial crisis and recession.

Figure 7.6: Family Outflows from London⁴⁴ (2002 - 2016)

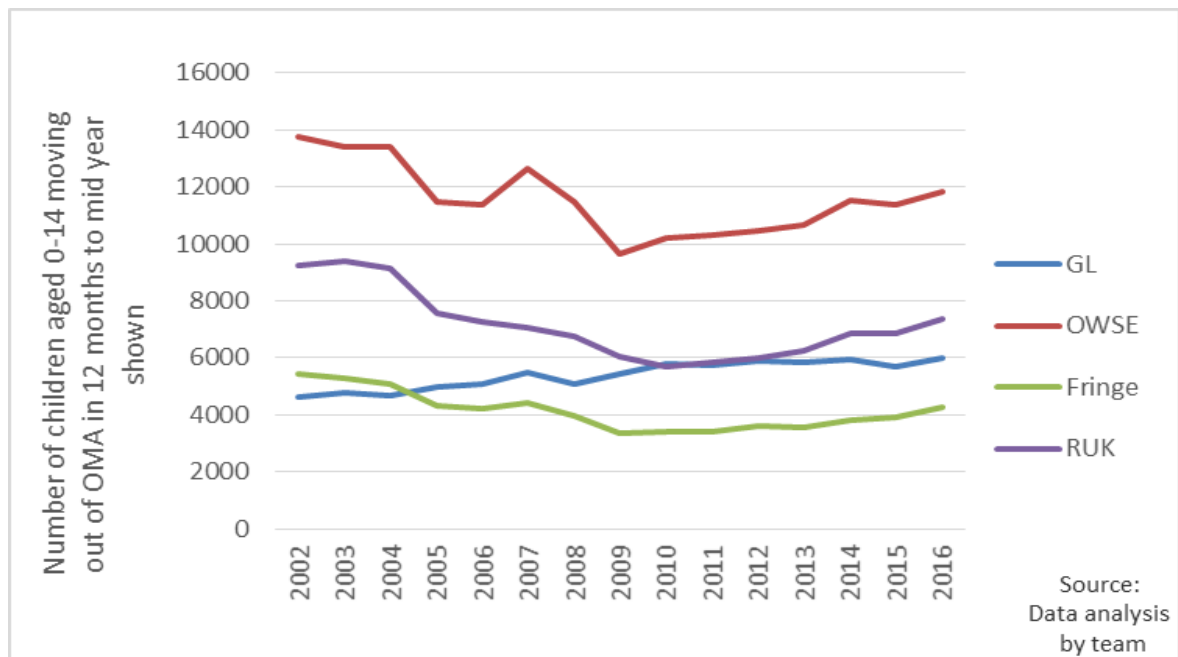


Source: ONS

Figure 7.7 also shows that there were declines in family movement out of the OMA prior to the financial crisis except for those moving into London. Thereafter numbers moving into London stabilise while that to other regions increases fairly consistently. This suggests that worsening affordability was important in reducing family mobility in the early years of the century.

⁴⁴ Figures are mid-year to mid-year estimates

Figure 7.7: Family Outflows from the OMA



The next two figures provide a similar analysis for older people (over 60). Figure 7.8 shows that just over a third of older people moving from London at the beginning of the century moved to the OMA. Moreover, as with family households, the numbers increased from 2009 (which is something of a surprise, given how the total number of property transactions has been so much lower since the financial crisis). It also shows that as with families there is some evidence that older people are (at least initially) increasingly moving to the OMA relative to regions further away from London.

Figure 7.8: The Outflow of Older People from London

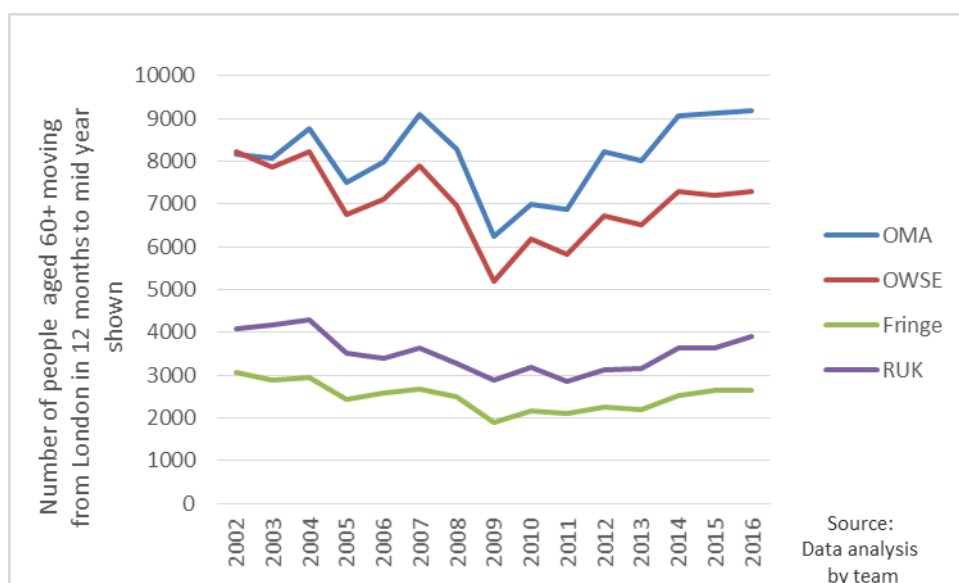
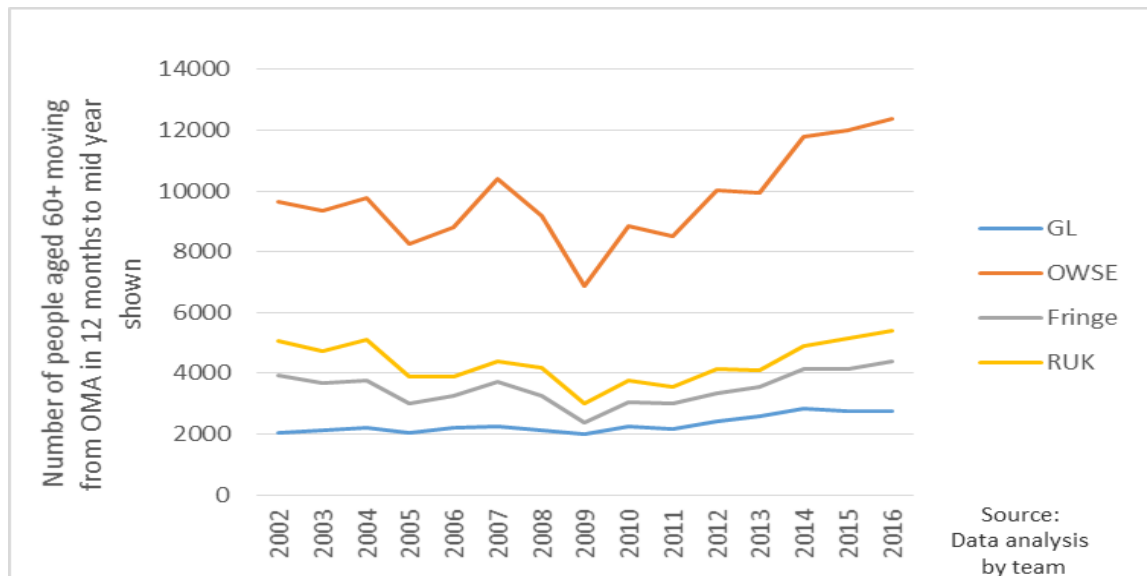


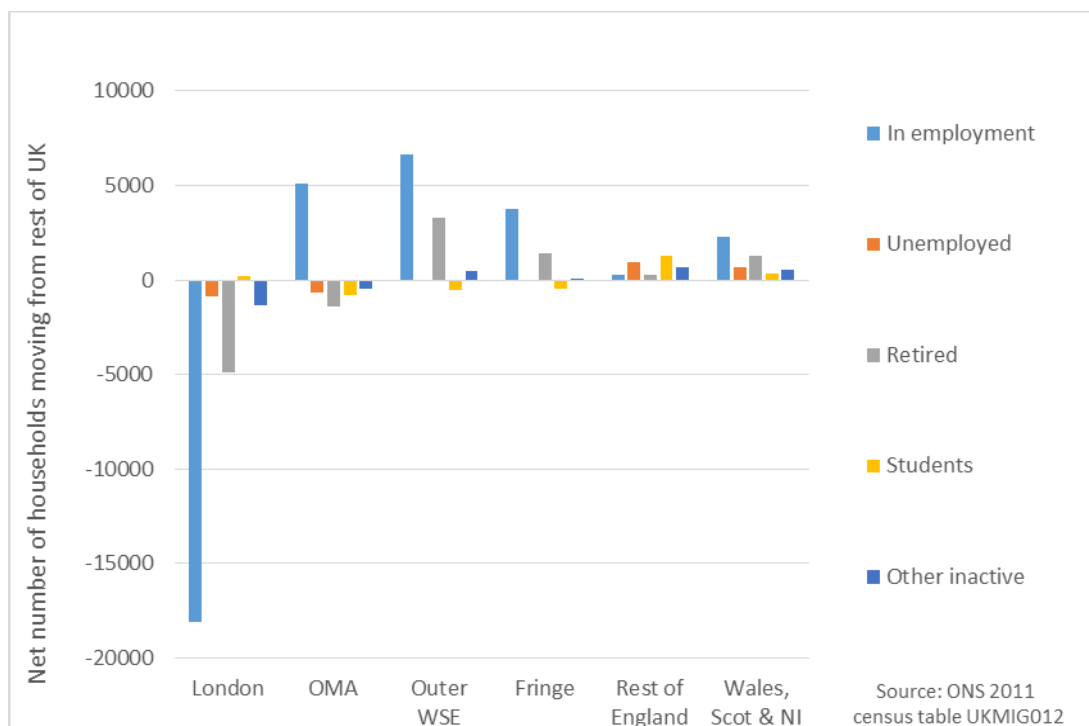
Figure 7.9 on the other hand shows that moves from the OMA to the OWSE were higher than the numbers moving into the OMA from London and have grown more rapidly. The net effect is therefore significant and reflects an increasing ripple effect.

Figure 7.9: The Outflow of Older People from the OMA



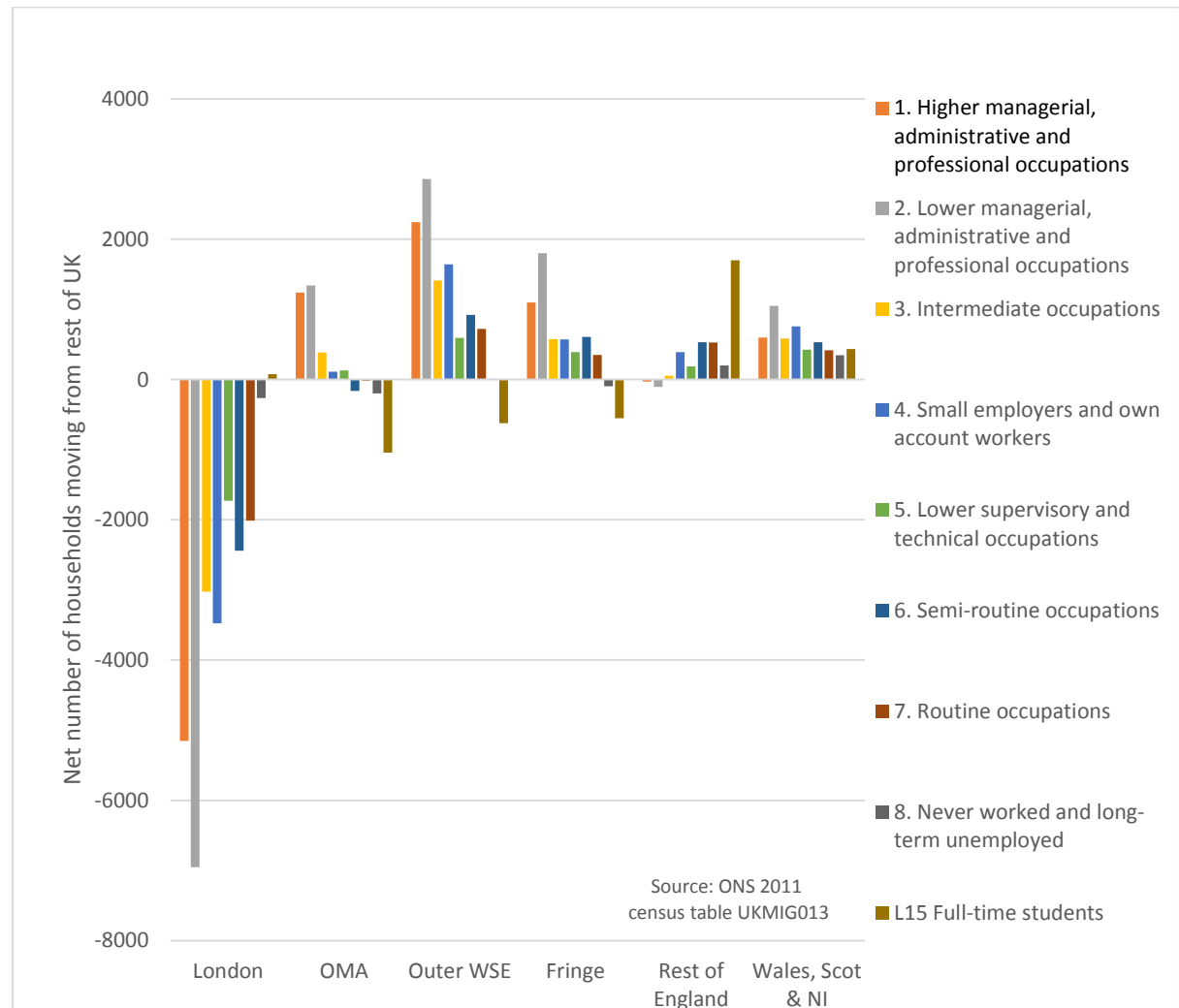
A further issue relates to the labour market impacts of household mobility. Figure 7.10 shows that the net inflows increase the numbers of households with the representative person who is in work in their new location. The, much smaller, second largest group are retirees reflecting the age related details above. The other groups are tiny in comparison. So movers in general add to the economic potential of the areas to which they move.

Figure 7.10: Household Net Mobility by Economic Status: 2010-11



Moreover those who move are generally in more skilled work with the majority of net outflows from London being in managerial and professional occupations and it is these groups that mainly move to the OMA and the outer south east. The other group that is important is small employers who are net out-movers from London and in net terms end up in the outer south east rather than the OMA.

Figure 7.11: Household Mobility by socio-economic group: 2010-11.



An important issue from the point of view of housing policy is the tenure of moving households. In figure 7.12 we look at the tenure structure among those who move. This comes from the census so reflects the overall tenure structure as at April 2011. By this time the size of the private rented sector had grown by perhaps 50% from 2001 (and has continued to grow thereafter at a similar and possibly quicker pace). It might seem surprising therefore that private rented sector households accounted for a relatively small proportion of the (net) movement. However, this is because far more private rented sector households moved into London than owner-occupier households. Very similar numbers of private rented sector and owner-occupier households moved out of London, producing a larger net outflow of owner-occupiers. A number of factors will be in play here including the fact that those moving into London tend to be younger than those moving out and as a consequence are more likely to be private renters than owner-occupiers. It is also, of course, the case that many will arrive in

London as private renters in their 20s and leave either as owner-occupiers or to become owner-occupiers in their 30s and 40s.

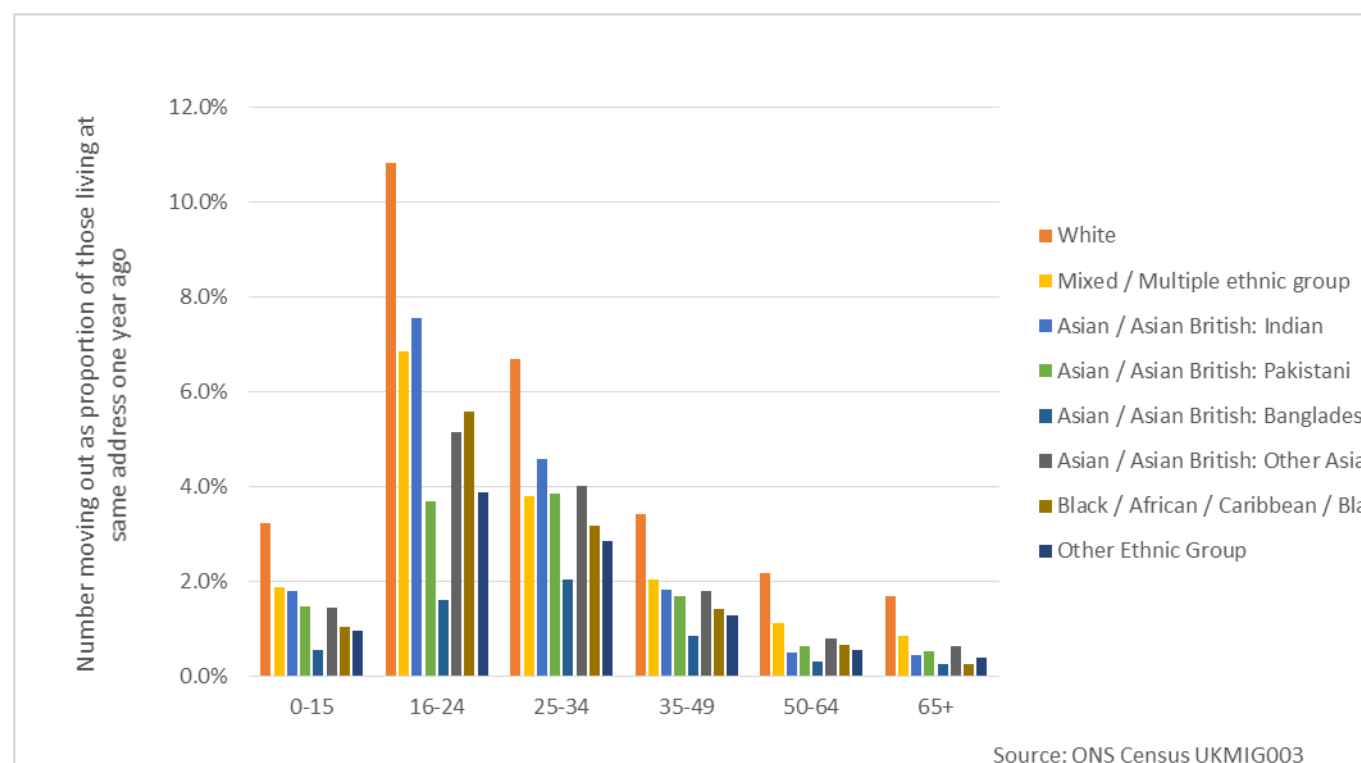
What is also clear is that those living in social housing are very unlikely to have moved and where they had managed to do so they mainly went to the rest of England rather than to the OMA and the South East. This pattern is likely to have continued with local moves dominating and longer distance moves being made for family reasons.

Figure 7.12: Mobility by tenure: 2010-11



A further relevant question is the extent to which ethnicity impacts on mobility. The 2011 census shows that just over 40% of Londoners (3.7 million people) were white British, with more than 350,000 mixed white and Asian, Caribbean or African. Other large groups include British Indians, Pakistanis and Bangladeshis. Figure 7.13 shows, as we have already noted, that mobility out of London is concentrated among younger people, especially those between 16 and 24, declining with age to under 2% for those over 65. In all age categories white British are by far the most likely to move out of London, followed in some age groups by those of mixed race. Bangladeshis remain relatively immobile in all age groups. The main implication to be drawn is that increasing diversity in London is likely to have an independent effect in reducing mobility. This is likely to be partially offset by the relative youth of the non-white population who tend to move more than their seniors.

Figure 7.13: Movers out of London by ethnicity



Overview

The picture since the turn of the century at one level is fairly straightforward. Younger single person households and households with no dependents are more likely to move than other household types. Movement across rings is relatively short distance but these moves result in little net change in the OMA (because outmigration is mainly offset by immigration), and increasing numbers moving out to the outer south east. The second core issue is that mobility is very directly related to employment and reflects a significant net outward flow of relatively well educated and experienced employed households as well as the self-employed. From the London point of view it means that indigenous London households must offset this outflow by increasing their skills and innovative capacities or by increased commuting, probably over longer distances.

However there are some surprising trends. Perhaps the most important is the increasing number of older movers after 2009 which is simply not reflected in the general averages. This suggests that many will be 'downsizers' (often called 'right sizers' as the move often does not involve buying less housing) who did not need a mortgage.

Another key issue is the relative roles of owner occupation and the private rented sector. In terms of movements into and out of the three regions in the wider south east, there are more private renters moving than owner occupiers. However, 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. This is partly due to the younger age profile of those who move into London but another factor may be that for owner occupiers relative property prices mean that a move out enables them to move up to a larger home, giving an added incentive to re-locate. In contrast, a move into London would for most mean accepting smaller accommodation.

7.3 Looking forward

Almost all forward looking assessments of housing requirements are based, at least initially, on the government's household projections. These have traditionally been estimated by the Department of Communities and Local Government and its predecessors and now by the ONS. They start from the population projections which are themselves based on annual returns from the Registrar General as mediated by census information. They, and the subsequent household projections, tend therefore to be more accurate the closer they are to the census.

The latest household projections are based on the 2014 population estimates and were issued in mid-2016 covering the period to 2039. They differ relatively little from those based on 2012 and the interim 2011 population data. The projections are made in two stages the first using five main household categories and the second stage using far more detailed evidence on household composition. Projections are issued at national and local authority level, but not at regional level. The local authority estimates which include projections of migration into and out of each area are one of the key inputs in assessing objectively assessed housing need.

Household projections are just what they say they are - projections based in past experience. The difficulty with this approach is that the future is never entirely like the past; the projections use past information going back different periods with respect to different drivers – sometimes as little as five years; sometimes taking up to three decades into account. Two particular issues that most affect the wider south east are

1. The national issue that something over a million households that were projected to form in the 2008 projections did not do so – in part it is thought because of the impact of the financial crisis on incomes, job security and confidence and in part because of mortgage market and other constraints; and
2. These factors together with the impact of migration, 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 – e.g. 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 in some ways difficult to believe.

Evidence from the 2014 based household projections

Figure 7.1 set out the expected growth in household numbers for London and its outer rings together with the rest of England for the 28 year period 2011 –2039. Over that period the total number of households in England is expected to increase by more than a quarter. London is expected to see the largest growth at 48%, with each of the rings growing more slowly with distance from London - the OMA at 31%; the WSE at 28%; the fringe at 23% and the rest of England at 19%. Thus the pattern is very different from the earlier two decades with London dominating and outward flows from London impacting heavily on growth in all other regions. It thus reflects the shift in migration patterns away from north/south to international migration disproportionately concentrated in London with the net outflows identified in the section above and associated changes arising from large scale in-migration concentrated among young adults.

Thus while there are many different factors leading to larger household numbers, the core uncertainty is almost certainly associated with the extent of net international in-migration

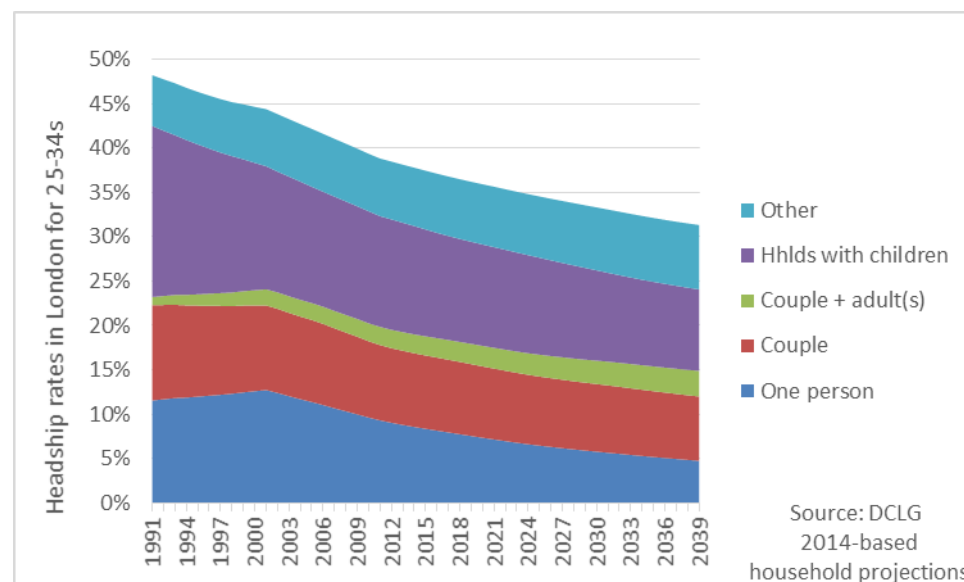
(although there are also other assumptions one might query such as the extent that longevity is assumed to increase). Importantly the projections take no account of any behavioural differences between migrants and the indigenous population in terms of household formation, although we know that in the early years households form more slowly in the immigrant than in the indigenous population. Nor do they analyse any aspect of turnover (i.e. average length of stay) although again it is thought the EU migrants and those from richer countries tend to turnover more (and thus result in relatively fewer households than equivalent numbers of longer staying migrants) than those from non-EU poorer countries. These factors are also important in relation to outward migration from London as ethnic minorities have so far tended to move out less than average.

The most important issue in understanding the potential impact on housing requirements in the wider south east is the make-up of these future households, particularly among younger people as these have been the most subject to change.

The best way to understand these changes is to start with a brief sketch of how London has changed and is expected to change further and then to look at how these changes work through the outer rings.

Over the last 25 years there have been very substantial changes in the mix of household types in London. These changes are in the main projected to continue to 2039. These are reflected in changes in headship rates for each household type as shown in Figure 7.14 specifically in the 25-34 age group⁴⁵.

Figure 7.14: Past and Projected Changes in Household Mix in London: 25-34s



The most striking feature is that the total headship rate fell from 48% in 1991 to 39% in 2011 and is projected to fall to 31%. This means that the chances of someone aged 25-34 in London living in a separate household has fallen substantially in the last 25 years and is projected to fall further until 2039. This result is inherent in the projection method employed.

⁴⁵ A headship rate is the probability that someone in a given group is the head of a particular type of household.

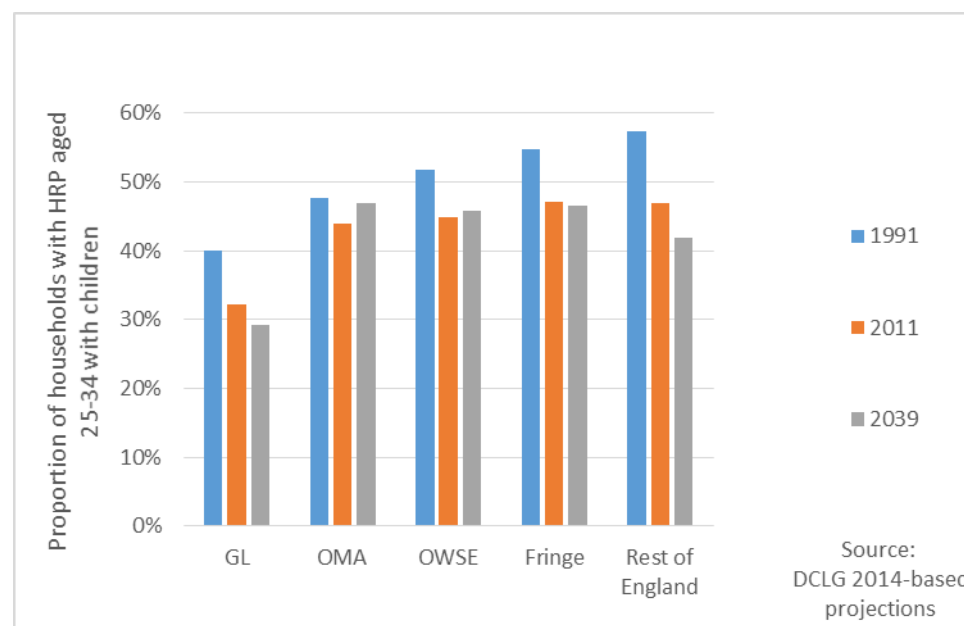
The largest changes in household mix arise from the decline in households with children. In 1991 these accounted for 40% of households in this age group. By 2011 this had fallen to 32% and it is projected to fall to 29% by 2039. This must in part be the result of later family formation. There have also been substantial changes in one person households. In 1991 nearly 12% of London's residential population lived in one person households. This fell to 9% in 2011 and is projected to fall to under 5% by 2039.

The household types that have grown are 'other' households (which include groups of unrelated people sharing houses and flats) and couples with other adults living in their households. The increases in both of these groups can be seen as indications of growing pressure in the London housing market.

A key issue is how these changes and growing pressures will affect migration from London and the household mix in surrounding areas.

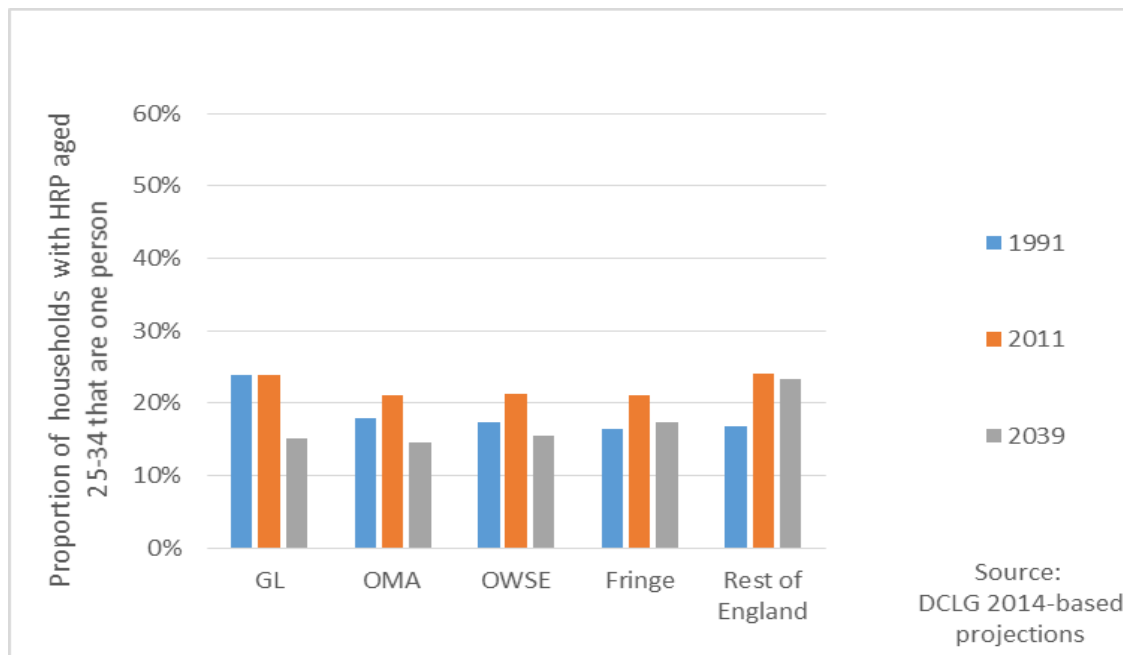
Figure 7.15 shows a reduction in the proportion of households with children in the 25-34 age group in all the rings but these reductions have been and are projected to be smaller. The trend towards starting families later will again undoubtedly be a factor here.

Figure 7.15: Changes in Proportions of Households with Children: 25-34s



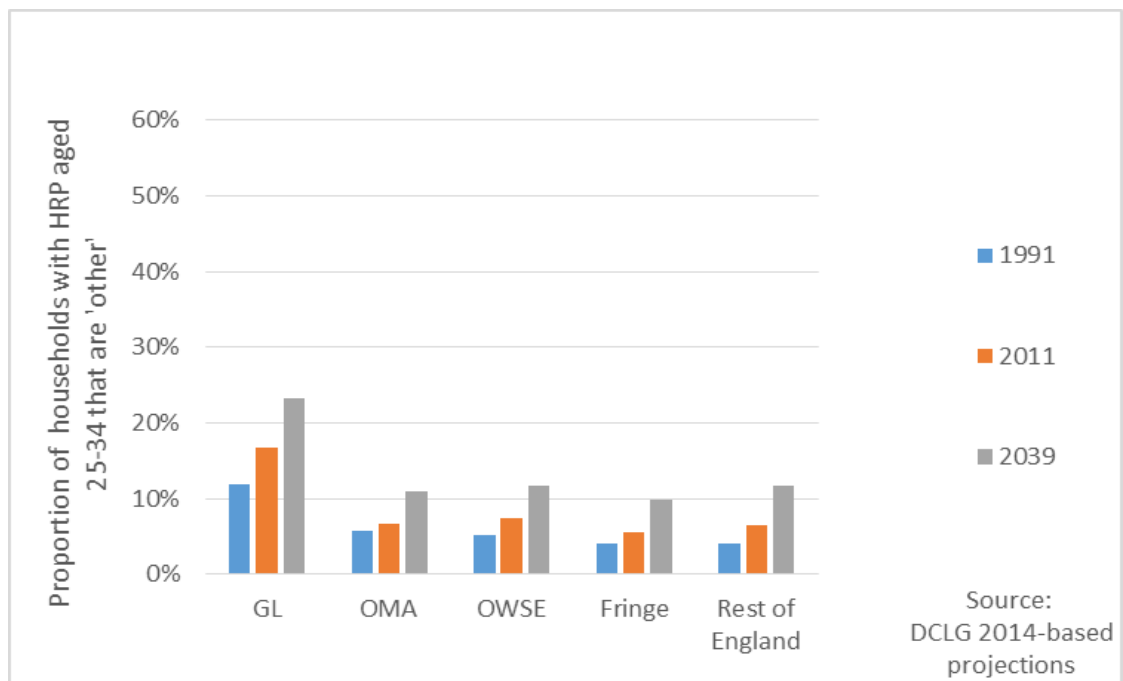
The decline in one person households is also expected to be replicated in the rings, but to a lesser extent as figure 7.16 shows.

Figure 7.16: Changes in One Person Households: 25-34s



In the other direction, the increase in 'other' households is also expected to be reflected outside London, but again to a lesser extent – as shown in figure 7.17

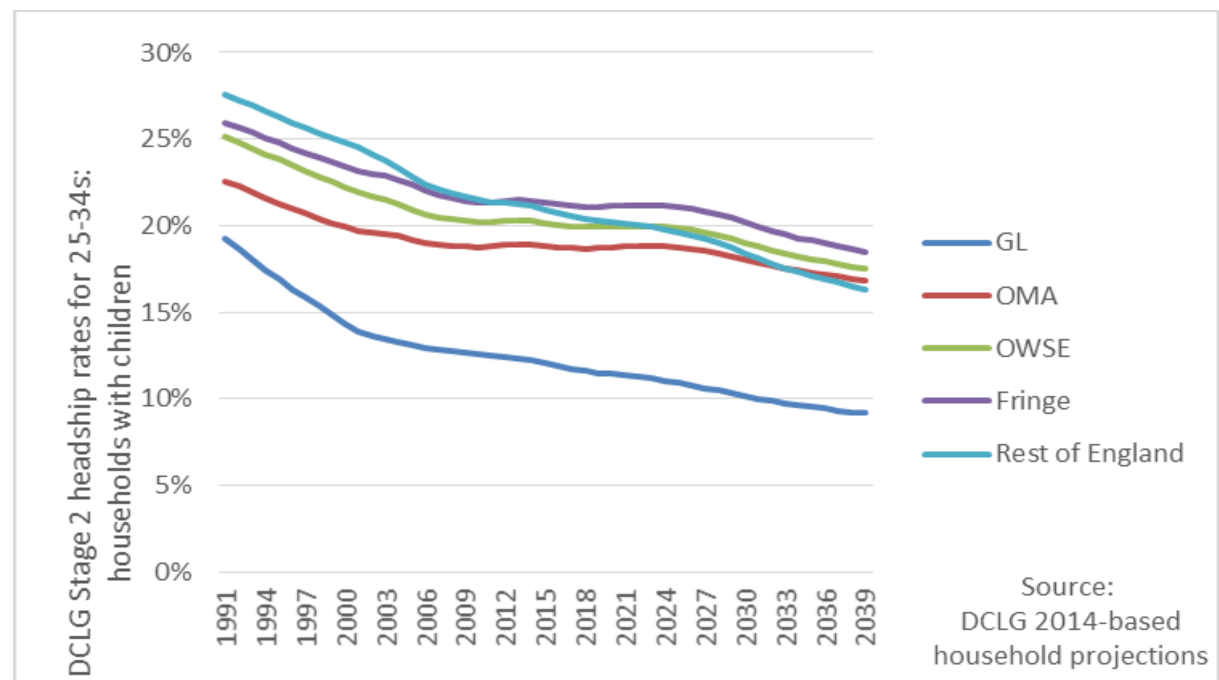
Figure 7.17: Increases in 'Other' Households: 25-34s



Here we illustrate how the projections break down for the two groups that appear to be predicted to change the most - younger households with children and younger 'other' households.

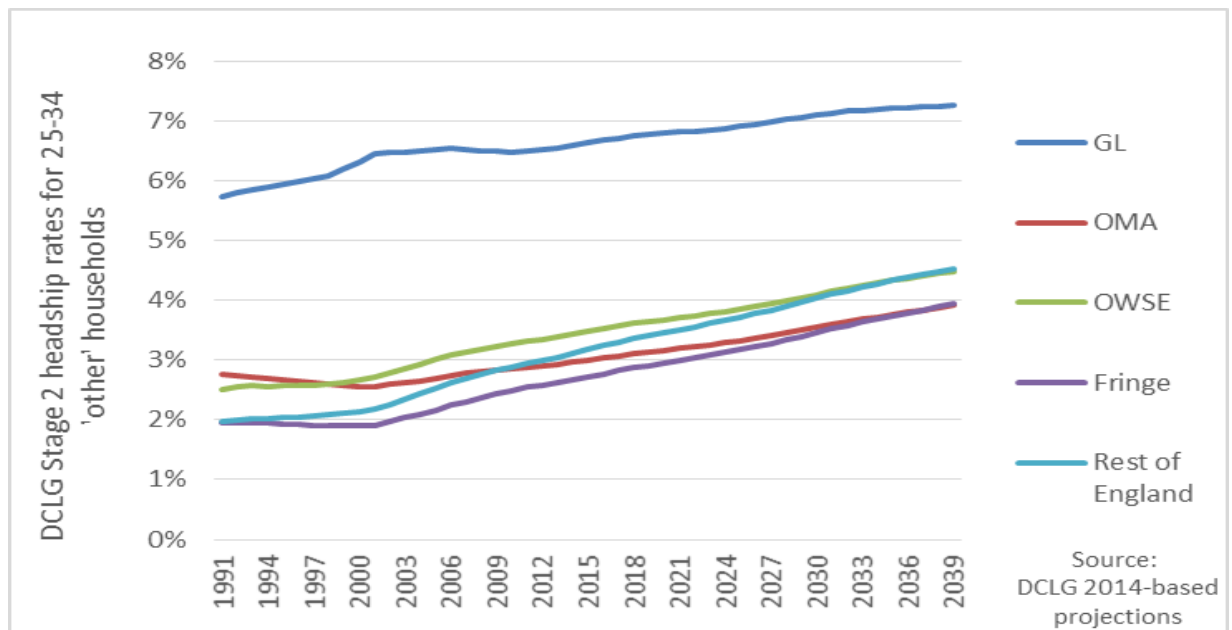
Figure 7.18 shows the 2014 based projections for households with children where the household representative is aged between 25 and 34. They show that the proportion of London residents in this age group forming such households has fallen from 19% in 1991 to 12% in 2011 and is projected to decline to just over 9% in 2039. Whilst part of this may be the result of the national trend to later family formation the difference between London and other areas is striking. Moreover London follows the trend headship rates in the OMA which are lower than in the OWSE which in turn are lower than those in the fringe.

Figure 7.18: Declining Proportions of 25-34 Households with Children



The position with respect to 'other' households is, inherently to a significant degree a mirror of the decline in households with children and indeed single person households (figure 7.19). It shows the enormously rapid rise in such households in London, to the point where there are more 'other households' in numerical terms in London than in the Rest of England from 2018 with that disparity increasing right through to the end of the projection period. Equally it shows the rings following London but to a much lesser extent. Once again the pattern reflects the dominance of London and the extent that changes in household mix are rolled out across the south east.

Figure 7.19: The Growth of 'Other' 25-34 Households

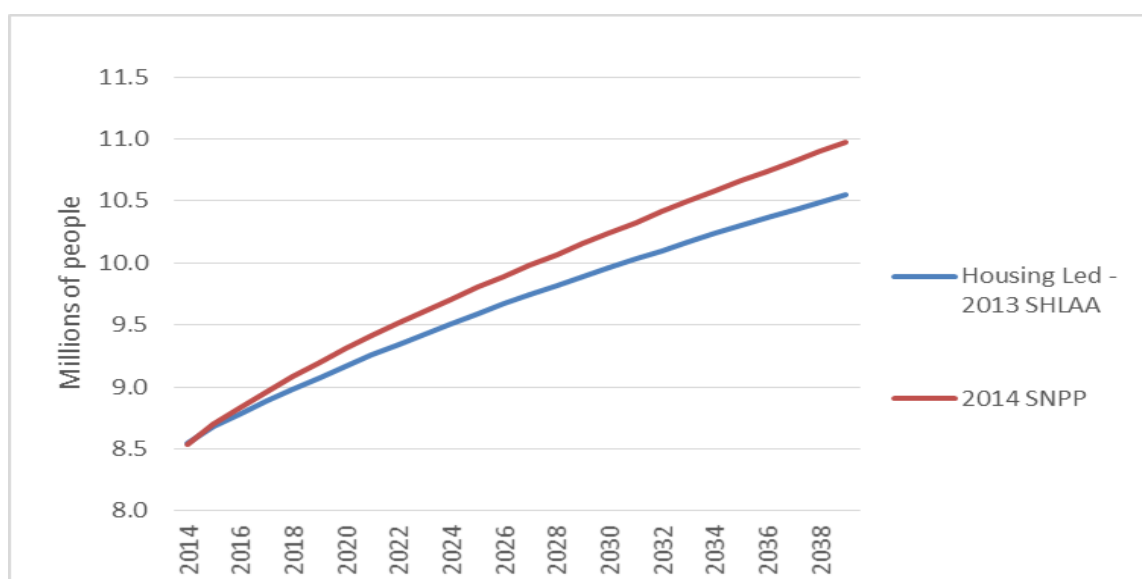


The most obvious reasons for these projections lie not just in housing market changes but in the past experience of stagnant incomes over the last decade for many income groups.

The GLA's Housing Constrained Projection

The GLA has not yet updated its earlier housing constrained projection which attempts to estimate how London's population might be reduced by the lack of land availability after 2024 assumed in the 2013 Strategic Housing Land Availability assessment. In the currently available estimate (figure 7.20) it is suggested that some 420,000 people which the ONS's 2014-based population projections had envisaged living in London might not be accommodated there - and thus could be expected to move out mainly to the rest of the south east.

Figure 7.20: Housing Constrained Population Estimate for London



These estimates raise three distinct issues: first, London has not actually been able to build even the numbers projected over many years, so there is further pressure on housing in the capital; second, there has been increasing pressure to build at higher densities which is likely to be reflected in the coming London Plan, so the land constraint might not be as great as then assumed. Third, the evidence on ‘other’ households in particular suggests that perhaps a higher proportion than expected might decide to remain in London but living at higher densities – i.e. more people per unit. Thus although there is clearly potential pressure for increased outmigration to the rest of the south east, there is also evidence that this may not be the only possible outcome. In addition Brexit and other economic uncertainties might see an international net outflow rather than the net inflow which has dominated trends over the last decade and is assumed to continue, if at a lower rate, in the current projections.

7.5 Concealed Family Households

The proportion of concealed family households has grown between the 2001 and 2011 censuses in all regions (table 7.1 and figure 7.21). The proportion of families that are concealed has grown fastest in London. The proportionate rate of growth falls with distance from London.

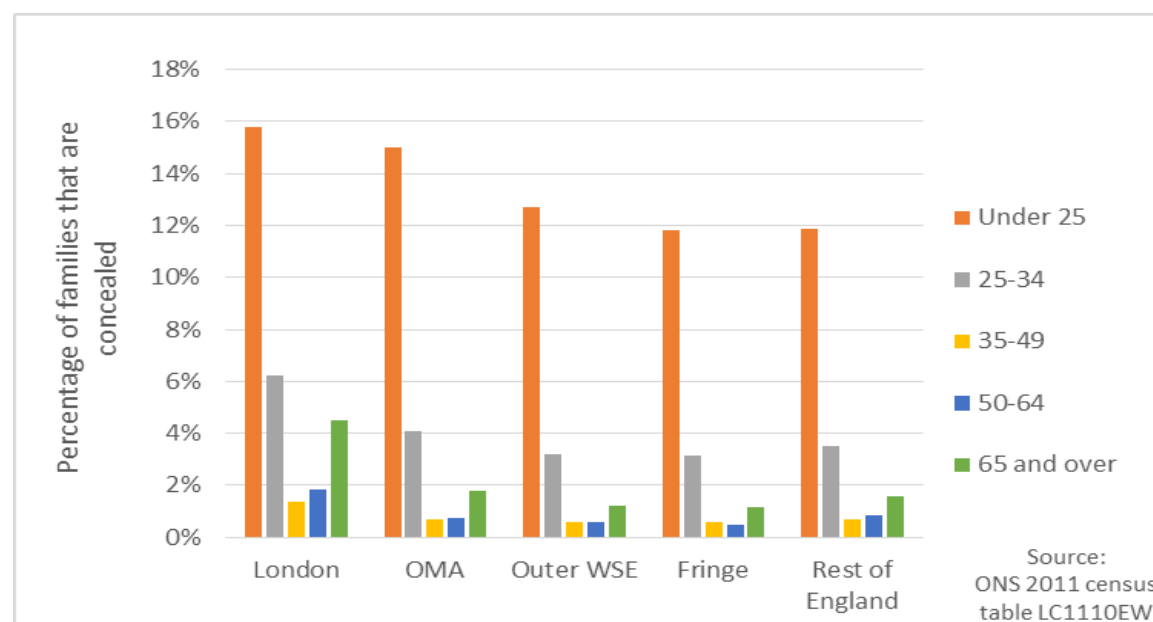
Arguably this decline relates spatial pattern reflects how housing market pressures either distance from London as well as the greater extent to which housing benefit actually pays for the majority of costs in the private rented sector. But it could also be related to the size of homes and to the strength of family ties. Research some decades ago showed that maybe a third of concealed households are living in another household as of choice. This may also be reflected in ethnic origin - for instance, the West Midlands as a region has a particularly high concealed family proportion, being second only to London.

Table 7.1: Concealed Family Households, 2001 and 2011

2001 and 2011 censuses: Proportion of families concealed		
	2001	2011
London	1.95%	3.32%
OMA	1.04%	1.71%
Outer WSE	0.87%	1.43%
Fringe	0.84%	1.31%
Rest of England	1.14%	1.71%

Around a third of concealed families are lone parent families. Importantly, the proportion of families that are concealed is strongly age-related, the under 25 group having by far the highest proportions (figure 7.20). It might be postulated that younger concealed households are more likely to do so voluntarily - although there is no survey evidence available to assess this hypothesis. Interestingly, once age is taken into account the differences between London and the OMA appear considerably less.

Figure 7.21: Concealed Family Households by age group: 2011.



It would be extremely useful, in the light of the growth not only in concealed but also in 'other' households, to undertake research on the extent to which such arrangements are voluntary rather than an outcome of affordability and supply issues

7.5 Homelessness and Temporary Accommodation

The question as to how and where households accepted as homeless by local authorities are accommodated is politically highly sensitive at both national and local level. Where a local authority cannot immediately provide secure accommodation, temporary accommodation has to be provided. The vast majority of such accommodation across England is provided within the relevant local authority area and is rented from private landlords. Bed and breakfast accommodation is used mainly as a last resort.

In March 2017 there were some 77,200 households in temporary accommodation, a figure which has increased consistently over the last six years. Of those in temporary accommodation 70% were placed by London authorities. However the proportion of the very much lower figure of 6,400 in bed and breakfast accommodation allocated by London authorities is also much lower at around 43%. In late 2016 the cost of temporary accommodation was estimated at £3.5 bn over the previous five years with 61% spent by London boroughs.

Authorities especially in London boroughs are finding it increasingly difficult to find suitable accommodation in their own borough. As a result many are seeking to accommodate homeless households outside the borough and to a limited extent outside London. In 2012 Shelter reported that data from 31 London boroughs showed that 11,513 homeless households were placed in temporary accommodation outside their home borough in 2012.

Of those, 580 were placed outside London, with 120 located 20 miles or more away from the capital⁴⁶.

A Supreme Court judgement in 2015 concluded that there is a statutory duty to accommodate in borough, where reasonably practicable, failing which authorities are under a duty to try to place the household as close as possible to where they were previously living. More generally people should only be accommodated a long way away if there were family or other connections.

Of the 78,180 households in temporary accommodation on 30 June 2017, 21,950 (28%) were in accommodation in another local authority's district. This is an increase of 17% at the same date in 2016. Of these almost 70% were accommodated within London. Thus while there are regular stories of boroughs looking to accommodate homeless households outside London it is clear that so far these are not on a large scale. Moreover, the political pressures to accommodate close by have been increased by the Grenfell Tower disaster. Thus while there are clearly a small number of areas (e.g. Luton) that have received significant numbers the likelihood of this becoming the norm is small.

7.6 Conclusions

It is clear that 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 more generally because of the particular increases in prices and rents experienced in the capital since the turn of the century.

As a result of these pressures (and some slowdown in outmigration related to economic conditions but also possibly changes in attitudes) single person households have declined to the point of being an endangered species. Equally people are having children later (and possibly fewer of them) and increasingly couple households are sharing accommodation with family and friends.

At the same time there have 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 expected; slower outmigration into the rings and very significant affordability problems.

These patterns are also emerging strongly in the OMA but increasingly across the Wider South East. Older households are tending to move closer to London but equally there is an increase in the numbers moving out of the OMA into the OWSE.

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 and movement into owner-occupation among younger households going back at least to 1990).

While the pressure to increase density of occupation is almost certainly here for some years if not decades, whether these projections are to be believed depends as significantly on what

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https://england.shelter.org.uk/campaigns/_why_we_campaign/temporary_accommodation_out_of_borough

happens to the national as well as to the London economy and to the trajectory of individual incomes and migration on the demand side and on the capacity to increase output and adjust the existing stock on the supply side.

Importantly the projection methods are not based on housing careers/dynamics - so it assumes that the next cohort (e.g. 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.

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 these drivers (e.g. income growth) have changed very significantly. This puts the onus on decision makers 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 the wish and capacity to move, and/or to change tenure would be particularly valuable. Otherwise we are likely to be caught out by events once again.

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Chapter 8: Implications of Population Dynamics for Different Types of Area within the Wider South East region

8.1 Relating Regional Migration Dynamics to Local Market Areas

The aims for this final part of the project were to:

- summarise the main influences and characteristics of different types/sets of area within the Wider South East in relation to the role of migration in their population dynamic;
- to highlight the relevant characteristics in map form; and
- complement these maps with a commentary explaining their significance and discussing the likelihood of these continuing forward in their current form.

As for the project as a whole, though the area of interest is the whole of the Wider South East, which is a vast and rather diverse region, the focus is on how region-wide sets of linkages, pressures and currents play out in (and between) different types of area within the region – rather than on starting from the situations, opportunities and potential of different areas. The basis for this was a belief that the interconnections are strong and quite fundamental to what actually happens or could happen locally in terms of population change – which our review of the research and of past patterns/trends has reinforced – and the value of developing a shared understanding across the WSE of how these worked, in the context of imminent debates on a draft Mayoral Plan for London.

8.2 Meaningful Spatial Divisions within the Wider South East

London is at the heart of a large part of what happens demographically – and the planning challenges that are faced – across this region. That is more or less inevitable given its concentration of a large fraction of the WSE's population (and jobs), especially given the aspirations of a majority of people there (and elsewhere in the region) for more residential space. Similar challenges of how/how far these can be satisfied within environmentally-based constraints arise from many other towns. But, as we have clearly seen, those emanating from London make waves which spread right through the region – and into a Fringe beyond. This is less because of so many Londoners moving out to the edge, than because of a current of deconcentration involving many people from the Outer Metropolitan Area and even the Outer WSE choosing themselves to move further out from commuter belt areas into which London migrants continue to come (as in the past).

Hence much of the story emerging from our review is framed in terms of the zonal *rings* at varying distances from (central) London, from the closest in of which there is a net outflow, while those in a middle range (including large parts of the OMA where Green Belt has restrained a supply response) have a rough balance – as moves further out balance those coming in from London, while toward the edge (and past it), where additional housing is forthcoming (in large or small packets) the balance is strongly positive. For both employment

access and lifestyle reasons these rings tend to be associated with quite different age groups of (net) inward mover, from young single graduates, through families to the over 45s.

Much of this is very long established – though extending a good deal further out – as is the fact that its dynamic is cyclical, with deconcentration proceeding much faster when economic times are good (making residential aspirations more achievable) than when they are bad. And, typically the places most affected by this volatility are those with the largest net flows – in and close to London (as other major urban areas in the region) where outflows get cut back, and in the OWSE and Fringe where growth is temporarily curtailed. What is clearly new are the ramifications of multiple waves of overseas migrant (notably into London), adding a further, substantial and rhythmically irregular addition to the deconcentration current. This addition may make little difference other than scale to the waves of domestic migration experienced outside London, but it has made it substantially harder to guess when and how far these will go up and down.

The second dimension of likely variation in demographic experience to which we gave explicit attention as of potentially sub-regional, rather than simply local, significance was that of the radial sectors running out from London in different directions. This was found to matter in two respects, both involving a distinction between those sectors with an outer boundary on the coast, and those with a land boundary (a SW sector was in an intermediate position with a mix of the two kinds of boundary). This distinction was found to matter firstly because in the coastal sectors there was no external ‘fringe’ zone into which rippling out could continue. And secondly it mattered because coastal areas are a particular attractor to older people, with an implication that natural change rates there are more likely to be negative, so net in-migration need not involve overall population growth, or the same degree of pressure on housing capacity as in areas attracting younger migrants.

In addition to these, and in relation to a much smaller set of areas, there did appear to be some particular features of university cities. Beyond the simple fact that students tend to be recorded as first migrating in and then a few years later migrating out of these areas, it appeared that these places had some more general attraction to young adults, though less so to people in their late 20s and after for whom a different set of employment centres seemed attractive.

8.3 Classifying Migration Areas

As a bridge between thinking about how these broad divisions of the WSE shape migration dynamics, and looking sub-regionally at individual (housing and/or labour) market areas, it could be useful to look for other groupings of areas that seem to share similar population dynamics and positions in relation to the WSE migration system.

The idea of clustering and classifying areas in relation to similarities and differences in their economic specialisation, population mix and/or the incidence of problems is now a familiar one for local authorities – and an important one in terms of the administration and funding of several specific policy types. Translating this approach to a migrational context, and to less formulaic kinds of policy situation is more novel. In fact, we have found just one precedent at least in the UK – though not linked to a strategic planning context. As a central part of an academic study of the structure of recent flows within the UK, this study carried out a clustering of local authority *districts* across Great Britain, in terms of their migration profiles for the year 2000-1. Specifically it considered flow rates and various migrant characteristics, including age, ethnicity, occupational status and household structure as recorded in the 2001 Census (Dennett, 2010; Dennett and Stillwell, 2011). This is a very interesting complement to the exercise in which we were involved, because of its:

- smaller geographic units (representing fractions of housing/labour market areas;
- attention to gross movement rates (in, out and within) rather than net balances;
- wider set of characteristics variables (because of use of the Census); and
- national coverage (putting the WSE in a wider setting). In fact it found one migration area type with *no* representation in this region, mirrored by another, *only* represented here, indeed mostly just within London.

After careful investigation of alternatives, Dennett chose an 8 cluster categorisation, with 30 to 75 districts falling within each of these types of migration area. For each he offered a characterisation, largely reflecting aspects of the recorded migration behaviour that differentiated them, with some interpretative backing relating to their geographic setting. Viewing these from a WSE perspective, the two extreme categories are:

- *Dynamic London*, which is very largely comprised of London boroughs (almost all of Inner London plus a few other LBs on the western side of the city), plus Reading, Guildford and three marginal cases (including Cambridge) – in-movement rates were distinctively high for under 30s, and individual movers, but lower for over 30s, while out-movement rates were generally high but especially so for 30-44s, and wholly moving families.
- *Declining Industrial Working Class local Britain*, with no examples in the WSE, was (by contrast) marked by low rates of external movement, alongside slightly above average ones for internal movement, suggesting substantial isolation, even though many of the areas are within conurbations.

In order of frequency of representation in the WSE Dennett's other migrant area types comprised:

- *Footloose, Middle Class Commuter Britain*, distinctively concentrated to the north, south and west of London mostly in the OMA but stretching just into the Fringe on the western side; and up around Cambridge; marked by high rates of external migration particularly of under 30s, with the balance of movement skewed toward higher social groups, and high outmigration rates for the inactive;
- *Moderate Mobility, Non-Household, Mixed Occupation*, a small cluster nationally, with a relatively strong representation north and east of London (though with Croydon and Sutton as core members, alongside Stevenage and Harlow); hard to characterise, with moderate migration rates, a typically positive balance and low incidence of wholly moving households and owner occupiers among movers;
- *Coastal and Rural Retirement Migrants*, from north Norfolk, East Kent and south coast towns plus the Isle of Wight; typified by in-migrants over 45, from a wide range of social groups (though fewer from the top) moving into owner occupied dwellings, typically as couples or singles rather than families;
- *Successful Family In-migrants*, typically rural areas, typically in East Anglia or along the Sussex/Hampshire coast; rather similar profile to that for retirement areas except that in-migration is high from age 30 and couple families are the most important migrant group;
- *Low Mobility Britain*: this is similar to the declining industrial cluster except for having very low internal migration and concentration of those inward flows that do occur in slightly higher social groups moving into owner occupation; in the WSE these are principally on Thames-side from Havering to Gravesham/Castle Point, with some outliers including Havant and South Beds;
- *Student Towns and Cities*, including in the WSE, Southampton, Canterbury, Brighton, Portsmouth, Oxford and Norwich, distinguished by the obvious characteristics of migration to such places.

8.4 A Migrant Area Classification of TTWAs in the Wider South East

In response to the brief, and the priority given to migration dynamics, rather than simply static patterns, we have attempted a classification of market areas, drawing on the range of flow data on which we focused in chapter 5 (including 5.5 on sub-regional contrasts). The basis then was annual net (rather than gross) flows during the 2001-16 period. As such it lacked the social/household type information (that Dennett was able to draw from the Census for a single year). In addition to the age breakdown which was available, it focused on strategically-relevant characteristics, in terms of:

- directions of movement;
- evidence of change (in terms of cyclicity and trend) and
- relation to other components of population change (births, deaths and international migration);
- for broader areas (TTWAs⁴⁷) approximating to labour/housing market areas.

One particular implication of using these market areas (rather than districts) was restriction of London's representation to a single unit (rather than 33 boroughs) plus a substantial part of a second one (Slough/Heathrow), with both also including a number of neighbouring

⁴⁷ Or, as in Chapter 5, approximations to these in terms of whole LADs, limited to those within the WSE for the few TTWAs (notably Peterborough) significantly overlapping the regional border.

districts outside the GLA. A counterpart to this was a proportionately greater representation of units in the Outer WSE.

In several respects extending the coverage of the aspects of migration to be considered to include dynamics and spatial interactions has served to complicate the exercise, while confining it to travel-to-work areas within the WSE has removed some of the more obvious bases for distinguishing areas (both locally within market areas and inter-regionally, between north and south). A great range of experiments (varying methods, particular variables, and target numbers of clusters) has shown: that it is possible for statistical procedures to generate very different groupings, varying in intelligibility. A case in point is the previously discussed category of 'university towns', which did emerge in one of the statistically generated cluster sets - but only with the use of a much finer age breakdown for young adults than for other groups. Another issue, with a rather limited number of cases to cluster, is the impact of a few non-conforming cases - specifically Canterbury, Peterborough and Wisbech, each with an unusually large balance from international migration for areas in ROWSE, but little else in common. Omitting these (as in the solution discussed below) yielded a more coherent categorisation of the remaining TTWAs⁴⁸.

There is also a familiar danger of biasing a classification by double counting a factor represented by two (or more) closely related variables in the data set (e.g. those relating to older age groups and birth/death rates). Hence – and to increase clarity in the results - the range of indicators used is rather more select than those discussed in the sub-regional section of chapter 4 (4.5), though the topic coverage (for domestic migration) is very similar. The final set of variable used as basis for the classification (and mapped in the Annex to this chapter) involved just 9 Indicator Variables:

- net domestic migration rates (per 000 residents) for: 16-29 year olds, 30-44s and those over 45, together with an all age total including the ONS correction for unrecorded moves (i.e. 4 variables);
- net international migration (per 000 residents);
- total population change (per 000 residents);
- the mean size (per 000 residents) of the swings in net migration between the two peaks of deconcentration and the trough, within the 2001-16 period (with a negative value for areas with generally net migration, and a positive value for the others);
- a 'trend' change measure, representing the difference between net migration in (what we characterise as) the second and first peak years (again expressed per 000 residents); and
- a through-migration (or displacement) indicator, capturing the degree to which in particular TTWAs large inflows from a ring closer in to the core of the region were off-set by large outflows to rings further out (again scaled relative to the base resident population)⁴⁹.

⁴⁸ Without this censoring of the cases Canterbury and Wisbech appear as a somewhat mismatched pair in a cluster on their own, and Peterborough gets grouped with London and some of its neighbours.

⁴⁹ More precisely this measured the difference between a summing of the absolute rates of net movement into the TTWA from each of the 5 rings and the absolute rate of overall net migration for that TTWA (with all rates again scaled per 000 residents).

One notable feature of the clustering exercise was that, when undertaken purely mechanically, with a statistical determination of the optimal (most statistically significant) number of clusters, the outcome was to produce just two for the WSE – a set of coastal areas and the rest. This was judged to be of very limited utility as a basis for thinking about how migrational processes and their dynamics impacted on a full range of market areas across the WSE.

After much experimentation, with the set of indicator variables as well as with procedures – and exclusion of 3 idiosyncratic cases (Canterbury, Peterborough and Wisbech⁵⁰), a 5 cluster version was chosen⁵¹. This produced the following grouping of TTWAs - depicted in Map 8.1 - in terms of similarity on particular combinations of the indicator variables, differentiating them from others:

1. *London:*
 - a single TTWA covering the majority of London plus a few OMA districts;
 - characterised by strong net international migration, positive domestic flows for 16-29s and negative ones for 30-44s and 45 plus, with a very negative overall balance for domestic flows, with a big cyclical swing, but the strongest overall population growth of the clusters (2001-16);
2. *Banbury, Brighton, Luton, Oxford, Reading, and Slough/Heathrow:*
 - a cluster spread across all three of the zonal rings within WSE, with a bias toward W/NW radial sectors;
 - characterised by the second strongest international inflow, and a through migration pattern for domestic migration (big inflows from one direction being matched by outflows in another);
3. *Basingstoke, Bedford, Cambridge, Crawley, Guildford/Aldershot, High Wycombe/Aylesbury, Huntingdon, Medway, Milton Keynes, Newbury, and Tunbridge Wells:*
 - equally divided between OMA and OWSE, and all radial sectors apart from NE;
 - characterised by a positive balance for 30-44s, and a through migration pattern;
4. *Ashford, Bury St Edmunds, Chelmsford, Colchester, Great Yarmouth, Norwich, Portsmouth, Southampton, Southend and Stevenage/Welwyn Garden City:*
 - mostly in the OWSE and with a bias toward the NE radial sector;
 - characterised by a positive overall balance for domestic migration, ;

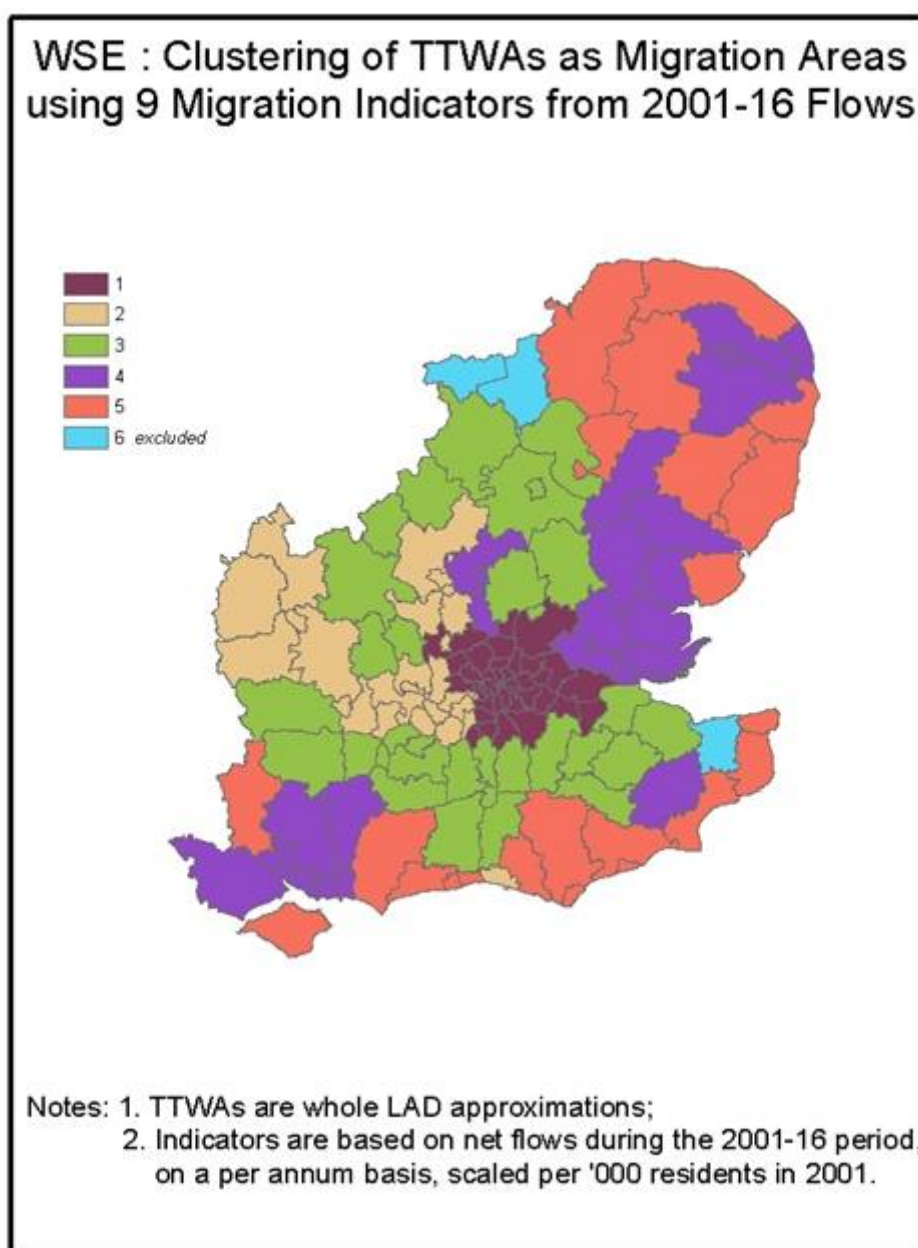
⁵⁰ A common issue for these three was that they all had more substantial international gains, than their other migration characteristics, or Outer WSE location would suggest - but otherwise different demographic features. When allowed in, Canterbury and Wisbech formed an (unlikely) cluster on their own, and Peterborough joined a version of the second cluster, with which also it had limited commonality.

⁵¹ using a two-step clustering procedure with standardised variables and a log likelihood distance measure.

5. *Andover, Chichester/Bognor Regis, Clacton, Cromer/Sheringham, Eastbourne, Folkestone/Dover, Hastings, Ipswich, Isle of Wight, King's Lynn, Lowestoft, Margate/Ramsgate, Thetford/Mildenhall and Worthing;*

- all in the OWSE and almost all on/near the coast;
- characterised by positive domestic migration balances for 30-44 and (especially) 45 plus, with overall gains from this source, and cyclical sensitivity in its scale, but the slowest rate of population growth.

Map 8.1



8.5 Putting Migration Indicators and Clusters into Useful Context

It should be emphasised, however, that this is neither unique as a way of grouping areas, nor a direct tool for simplifying the task of reviewing strategic issues with a migration dimension to them. It is probably best used in conjunction with the separate Indicator maps, as a shorthand way of starting to relate broad issues about migration dynamics to policy debates impinging on specific areas. One reason for suggesting this is because the clustering is simply one way of highlighting some combinations of indicator variables that are more directly related to particular influences and processes.

Another is that the maps reveal some spatial patterns of interest in their own right even when just relating to a single indicator. An example is that for the (peak to peak) net migration trend indicator, which actually (and uniquely) shows no significant differences between the clusters – but which actually as a striking spatial pattern. This suggests notably more positive trends around London and in a couple of corridors leading out from it – which might either be indicative of stronger growth paths in these areas or, as we suspect, reflect the relative speed with which the ripple effect of revived deconcentration is spreading out (and its incompleteness by 2015/16).

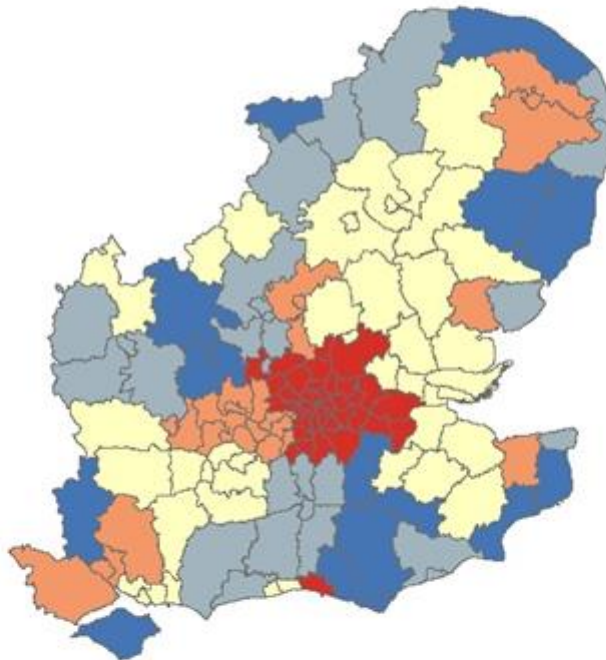
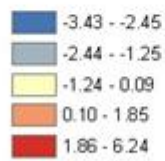
The other point which should be made is that the intelligibility and usefulness of these maps is also likely to depend on relating them to contextual factors which are outside the immediate concern of this project – including those policy and non-policy factors which limit the elasticity of housing supply in some areas more than in others.

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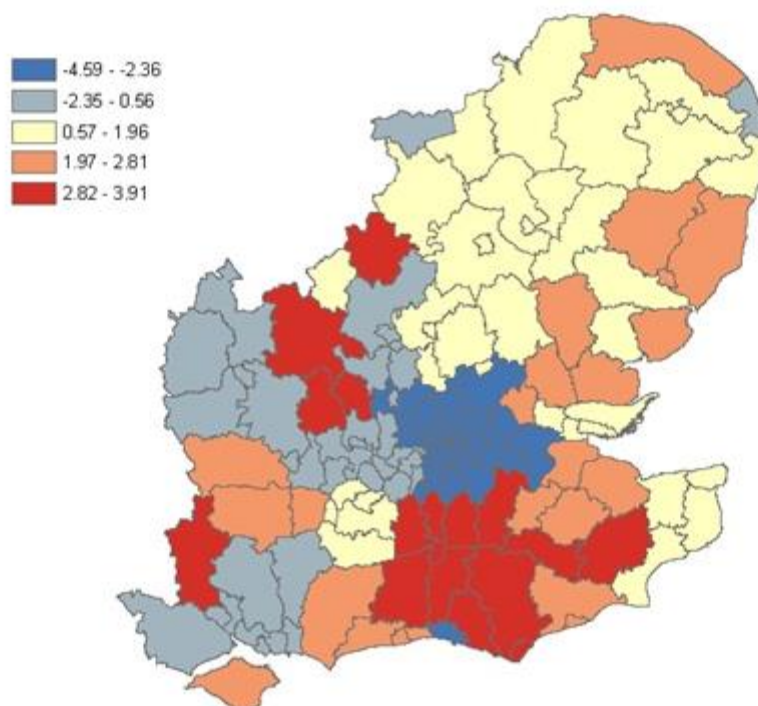
Chapter 8 Annex

WSE : TTWA Level Migration Indicators 1 16-29 year old Net Domestic Migration



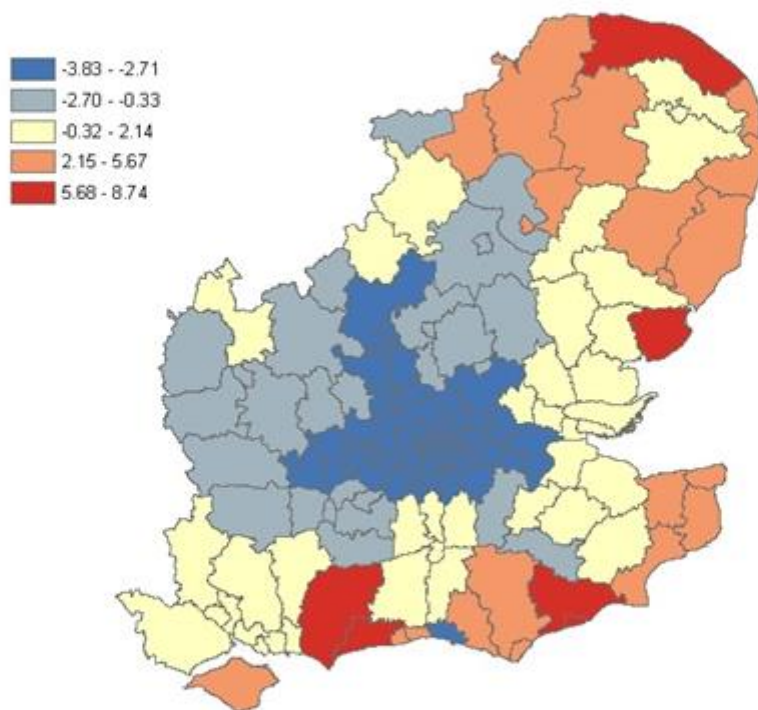
Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period,
on a per annum basis, scaled per 000 residents in 2001.

WSE : TTWA Level Migration Indicators 2 30-44 year old Net Domestic Migration



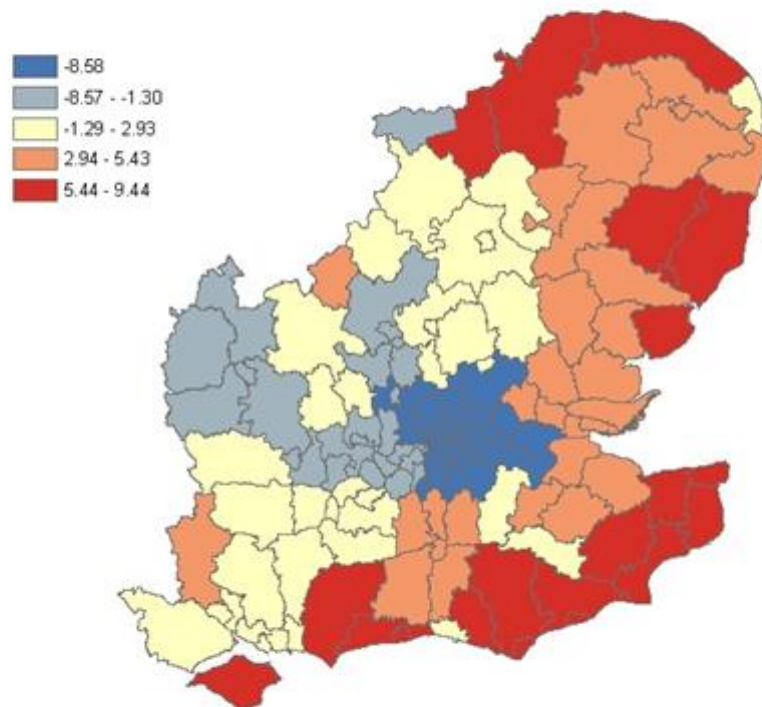
Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period,
on a per annum basis, scaled per '000 residents in 2001.

WSE : TTWA Level Migration Indicators 3 45 plus year old Net Domestic Migration



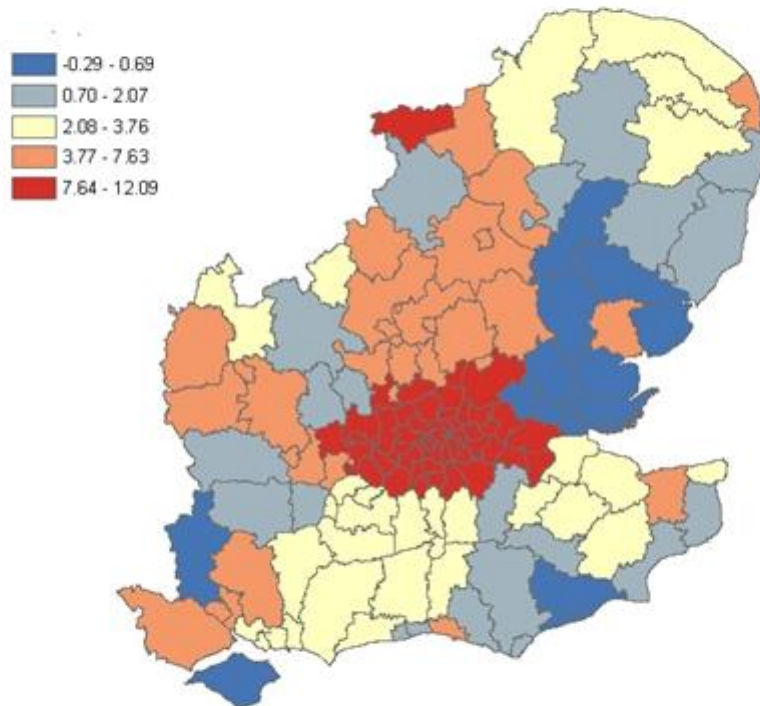
Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period,
on a per annum basis, scaled per '000 residents in 2001.

WSE : TTWA Level Migration Indicators 4 Total Net Domestic Migration & 'Other Changes'



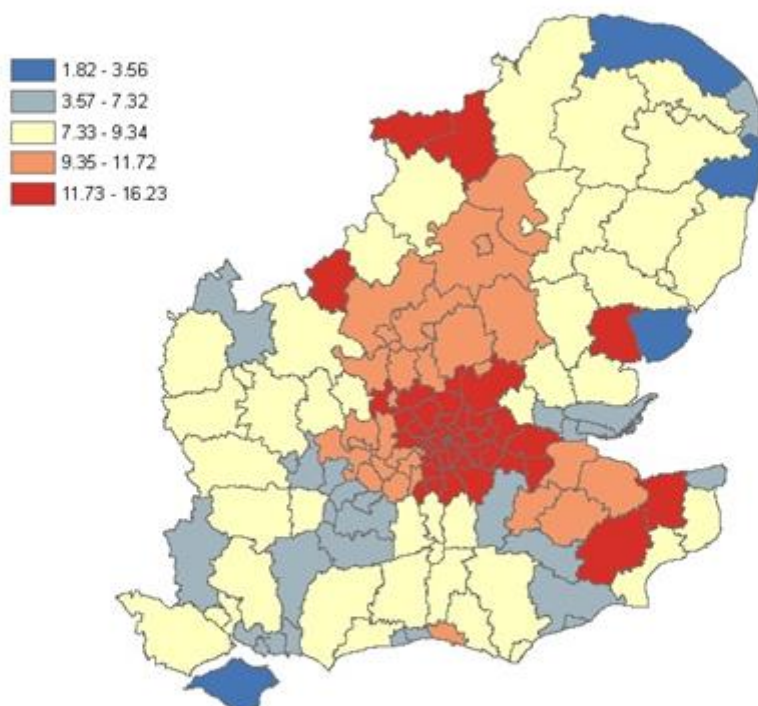
Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period, on a per annum basis, scaled per '000 residents in 2001.

WSE : TTWA Level Migration Indicators 5 Total Net International Migration



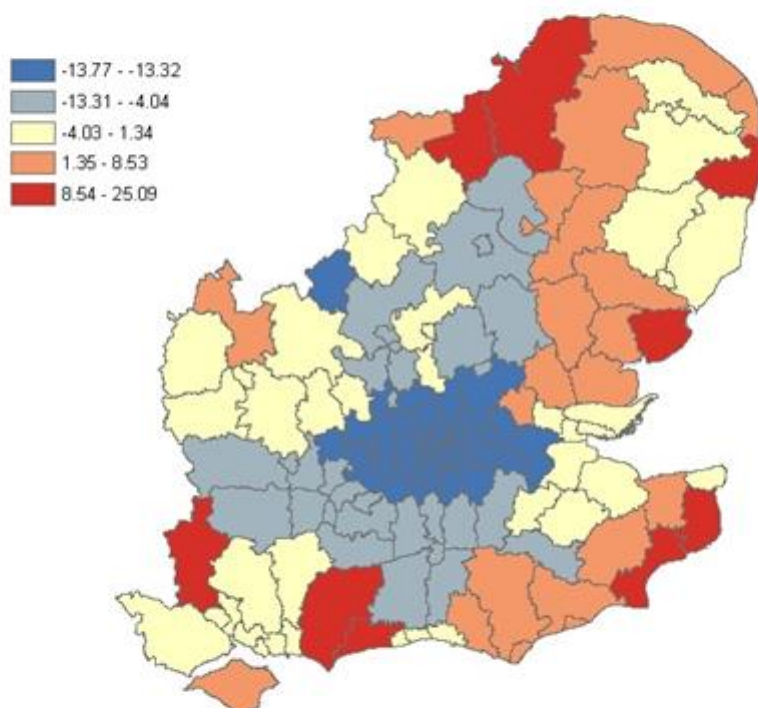
Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period,
on a per annum basis, scaled per '000 residents in 2001.

WSE : TTWA Level Migration Indicators 6 Total Population Change



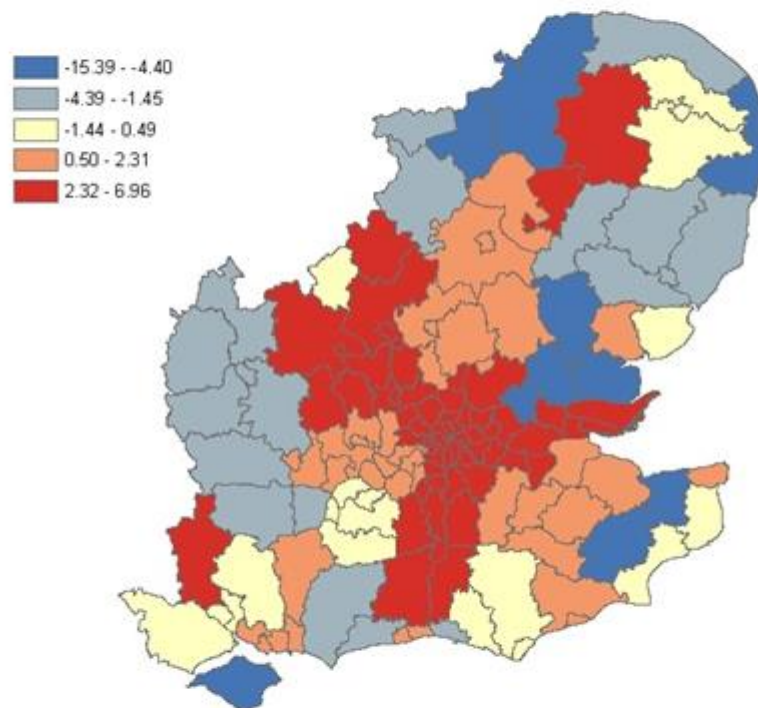
Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period, on a per annum basis, scaled per '000 residents in 2001.

WSE : TTWA Level Migration Indicators 7 Cyclical Net Migration Swing: Peak-Trough and (nearly) Back



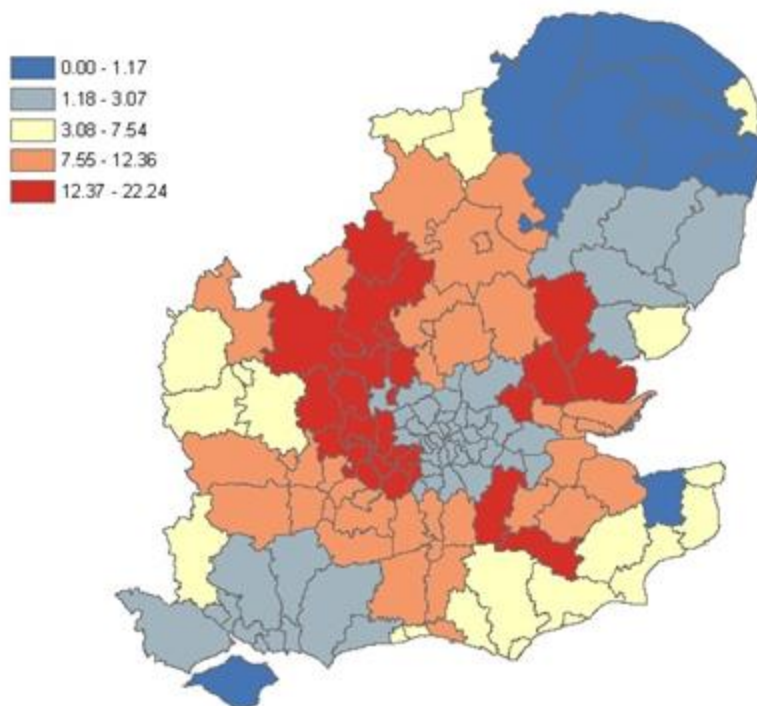
Notes: 1. TTWAs are whole LAD approximations;
2. Indicators are based on net flows during the 2001-16 period, on a per annum basis, scaled per '000 residents in 2001.

WSE : TTWA Level Migration Indicators 8 Peak-Peak Trend in Net Domestic Migration



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 9
Domestic 'Through Migration'
In one side & Out the Other



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.

Appendix: Analytic Approaches to Understanding Migration Patterns, Processes and Dynamics

There are a range of different approaches to understanding the causes of the patterns of population movement that differentially affect demands for additional housing, service and infrastructure in particular areas. Each has distinct strengths which can complement each other – but each can also obscure some key factors, either by ignoring them or by focusing on types of data that cannot show them up. As a simple starting point, it is useful to group the approaches in terms of whether they attend particularly to: aggregate measures of flow volumes; individual level information on choice behaviour; or the processes that link these.

- ii. **Aggregate flow analyses:** traditionally these have focused on understanding variations between areas in the volume of movement in and out during a particular period of time, starting from a modelling of the varying scales of movement between specific pairs of origin and destination. At this level, simple attention to the ‘masses’ of each area (in terms of population) and to their proximity (an inverse measure of distance) has proved to account for a large part of the variance⁵². This makes the simple but important point that areas which are close to others with substantial populations (such as those in the metropolitan region) are likely to experience significantly higher rates of movement (both in and out) than others in more peripheral situations.

To account for the fact that the volumes of outward and inward movements quite often differ - generating significant net flows - separate ‘push’ and ‘pull’ factors are commonly included as additional influences⁵³. The typical approach is first to derive overall measures of these – as the ratio of actually observed volumes of movement out of, or into, each area to those expected simply on the basis of their proximity to the others - and then to infer their causal basis from statistical analyses of their relation to potentially relevant characteristics of the areas concerned (e.g. earnings, availability of affordable housing and/or environmental quality). In principle statistical relationships established in this way could be used as an alternative to conventional trend-based projections of migration for planning⁵⁴. That depends, however, on having some other basis for forecasting future values of those independent variables which are subject to change.

One basic, very general finding from such work is that, against simple intuitions, ‘push’ and ‘pull’ factor values tend to be positively, rather than negatively correlated with

⁵² This is the so-called ‘gravity model’, in which expected flows between a pair of areas are represented as proportional to the product of their masses and inversely proportional to some measure of their separation (e.g. distance/travel cost, the square of these or maybe an exponential function of these).

⁵³ Since Lowry (1966).

⁵⁴ As in the model commissioned, though never apparently used, by the Department of the Environment, Transport and the Regions in the late 1990s (Fotheringham et al, 2006).

each other⁵⁵. Areas with strong pull factors - and evident strengths/ attractions which could explain these - do tend to experience net inflows of migrants, despite the fact that they also have more than averagely strong 'push' factors, which *partially* off-set their attraction. Credible explanations for this phenomenon include both:

- the likelihood that in-movers include a larger proportion of people who are inherently more 'mobile' and thus more liable to move on again to another attractive area; and
- displacement effects of one kind or another whereby the impacts of additional residents adding to the demand for housing (or some other scarce resource) shifts the balance of advantage for some existing residents toward relocation in another area with a more attractive offering for their tastes and resources.

But the phenomenon also suggests the likelihood that attraction factors in destination areas exert a stronger influence on unbalanced migration flows than do unsatisfactory conditions in areas of origin.

Another important finding from this line of research is that domestic (intra-UK) flows cannot reasonably be treated at an aggregate level in terms of a single kind of movement with purely individual varieties to it, but rather as comprising three quite distinct streams – differing substantially both in the degree to which they are attenuated by distance, and in the sets of areas to/from which people are drawn from/attracted to in greater numbers. In broad terms the streams may be characterised as:

- **Local** in scope (with typical moves of around 3 miles), constrained by existing workplace and other linkages, and oriented mostly to resolving a housing issue, finding a dwelling to satisfy size/affordability criteria;
- **Regional** in scope (with typical distances around 15 miles), freer of area ties, except generally to an existing workplace, and oriented largely to finding 'better' housing in a 'better' area; and
- **National** in scope (with typical distances around 100 miles), untied to an existing workplace, and oriented either to finding/taking up a new job, or an educational/retirement opportunity.

Though separately determined, moves in these streams are very likely to be linked dynamically, because mobile people arriving in one of the longer distance streams may be particularly likely to make a secondary relocation within the region or local area, and because they may well lead to displacement of others via one of the shorter distance streams⁵⁶.

- iii. **Individual choice analyses:** To gain a richer perspective on migration behaviour, other researchers have adopted *a more micro-level approach*, focused on understanding the

⁵⁵ Again from Lowry (1966), with a recent British exemplification in Fielding (2012).

⁵⁶ One study across districts in the London metropolitan region (i.e. London plus the OMA) reported some dependence of this kind between out-moves in the regional stream and (net) in-moves in the national stream - though this was less significant than that between in and out moves within the national stream, which at a district scale would clearly reflect the very selective character of such long-distance mobility, rather than any labour market displacement effect (Gordon and Lamont, 1982).

distinguishing characteristics, motives and choices of individuals who made inter-area moves within the UK – using some combination of responses to purposive surveys and modelling of individual behaviour as recorded by the Census and general purpose population surveys.

In terms of **who** is likely to make an inter-area move, a set of rather clear distinctions emerge. The specifics differ somewhat between the migration streams, but general findings are that:

- migrants are more likely to be young/single, better educated/more ambitious (for national moves at least), and tenants (particularly private renters) rather than owner-occupiers;
- people have a quite strong tendency to stay put, whether through inertia, particular local ties/constraints, or because a previous locational choice still suits them well enough to discourage taking on substantial relocation costs;
- those who are particularly likely to move then are:
 - people for whom a previous constraint ceases to apply (e.g. on achieving independence as an adult, or retiring from work); and
 - others whose circumstances have changed through shifts in household income (affecting the budget for housing), or household size (affecting housing needs), a new job opportunity or loss of an old one etc.
- differing tastes and circumstances can lead (at any time) to moves in different/opposite directions, but on average people are expected to move to places offering some combination of: higher real incomes (for given personal attributes), a better quality of life, opportunities for advancement in labour/housing market terms, and for those just changing residence (not employment) lower costs for given housing quality/accessibility.

Extrapolating such findings to explain overall population shifts is problematic, however, for several reasons:

- the very strong lifecycle aspect to movement - (particularly) into, within and out of more urban areas – tends to cancel out if sustained for any time, since e.g. urban areas which export large numbers of people at the family-forming stage commonly do so because they attracted in many of these people as young singles;
- the fact that people with (for example) a less positive view of recent changes within their local area are more likely to move away can't be simply extrapolated into an explanation of why local population is falling, since people in that situation are more likely to make such a move if strong demand from others is keeping housing values up;
- local pay rates and housing costs (for comparable jobs/properties) tend to be determined by market factors, leading (over periods of reasonable stability) to real income prospects, for the average person, which vary rather little across areas. Over the shorter run, shifts in these may be as much a consequence as a cause of migration; and
- partly for this reason, the scale and balance of flows is liable to be influenced more by the availability/growth of (housing/job) *opportunities* in different areas

than by whether individually they would be rated as more rewarding/better value in one place rather than another⁵⁷.

Nevertheless, there are lessons which can be drawn from such micro-level analyses about the likely implications of structural changes in key factors recognised as affecting many people in similar ways, e.g. when:

- the relative size of a population group with some distinctive preferences/constraints changes substantially, as e.g. with the growth of both the singles/graduates/foreigners (with stronger tastes for urban living) and of the retired population (concerned with affordable quality of life rather than employment considerations); or
- the relative costs of services with strong locational implications (notably of travel and additional housing space) shift substantially – or real incomes cease to grow.

iv. **Integrated Structural/Market Approaches:** Building on the key insights/findings and recognisable limitations of both the macro-and micro-approaches, a more integrative approach to migration analysis sets movement behaviour in a market (or quasi-market context), with the combined effects of individual choices shaping the context within which those choices are made.

More specifically, potential movers are seen as:

- responding to a perceived supply of *opportunities* (available houses and/or jobs of a relevant kind) , that may be more/less restricted or elastic in the face of stronger demands – with some form of price-rationing operating when supply is inelastic ;
- choosing among these - and the option of staying put -in relation to their *preferences* for the different mix of characteristics attaching to these opportunities (including price); and
- various *constraints*, both on what opportunities and kinds of move are feasible for the potential mover, and on the generation of additional opportunities (Gordon and Vickerman, 1985).

This framework may be applied, fleshed out and tested with individual level and/or aggregative data sets, but with hypotheses that recognise the links between factors operating at these levels.

It is a market perspective because it recognises a two-way relationship between the decisions of large numbers of independent actors (with different concerns) and an overall balancing of supply and demand for residence in particular areas. The opportunities may be shaped by public rather than private actors, and allocation may not simply be on a commercial basis, but in either case the relative pressure of demand impinges on how far individual preferences get translated into actual shifts in population numbers.

One very general aspect of this (to which we have already referred) is the phenomenon of *displacement*, in the sense that - so long as the supply of residential opportunities is not perfectly elastic - the entry of one set of people into an area will lead to some out-

⁵⁷ Gordon and Vickerman (1982).

movement by others. Typically this will be a voluntary response, based on an expectation that the out-movers would now do better somewhere else. And for home-owners at least (if not for renters) those moving out are also likely to be better off than they were before the incomers arrived.

This process, and indeed migration in general, is seen to be highly *selective*, as between those with different areal preferences, constraints and degrees of local attachment.

Relevance to this report: in the body of this report we cite and use much evidence that is essentially micro-or macro- in character, as well as studies that adopt one or other frame of reference. The guiding framework is, however, that of the integrated structural/market perspective, with its recognition that micro- and aggregate level factors interact to shape actual patterns of movement (and immobility), and that just looking at one or the other can produce quite misleading understandings of how outcomes and patterns of change arise.

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