



BRIEFING

Migrants and Housing in the UK: Experiences and Impacts

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PUBLISHED: 17/08/2011
NEXT UPDATE: 17/08/2012



This briefing reviews the statistical and research evidence on migrants' experiences in and impacts on the UK housing system.

Key Points

The foreign-born population has significantly lower ownership rates (46% were homeowners in 2010) than the UK-born (71%).

The foreign-born population is three times as likely to be in the private rental sector (36% were in this sector in 2010), compared to the UK-born (12%).

Recent migrants (i.e. those who have been in the UK for five years or less) are more than twice as likely to be renters (75% were in the private rental sector in 2010), compared to all migrants. Those migrants who have been in the UK longer tend to have accommodation similar to that of the UK-born.

UK-born individuals and foreign-born individuals have similar levels of participation in social housing (about 17% were in social housing in each group during 2010).

Less than 10% of all existing social housing households in England have a foreign citizen as the household reference person. However, this share increases for new tenants.

There is little systematic evidence on the impact of immigration on house prices and rents in the UK. Some evidence suggests that the housing shortage in the UK would continue even with zero net-migration.

Understanding the evidence

The determinants of migrants' experiences in and impacts on the UK housing system include many factors such as migrants' characteristics (e.g. age, income level, type of visa, time in the UK), preferences (e.g. household size, renting versus owning, minimum acceptable level of quality of accommodation) and restrictions of access to social housing. Therefore, different types of migrants, with different rights, opportunities and resources are likely to have very different experiences in and impacts on the UK housing system.

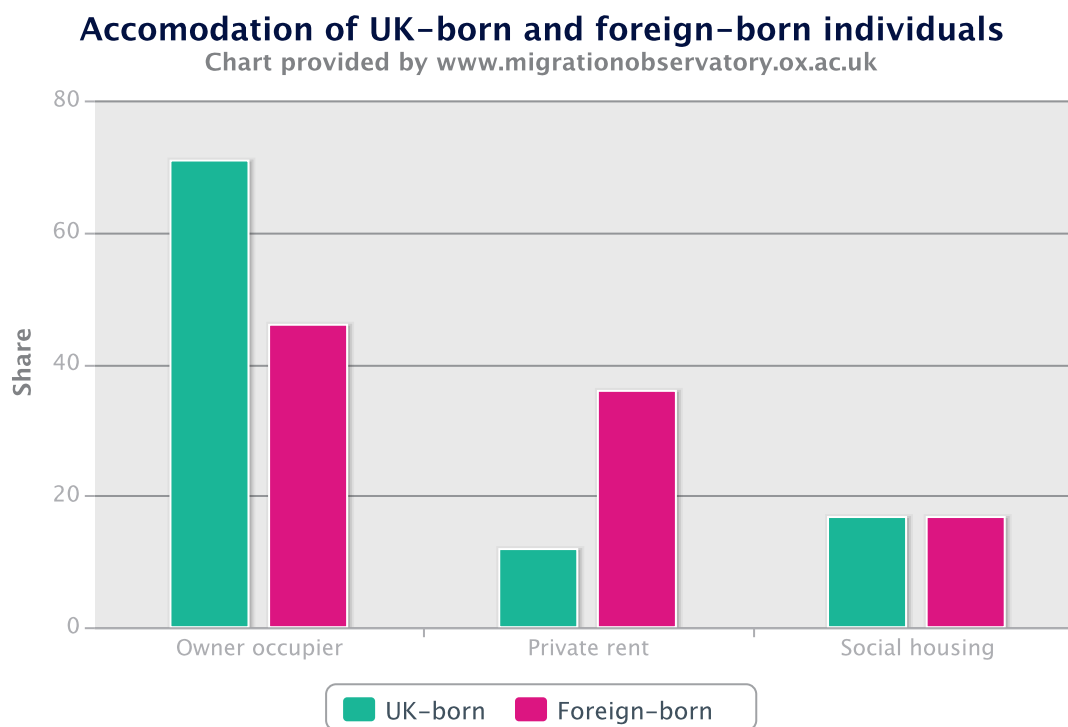
Positive net-migration may impact on house prices and rents. The magnitude of this impact depends on the responsiveness of the supply of housing to changes in demand. The impact of immigration on housing can also be expected to vary across local areas with different housing markets and experiencing different scales of migrant inflows and outflows. There can also be important inter-relationships between the owner occupier sector and the private rented sector. For example, the increased demand for rented accommodation may encourage more investors to enter the buy-to-let market, which in turn could increase house prices.

The UK imposes limitations on access to public benefits, including social housing, for some types of migrants. In most instances, recent migrants from outside the European Economic Area (EEA) cannot claim social housing benefits. Until recently citizens of the A8 countries also faced limitations on their access to social housing, as there was a requirement of working in the UK consecutively for one whole year before they could claim this benefit. This limitation ended in May 2011. Non-eligible migrants may still increase the demand for social housing by displacing the eligible population from the private rental sector.

Foreign-born individuals have lower ownership rates than UK-born individuals and greater representation in the rental sector.

Figure 1 shows the types of accommodation reported by UK-born and foreign-born individuals in the 2010 Labour Force Survey. Foreign-born individuals have significantly lower ownership rates (46% are homeowners) than the UK-born (71% are homeowners). On the other hand, foreign-born individuals are three times as likely to be in the private rental sector (36% rent), compared to the UK-born (12% rent).

Figure 1



Source : Office for National Statistics, Labour Force Survey, 2010, Q1-Q4

Note: The shares may not add to 100 due to rounding.

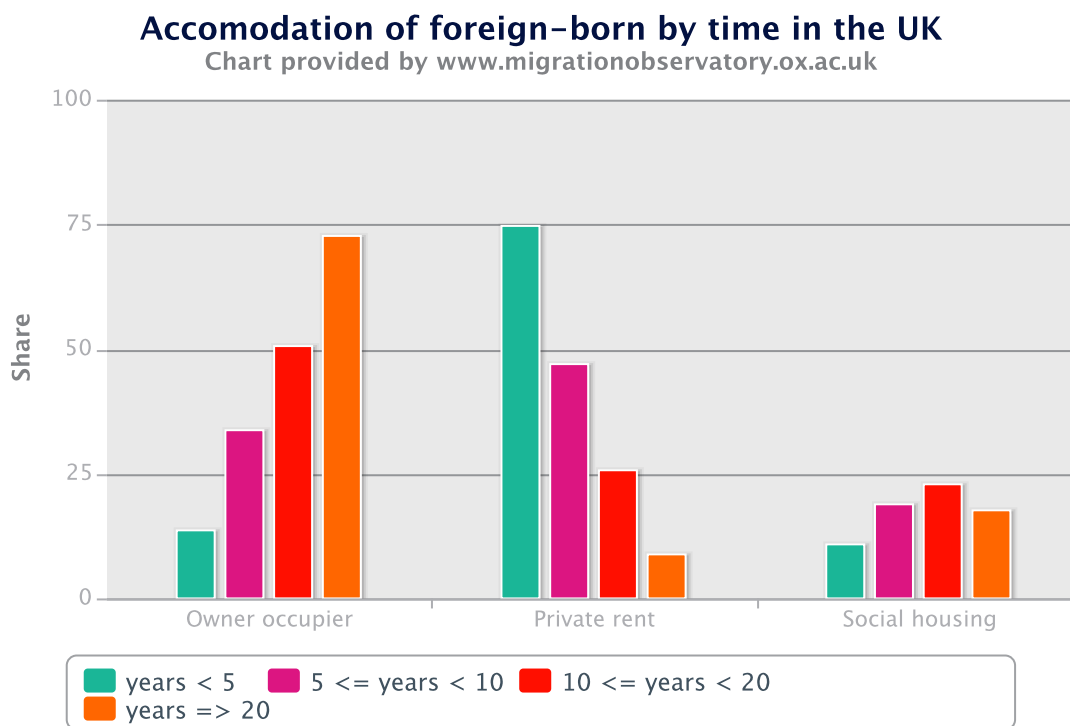
Recent migrants are more than twice as likely to be renters compared to all foreign-born individuals. However, migrants who have been in the UK longer tend to have accommodation similar to the UK-born.

Given the different characteristics of recent migrants to the UK compared with previous incoming migrant groups, it is likely that recent cohorts of migrants differ in terms of their housing experiences from previous ones. The evidence presented in Figure 2 suggests that those migrants that entered the UK recently (i.e. five years ago or less) differ significantly from the “all foreign-born” group in regards to type of accommodation. These recent migrants are more than twice as likely to be renters (75% rent) compared to all migrants. Yet, those who have been in the UK longer tend to have housing accommodation that is closer to that of the UK-born. In fact, the housing accommodation of those who have been in the UK for 20 years or more is very similar to that of the UK-born.

These differences in accommodation for different cohorts of migrants may reflect a degree of convergence over time of migrant accommodation with the UK-born accommodation. However, it is not possible to draw such a conclusion from these cross-sectional data. Research on the housing pathways of new immigrants in the UK suggest, however, that most new migrants moved into temporary accommodation upon arrival. Migrants that

are only staying for a short period in the UK may tolerate living in overcrowded conditions or even in low quality housing. However, after realising that their stay in the UK could be permanent it is common for migrants to look for better housing choices including particular neighbourhoods and avoiding sharing the accommodation with other families (Robinson et al. 2007).

Figure 2



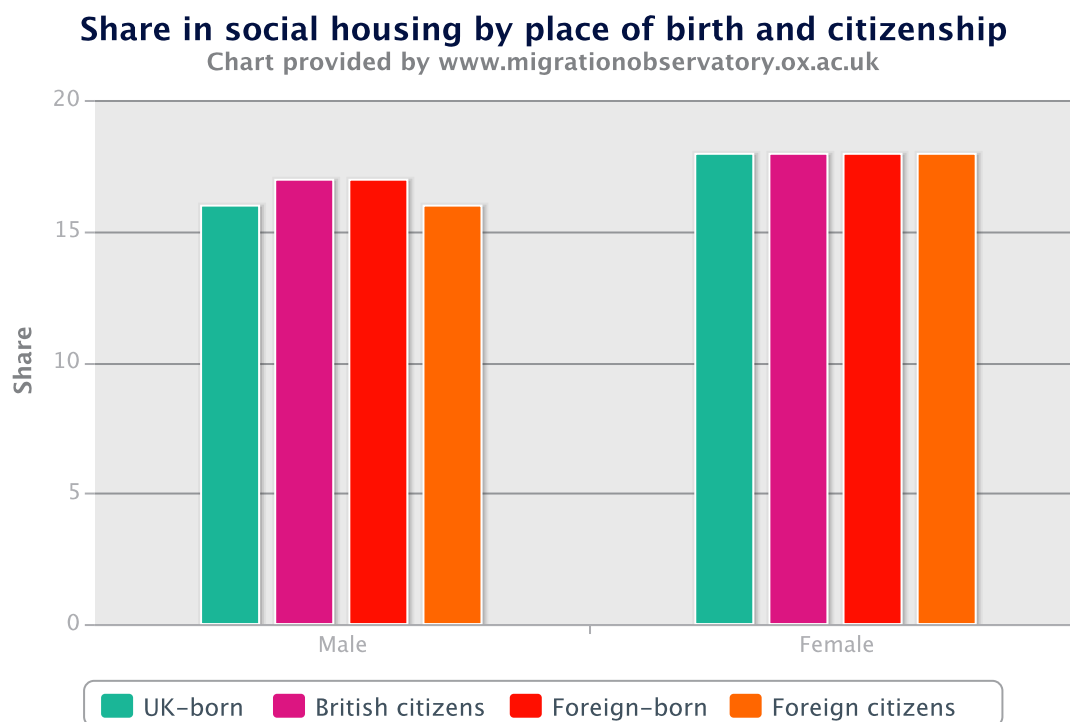
Source : Office for National Statistics, Labour Force Survey, 2010, Q1-Q4

Note: shares may not add to 100 due to rounding. “years < 5” indicates less than 5 years in the UK, “5 <= years < 10” indicates 5 years or more, but less than 10 years in the UK, “10 <= years < 20”, indicates 10 years or more, but less than 20 years in the UK, “years >= 20” indicates 20 years or more in the UK.

UK-born individuals and foreign-born individuals have similar levels of participation in social housing.

Not all migrants are eligible for social housing. In order to be eligible, migrants must have, in general, settlement status or be a national of the EEA (see the [Housing Rights Information](#) website for details about the different housing rights of migrants). As shown in Figure 1, about 17% of UK-born and foreign-born individuals live in social housing. While there are variations, these participation rates are stable over time. As shown in Figure 3, it seems that for both groups, females tend to have a slightly higher propensity to live in social housing than males. These relationships also hold for UK-nationals compared to foreign-nationals.

Figure 3



Source : Office for National Statistics, Labour Force Survey, 2010, Q1-Q4

The Centre for Economic Performance (2010) estimates that migrants are 5% less likely than the UK-born to be in social housing on arrival after controlling for migrant's characteristics. They also find that the probability of migrants using social housing benefits increases by 0.08% per year in the UK.

While there are no major differences in the use of social housing between the foreign-born and the UK-born populations, there have been claims in the popular press that migrants often receive priority status in the allocation of social housing. Several studies have failed to find evidence supporting this claim (e.g. Rutter and Latorre 2009, Robinson 2010). However, social housing allocation policies vary somewhat by location, making it difficult to generalise these findings.

Analyses also suggest that there are important differences in social housing participation by ethnicity and that over a quarter of all black or minority ethnic households are in social housing (Hills 2007). The share is especially large for some ethnic groups (e.g. about half of Bangladeshi households are in social housing). Many of these households, however, are not migrant households.

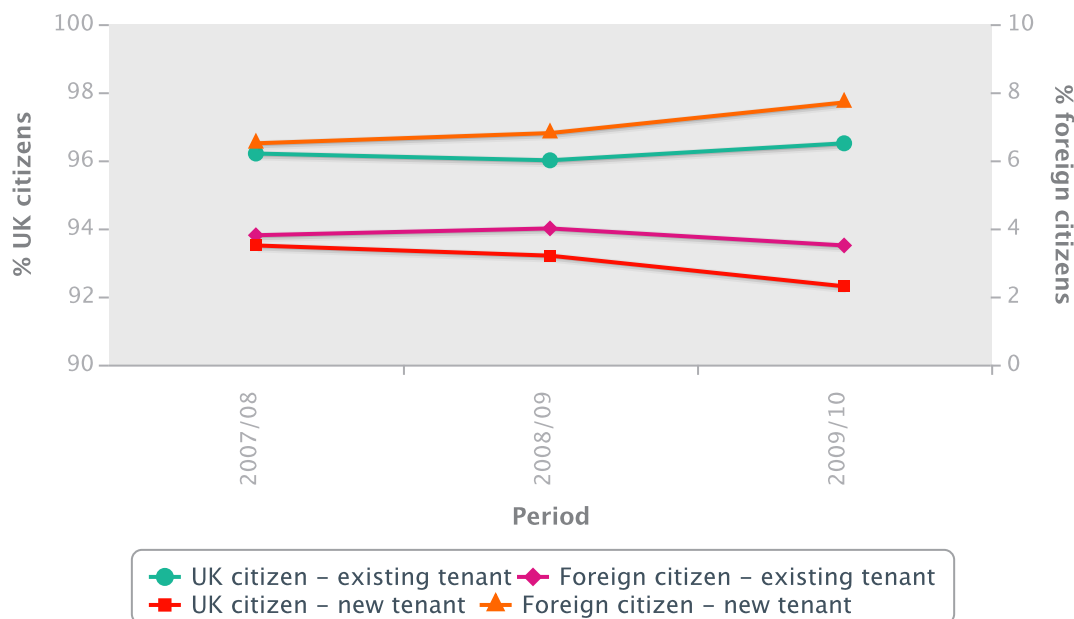
Less than 10% of all existing social housing households have a foreign citizen as the household reference person. However, this share increases for new tenants.

Figure 4 shows the general needs social lettings (i.e. no additional support provided to tenants beyond a normal housing management and repairs service) made by housing associations and local authority landlords in England separated by the nationality of household reference person based on the Continuous Recording of Lettings (CORE) of the Department of Communities and Local Government. Around 3.5% of the existing tenants reported a foreign citizen as the reference person for the 2009–2010 reporting period. However, this share increases to 7.7% for new tenants. These shares have remained constant during recent years.

Figure 4

General needs social lettings by nationality of reference person

Chart provided by www.migrationobservatory.ox.ac.uk



Source: Continuous Recording of Lettings, Department of Communities and Local Government

Note: General needs social lettings made by housing associations and local authority landlords, 2007/08 to 2009/10, for England based on the nationality of household reference person. The left-hand axis reports values for households in which the reference person is a UK citizen, while the right-hand axis reports values for households in which the reference person is a foreign citizen.

An alternative source of information on the citizenship of social housing households (i.e. reference persons) in England is the English Housing Survey. The average of the 2008-09 and 2009-10 results suggest that about 90.5% of the households have a reference person with either British or Irish citizenship.

Evidence from other countries suggest that immigration has important effects on house prices and rents

There is little empirical quantitative evidence on the impact of immigration on the housing market in the UK. The impact of immigration on the housing market is, at least to some degree, always country specific. However, it is possible to gain some insights from the extensive research on this topic in other countries. For example, Saiz (2003) explores the impact of the Mariel boatlift on rents in Miami. This sudden inflow of Cuban migrants resulted in a 9% increase in the renter population in the city and increased rents from 8 to 11%. However, most of the rent increased was concentrated in the low quality housing market. At the United States national level, Saiz (2007) found that an immigration flow of the size of 1% of a city's population in the United States increases rents in that city by 1%. As result, he concludes that this impact is more important than any other impact of immigration on receiving cities (including the labour market).

Gonzalez and Ortega (2009) estimate the impact of immigration to Spain on house prices during the 1998-2008 period. In total, the foreign-born population in Spain increased from about 500,000 to about 5,000,000 during that period. They find that immigration to Spain during the 1998-2008 period increased house prices by 52%. Immigration accounted for about one-third of the total increase in housing prices during that decade. There is also the possibility of exploring how migration status and, especially, changes in migration status may change the housing distribution of migrants. For instance, Amuedo-Dorantes and Mundra (2010) suggest that legalisation of irregular migrants in Spain increases homeownership rates among the legalised by up to 20 percentage-points.

Some evidence suggests that the housing shortage in the UK would continue even with zero net-migration

Two key factors affect the demand for housing: the number of households and household real incomes. The Department for Communities and Local Government's household projections to 2031 – constructed using the Office for National Statistics 2006 population projections – suggest that net-migration is a significant factor in these projections (Department of Communities and Local Government, 2009). The principal projection estimate (which assumes 171,500 net-migrants per year) results in an annual increase of 252,000 households to 2031 (39% of which is accounted for by net-migration).

The UK has experienced real house price growth (i.e. house prices relative to general inflation) for several decades (Baker 2004). Nickell (2009, 2011) suggests that even in a zero net-migration scenario, there would be a need for at least 270,000 new homes per annum to stabilise the house price to income ratio. Therefore, he concludes that the UK housing shortage would continue to worsen even with zero net-migration.

Evidence gaps and limitations

Immigration may also affect the mix of houses sold at any point in time. For instance, immigration may lead to an increase in additional sales of low quality houses, which when considered as a whole may suggest a reduction in the average price of houses in the area but it is the result of a change in the mix of houses in the market. Given the lack of information on the prices of the houses that are currently out of the market there remains great uncertainty about the impact of immigration on house prices. In addition, while immigration may affect the price of housing in a certain area, it is likely that the price of housing affects immigration decisions. Therefore, it is challenging to establish a causal relationship between the price of housing and the level of immigration. Finally, wealthy foreign citizens own a considerable share of London's high-end property market, yet there is not much information about the impact of immigration at the top end of the housing market.

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The Migration Observatory

Based at the Centre on Migration, Policy and Society (COMPAS) at the University of Oxford, the Migration Observatory provides independent, authoritative, evidence-based analysis of data on migration and migrants in the UK, to inform media, public and policy debates, and to generate high quality research on international migration and public policy issues. The Observatory's analysis involves experts from a wide range of disciplines and departments at the University of Oxford.



COMPAS

The Migration Observatory is based at the ESRC Centre on Migration, Policy and Society (COMPAS) at the University of Oxford. The mission of COMPAS is to conduct high quality research in order to develop theory and knowledge, inform policy-making and public debate, and engage users of research within the field of migration.

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Recommended citation

Vargas-Silva, Carlos. "Migrants and Housing in the UK: Experiences and Impacts," Migration Observatory briefing, COMPAS, University of Oxford, August 2011.

