DISCOVER SOCIETY Number 3 December 2013

Factual – Measured - Critical

Millionaires Welcome: UK Migration and London Neighbourhoods

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Britain extends an enthusiastic welcome to what the UK Border Agency (UKBA) describe as '**high value migrants**' while further restricting channels open to the poor. The intention behind recent changes in the immigration rules is clear – millionaires, and increasingly, billionaires, are welcome; others will be restricted, policed, excluded.

Alongside this development sits another that is gaining traction as a result, in the increase in overseas buyers of prime London real estate, which ricochets through the capital making it an increasingly unaffordable place to live. These interwoven circulations of people and money – constituting globalisation from a London vantage point - have social consequences in shaping the city around the lives of the rich, making it a difficult environment for others to navigate.

Despite sixty years of cross party *restrict and assimilate* migration policies the UK today is an ethnically superdiverse, vibrant, hub of arrivals and departures. In excess of thirteen million passengers globally were **given leave to enter the UK in 2011**, a figure that includes around eight hundred thousand students (and their dependants) and over eight million visitors (2). This churn of temporary migrants and very temporary visitors includes citizens covered by EU treaties making provision for free movement around Europe.

In recent years the UK has shifted from a historic focus on permanent migration and settlement to temporary migration; and from 'unskilled' to 'highly skilled' migrants, admitted under the new points based system. This evaluation of skills is misleading: migrants are all highly skilled in the broadest sense of this term - they do, after all, navigate new settlement - but only some migrants' skills and qualifications count, others must fill unskilled vacancies.

Tourists and students are good business; and highly skilled migrants are good *for* business. So these new priorities are consistent with developing the UK as a key player in global financial markets. Recent - government-backed - bids for London to be the European centre for Rimnimbi trade and Sharia compliant banking, are consistent with this trend, and can only increase the number of high value migrants and the piling of financial assets in London.

The architecture of the new immigration rules and points-based system explicitly favour wealthy, elite, migrants. 'High value migrants' meet the criteria for what the UKBA calls 'tier one' visas issued to those who display 'exceptional talent'. These migrants must be 'internationally recognised as world leaders or potential world-leading talent'. They will be entrepreneurs who want to set up or take over a business; graduate entrepreneurs with 'world class' innovative ideas or business skills wishing to establish businesses in the UK; investors who want to make a 'substantial financial investment in the UK', a provision aimed at High Net Worth Individuals (HNIs) with a minimum of a million pounds to invest.

Tier two visas facilitate intercompany transfers 'for employees of multinational companies' wanting to deploy staff in their UK operations, and skills transfers to the UK from other countries through graduate traineeships. Ministers of religion and sportspeople, including those who fill football's premier league, are eligible for these visas: so, too, are a small number of skilled workers on a quota basis (the 2012-13 quota is 20,700) earning between £35,000 and a £150,000: those earning over £150,000 are not subject to quotas. While the thinking behind this shift to millionaire migrants and migrants with elite credentials promotes London over competitor cities, it has social consequences.

Because net migration figures are so politically sensitive and must show a downward trend, the burden of restriction falls on other migrants. Migrants heading into the so-called unskilled end of the labour market - for example in catering, which traditionally provides migrant-starter-jobs for those whose skills and qualifications don't translate to new locations - are being squeezed-out as this channel closes.

Migrants joining family already settled in the UK are subjected to increasingly stringent English language tests and income checks that demand proof of (formal) income above £18,000 a year in support of family sponsorship: another squeeze on poor settled migrants. This reorientation shifts migration away from established directions of travel: from the post-colonies to the metropolitan centre; and from claims of belonging and long-established association to claims based on accumulated assets of various kinds.

Restriction of formal avenues of entry leave intending migrants with few options, putting them at the mercy of traffickers, profiteers, and exploiters of various stripes, as well as sometimes limiting them to unsafe methods of travel. These restrictions, in cutting off legal channels of entry, can only increase illegal migration. Once inside the UK, poor and undocumented migrants are harassed by UKBA raids on their neighbourhoods, like the recent raids on China Town and the protests they sparked. Requiring health, social services and education agencies to check passports brings borders into everyday life and creates a class of sub-citizens.

Because elite migrants are overwhelmingly concentrated in the capital they impact on what estate agents designate prime and super prime areas of the London: rising property values reverberate through the city raising costs for all. A **comment in the Financial Times** recently summed this up: 'Much of London's housing wealth now lies in the hands of a global elite for whom the city represents not a home but a tax haven attached to an exclusive resort town'. More then half of all residences worth more than a million pounds are sold to foreign buyers. **Sixty per cent of new build property in central London is bought by overseas investors**, mainly from the Far

East, raising foreign investment in the UK from 2.4 billion in 2009) to £5.2 billion in 2011.

Such evidence as we have suggests that this group of foreign house buyers divides into Americans and Europeans who buy to gain residence or for investment; buyers from trouble spots seeking safe haven for themselves, their families and their assets, for example Russians and Arabs; those relocating their assets from distressed European economies like Greece, Portugal and Spain; and investors from East Asia seeking capital growth and rental yields.

These are, of course, not necessarily all migrants; they may be occasional visitors or just absent investors, but they are certainly wealthy and the current immigration rules allows them residence should they elect to join their assets. Investments properties that are also boltholes may be occupied for as little as two weeks a year. This adds to the ghostly darkness of prime areas of London such as Knightsbridge and South Kensington, Chelsea, Notting Hill, Hampstead and Highgate - what **Experian calls the Alpha Territories**. Those properties rented-out by their owners sustain the stock of highly priced rental accommodation in London available for elite migrants and intercompany transfers.

The global dimensions of property value calculations are clear in estate agents' reports and forecasts. The global estate agency, **Frank Knight**, for example, compares global cities in terms of growth in prices and shifts between competing real estate markets, for example London, Hong Kong and New York.

The social implications of constructing a (global) matrix of prime and super-prime London neighbourhoods are yet to be fully analysed. But the gap between London and the rest of Britain widens, cutting the city off from its hinterland. One **report** into the impact of overseas investors on the London housing market suggests that the UK housing market has become distorted and dysfunctional as the gap between London and the rest of the country widens. Certainly, the gap between wages and housing prices are still further distorted as Londoners – including, of course, long-settled migrants, with lower incomes are priced out of the city, and proximity to jobs and established social networks. In the last 5 years, the value of premises in China Town has risen by 65% and many businesses are moving out.

As cities like London become the stage on which the wealthy park their assets and work and play, the municipal authority (GLA) needs a plan to take back the city on behalf of all Londoners. It could redistribute the spoils of international property speculation into affordable housing. The election of Bill de Blasio as the mayor of New York, committed to taxing the rich, building affordable housing and challenging the stop and search harassment of young black men in the city, is a wakeup call for London: cities belong to everybody, not just the rich. The UK Government can rebalance the millionaire migrant welcome, too, by protecting the rights of entry of rich and poorer migrants equally.

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