



# Record net migration and the rising demand for housing

Housing: MW 514

8 June 2023

## Summary

1. If net migration to the UK is allowed to continue at the present record level of 606,000 per year, the UK population is projected to grow by more than 15 million by 2046 – far surpassing the level of 80 million before mid-century. It is estimated that this would result in the need to build between six and eight million more homes – equal to between 15 and 18 more cities the size of Birmingham.<sup>1</sup> In contrast, if net migration were reduced to 100,000 per year or less, the impact of the housing shortage would be eased and young people would have a brighter prospect of putting their feet on the property ladder. Doing so would also preserve more beautiful UK countryside from being bulldozed to make way for housing.

## Key points

- The UK population is now 67 million but new Migration Watch UK projections estimate that it will increase to between 83 and 87 million by 2046 if net migration continues at the record level of just over 600,000 per year.
- Immigration is the largest component of demand for additional housing
- Population growth over that period would mean the need to build between six and eight million more homes, depending upon assumptions.
- That is equivalent to between 15 and 18 cities the size of Birmingham, which in 2021 had 423,500 households (according to Census statistics).
- Cutting net migration levels to 100,000 per year or less would help young people to get on the property ladder and preserve more of our beautiful UK countryside from being lost forever to housebuilding.

<sup>1</sup> Census figures for 2021 show that Birmingham presently has 423,500 households with a population of 1.1 million people.

# Introduction

2. High immigration has worsened the UK's housing crisis by injecting significant additional demand when there is already insufficient available accommodation. This means higher prices. Government analysis suggests that high immigration since the late 1990s helped to drive up house prices by a fifth.<sup>2</sup> As a government minister put it recently: *"It is obvious that a rising population due to net migration puts pressure on housing supply, ultimately leading to rising prices."*<sup>3</sup> A housing analyst explained: *"The worsening housing shortage makes properties less affordable as rising demand for homes and insufficient supply contribute to pushing prices further up."*<sup>4</sup>

3. Immigration is the largest component of rising demand. The most recent set of household projections produced by the Office for National Statistics, based on 2018 data, suggest that immigration at a level of net migration to England which is around half the present level would account for a majority (57%) of additional households during the 25 years until 2043.<sup>5</sup>

4. The government has set a target (now 'advisory') to build 300,000 homes per year. This target was calculated on the basis of underlying demographic factors, household formation rates and trends in the housing market as well as ongoing net migration levels. However, the current level of immigration far outstrips the target (which is based on 2016 analysis of 2012 statistics). One analyst has argued that when household formation and market trends are taken into account, England actually needed to build 461,000 homes in 2022 to cope with demand that has been hugely boosted by high immigration.<sup>6</sup> Yet the annual increase in the dwelling stock in England has averaged only 180,000 per year over the past decade, while the number of homes added in 2022 was just 235,000. The insufficient supply of homes will only be exacerbated as high immigration continues to drive up demand.

5. Some commentators suggest boosting housebuilding is the answer. But tackling this deepening crisis requires immigration to be reduced. Since the last record spike in numbers immigration in 2015, the drive to bulldoze UK countryside to make way for more homes has become more intense. The number of local authorities giving way to applications for building on green belt land has risen in recent years. Government statistics show that approximately 65 square miles of supposedly 'protected' land was set aside for housebuilding between 2015 and 2021.<sup>7</sup> And apart from protected land being added in the North East of England, during 2021/22 every other region saw net losses in green belt land.<sup>8</sup>

6. Migration Watch UK estimates that, should net migration remain at 606,000 per annum, it would mean the need to build housing equal to between 15 and 18 cities the size of Birmingham just to accommodate the population rise over that period, not even accounting for the future housing needs of the base population. *Where would all of these homes be built? Which areas of natural beauty would fall victim to the bulldozer if this were to occur?*

<sup>2</sup> Ministry of Housing, Communities and Local Government bulletin, 'Analysis of the determinants of house price changes', April 2018, URL: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/699846/OFF\\_SEN\\_Ad\\_Hoc\\_SFR\\_House\\_prices\\_v\\_PDF.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699846/OFF_SEN_Ad_Hoc_SFR_House_prices_v_PDF.pdf)

<sup>3</sup> Parliamentary answer, 31 May 2023. The Minister added: *"There is evidence suggesting that immigration has contributed to rising house prices. The impact on prices in a local area of course depends on local supply and a variety of other factors. The Migration Advisory Committee found in 2018 that at a local authority level a 1% increase in population due to net migration increased house prices by 1%. DLUHC internal analysis supports a link between net migration and rising house prices."* URL: <https://questions-statements.parliament.uk/written-questions/detail/2023-05-23/%31%38%36%34%38%30>

<sup>4</sup> Aynsley Lammin, 'Record migration is making the housing crisis worse', The Sunday Times, 28 May 2023, URL: <https://www.thetimes.co.uk/article/record-migration-is-making-the-housing-crisis-worse-7s26dzj7#:~:text=The%20government%27s%20stated%20target%2C%20now,be%20much%20higher%20than%20expected>

<sup>5</sup> The 57% figure is calculated by subtracting the increase under a zero migration scenario from the increase envisioned by the ONS's high migration scenario (at 263,000 per year to England – about half of the present level of net migration). This would mean 2.7 million homes needing to be built due to future immigration alone out of a total increase over the period of 4.7 million (or 57%). See our January 2021 paper, 'Impact of immigration on demand for homes in England', URL: <https://www.migrationwatchuk.org/briefing-paper/486/impact-of-immigration-on-demand-for-homes-in-england> ONS 2018-based household projections, published June 2020, URL: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/householdprojectionsforengland/2018based>

<sup>6</sup> Karl Williams in CapX, 'Thanks to migration, we're running up a down escalator when it comes to housing', June 2023, URL: <https://capx.co/thanks-to-migration-were-running-up-a-down-escalator-when-it-comes-to-housing/>

<sup>7</sup> For the 2020/21 green belt statistics, see here. URL: <https://www.gov.uk/government/statistics/local-authority-green-belt-statistics-for-england-2020-to-2021/local-authority-green-belt-statistics-for-england-2020-21-statistical-release> Also read our piece from March 2021. URL: <https://www.migrationwatchuk.org/news/2021/03/12/save-our-green-space-by-restoring-sense-to-immigration-policy>

<sup>8</sup> Gov.UK, 'Local authority green belt: England 2021-22 - statistical release', September 2022, URL: <https://www.gov.uk/government/statistics/local-authority-green-belt-statistics-for-england-2021-to-2022/local-authority-green-belt-england-2021-22-statistical-release#Table-4>

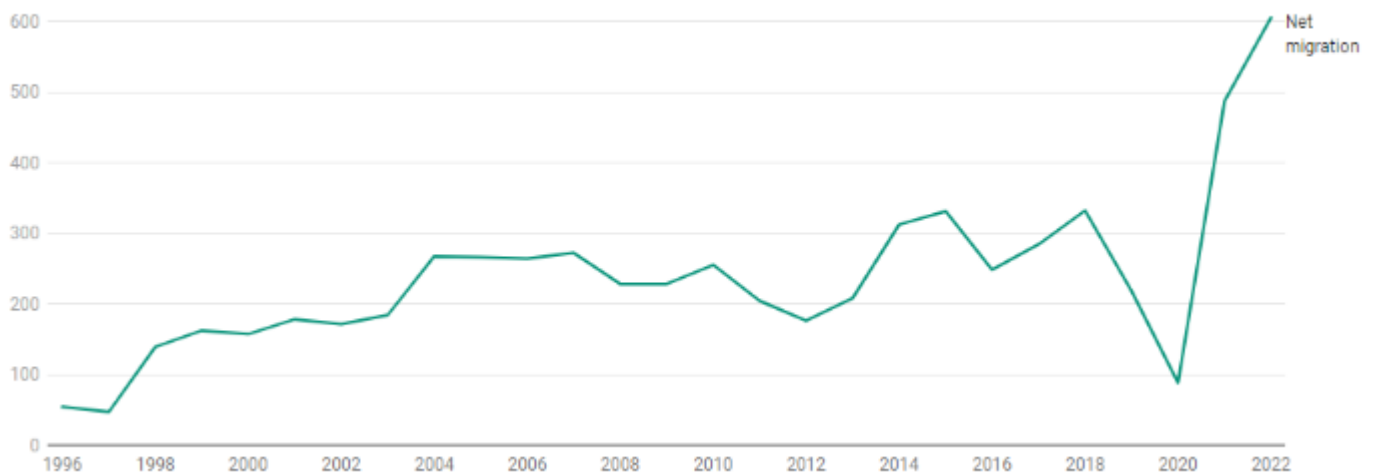
# The impact of immigration

7. Over the past 25 years, the UK population has increased by nearly nine million, from just over 58 million in 1996 to 67 million in 2021. This has meant the need for more than four million more homes. Average household size has fluctuated slightly above and then below the level of 2.4 people per household. It now stands at 2.35 people per household.

8. Between 1996 and 2022, net migration from overseas to the UK has run at an average level of 190,000 per year. However, the five-year average level has tripled from 113,000 between 1996 and 2000 to 347,000 between 2018 and 2022. The record level of net migration for the UK was reached in 2022 when 606,000 more people immigrated to the UK than emigrated – more than double the average net migration level during the twenty years before that, which was about a quarter of a million (see Figure 1 below).

Figure 1: Net migration to the UK, 1996 to 2022 (ONS long-term migration estimates).

## Net migration to the UK, 1996 to 2022



## Share of additional households headed by those born overseas

9. According to the Quarterly Labour Force Survey of private households, the number of households headed by persons born who were outside the UK rose by 2.7 million between 1990 and 2019. The number increased from **1.6 million** out of a total of 22.6 million in 1990 (**7%**) to **4.3 million**, out of just over 27 million (**15%** of the total) by 2019.

10. As Table 1 below shows, since 1995, 65% of the additional households created in the UK for whom birth place data was recorded have been 'headed' by a person born overseas.

Table 1: Numbers and percentage of increase in households by place of birth of household reference

person<sup>9</sup> for different periods up to 2019 (ONS Labour Force Survey).

Period	All households	All households with birthplace data	UK born household reference person	Non UK-born household reference person
1990–2019	5057986	4717479	2056352	2662127
Percentage of increase			43.6	56.4
1995–2019	4116130	3700980	1286160	2415820
Percentage of increase			34.8	65.3

## Population projections upon which these estimates are based

11. The findings of this paper are based upon UK population projections – produced by Migration Watch UK – for the period from 2021 until 2046. One of the key variables in population projections is the question of what the total fertility rate (or TFR, i.e. the average number of children that born to a female over their lifetime) is likely to be going forward.

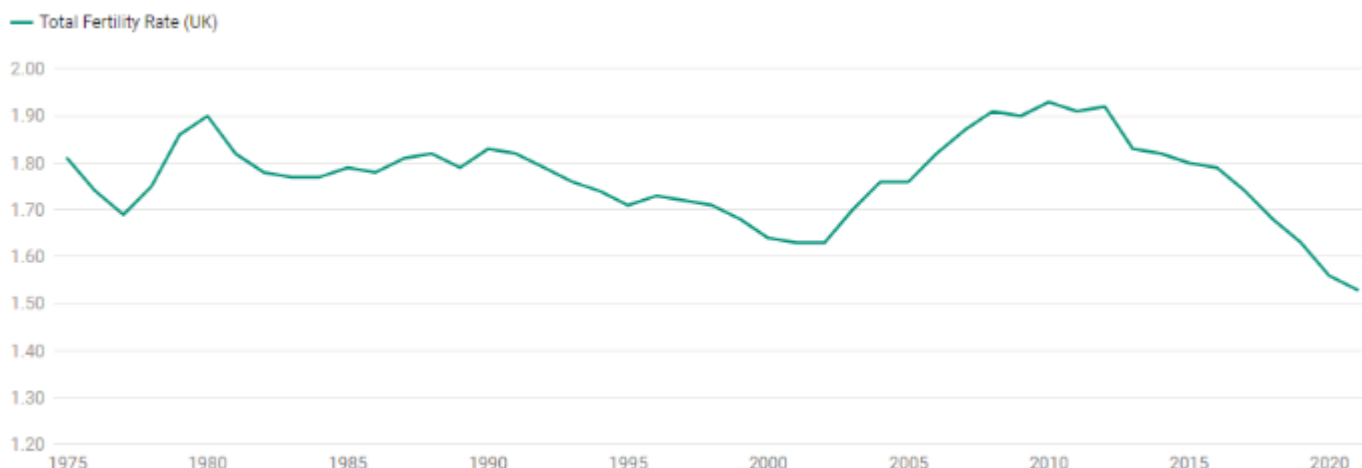
12. To provide historical context, during the period between 1996 and 2021, the UK’s TFR has fallen from just over 1.90 births per woman in 2010 and 2012 to just 1.53 births per woman in 2021 – well below replacement level. See Figure 2 below.

13. For the first set of population projections contained in this paper, the TFR is estimated to continue at the level of 1.53. The use of such an assumption is debateable as the lowest recent TFR in 2021 may have been inextricably linked to the unique conditions of the Covid pandemic which persisted into that year. Indeed, there was a slight uptick in TFR in 2021 in England and Wales. However, it remains to be seen whether such a trend will continue.

<sup>9</sup> According to the ONS, ‘a “household reference person” (HRP) is (current definition, post-2001) the householder, who is the household member who owns the accommodation; is legally responsible for the rent; or occupies the accommodation as reward of their employment, or through some relationship to its owner who is not a member of the household. If there are joint householders, the one with the highest income is the HRP. If their income is the same, then the eldest one is the HRP.’ ONS, URL: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/articles/familiesandhouseholdsstatisticexplained/2021-03-02>

Figure 2: Total fertility rate for the UK, 1975 to 2021 (ONS births data).

### Total fertility rate for the UK, 1975 to 2021

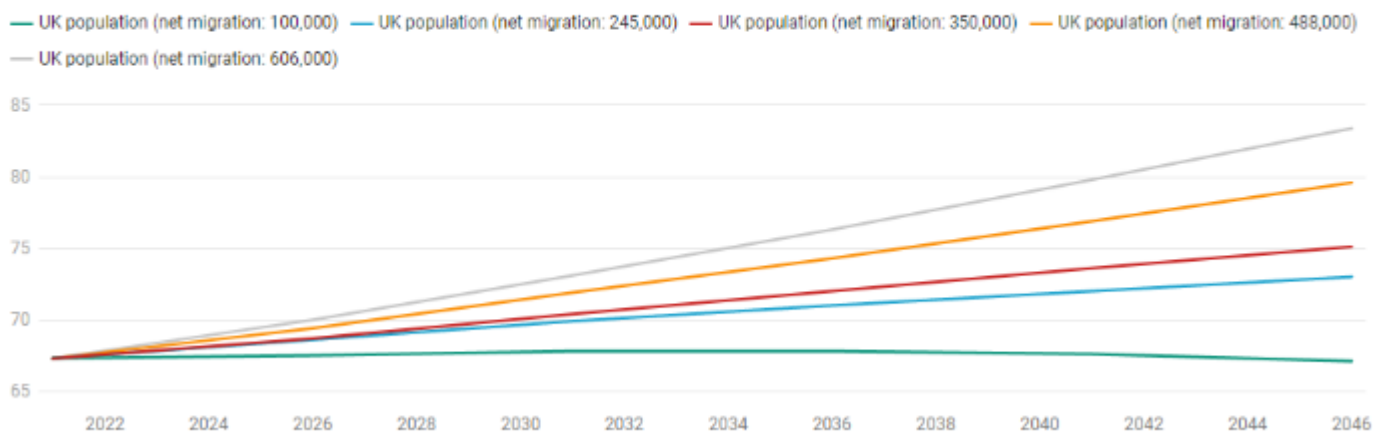


14. However, it is also possible that the UK’s TFR will return to levels last seen in 2015/16 as a result of an improvement in the general economic and political outlook and a reduction of inflation. In order to provide an upper range for our population projections, an alternative set of projections includes a conjectural assumption of 1.77 births per woman going forward.

15. Figures 3 and 4 show the population projections at varying levels of net migration until the mid-2040s assuming TFR of both 1.53 and 1.77 respectively. It must be remembered that projections only show the implications for the future if the initial assumptions continue to hold. The lower level of TFR shows a range between the population initially remaining stable (before beginning a decline) at a level of net migration of 100,000 per year by 2046, and an increase to 83 million should the level of net migration remain at 606,000 per year.

Figure 3: Projected population of the UK 2021-2046 (millions) at various levels of net migration. TFR = 1.53. Migration Watch UK analysis.

### Projected population of the UK 2021-2046 (millions) at various levels of net migration. TFR = 1.53.

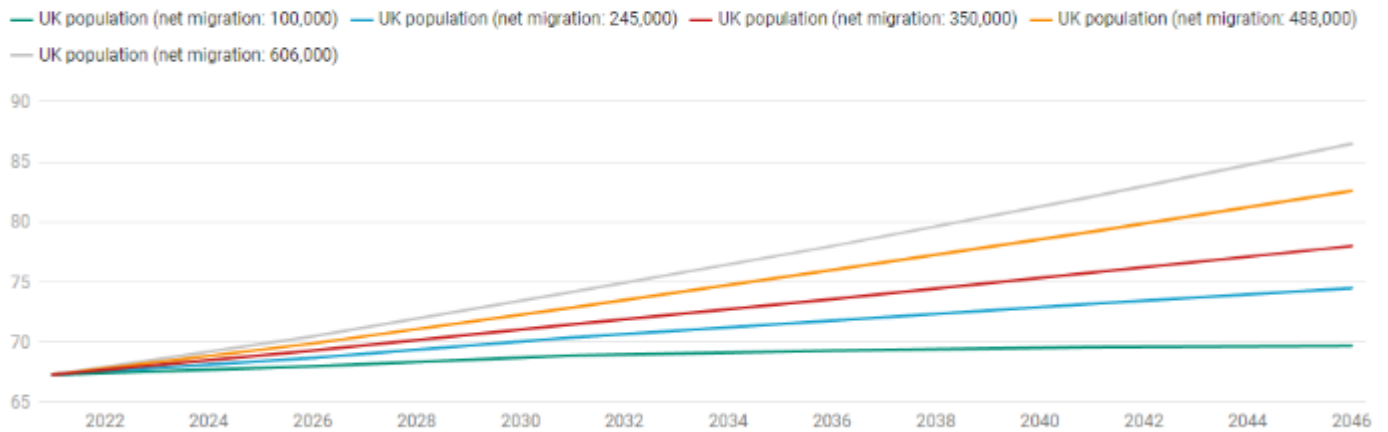


16. The higher level of TFR suggests a population in the range of between 70 million (at net migration of

100,000 per year) and a higher potential population level of nearly 87 million by 2046 if net migration continues to run at the present record level of 606,000 per year.

Figure 4: Projected population of the UK 2021-2046 (millions) at various levels of net migration. TFR = 1.77. Migration Watch UK analysis.

**Projected population of the UK 2021-2046 (millions) at various levels of net migration. TFR = 1.77.**



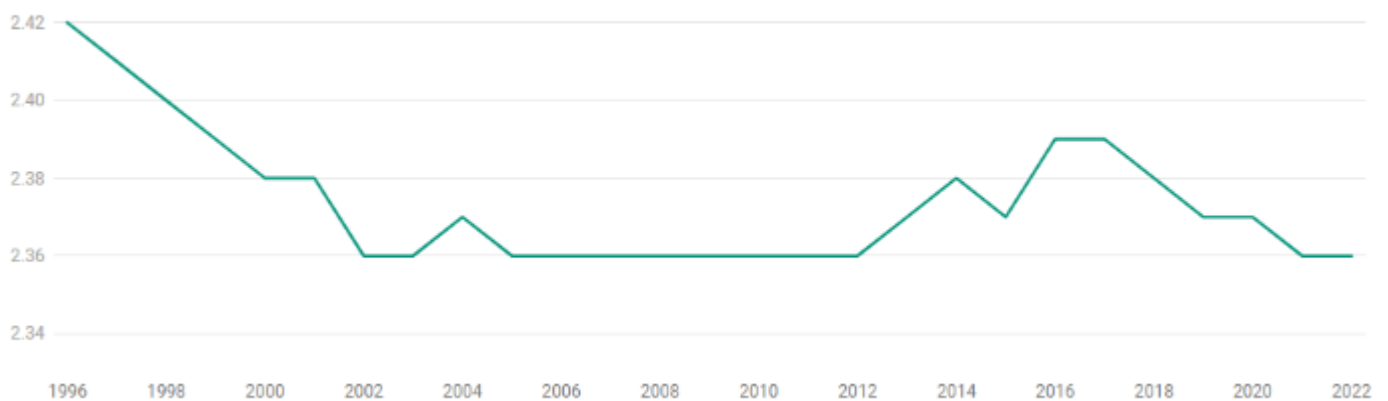
## Household growth, household size and population change

17. Change in the number of households is driven by population trends, adjustments in the age-structure of the population, social factors and birth and death rates – all of which influence the number of people living by themselves and in households of different sizes.

18. For most of the 20th century the number of households rose faster than population growth. Households in 1911 had an average of more than four people per dwelling, but this fell to just under 2.4 by 2022.

Figure 5: Average UK household size (number of persons per household) since 1996 (ONS).

**Average UK household size (number of persons per household) since 1996**



# Assumed household size for these projections

19. Our projections are based upon a household size going forward between 2.3 and 2.5 people per household, with a mid-point estimate of **2.4 people per household**. We explain the use of this assumption below.

20. In their most recent household projections (principal projection, 2018-based figures), the ONS have suggested that the average household size may fall to 2.24 by the early 2040s. Such a fall would be broadly in line with the trend that has seen household size fall from 2.42 in 1996 to 2.36 in 2022 (see Figure 5 above). Over the period of projection, on these assumptions, household size would average 2.3 (2018 to 2043).<sup>10</sup> We take this latter figure as the lower bound of our assumed household size as it appears to represent the latest indication of the ONS view on projected household size in the period up until the 2040s.

21. For an upper boundary of estimated household size, we take into account the fact that migrant-led household sizes are larger on average than those led by UK-born people.<sup>11</sup> Net migration levels are now at a record high – and a growing proportion of population growth has been the direct or indirect result of immigration (this share having risen from 70% in 2012 to 90% in 2019). This might exert upward pressure on household size. For example, in London – which received net overseas migration totalling 1.2 million between 2001 and 2019 and where around half of current heads of households were born outside of the UK – household size has risen significantly, up from 2.35 to 2.69.<sup>12</sup> However, other factors (e.g. the increase in the number of people living alone) could counteract any such effect. We take 2.5 as our upper limit of household size across the projection period.

22. We take the mid-point between 2.3 and 2.5 as the basis for our estimate, i.e. 2.4 people per household. The projections assume a constant ratio of household size to population size. They take no account of changes in the distribution of household size, for example the increase of single-person households of older people.

## Potential impact on household numbers as a result of population change

### *A) Lower scenario (Total Fertility Rate: 1.53)*

23. In order to calculate what the above might mean for the change in the number of households, it is first necessary to calculate the total share of the UK population which consists of the 'household population' i.e. that part of the population living in private households, not in communal establishments of various kinds.<sup>13</sup> The total household population in 2018 accounted for 98% of the total UK population in the ONS's mid-year estimate. We therefore take this as the basis for our proportion of the household population as a share of projected UK population going forward.

<sup>10</sup> For example, see the ONS 2018-based household projections, principal projection, released June 2020, which estimates a household size of 2.24 in 2043.

<sup>11</sup> The ONS has said: "In 2015, the average household size in England where the (head of household) was born in the UK was 2.3 residents per household. The average household size where the (head of household) was born outside the EU was 3.0 residents per household, which is slightly higher than that for households where the (head of household) was EU born (2.6 residents)." ONS, "International migration and the changing nature of housing in England – what does the available evidence show?", May 2017, URL: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/internationalmigrationandthechangingnatureofhousinginenglandwhatdoestheavailableevidenceshow/2017-05-25>

<sup>12</sup> Centre for Policy Studies, 'The Case for Housebuilding', URL: [https://cps.org.uk/wp-content/uploads/2023/01/CPS\\_THE\\_CASE\\_FOR\\_HOUSEBUILDING2.pdf](https://cps.org.uk/wp-content/uploads/2023/01/CPS_THE_CASE_FOR_HOUSEBUILDING2.pdf)

<sup>13</sup> For the 2011 census a household was defined as: 'one person living alone; or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area'.

24. We divide projected population totals by 2.4 people per household. This indicates projected change in the number of households at different levels of migration. However, it needs to be stressed that these projections do not take into account factors such as household formation rates or housing market trends, nor do they account for the future additional housing needs of the base UK population. Table 2 below shows our estimates using the TFR assumption of 1.53 births per woman. They indicate that net migration of 606,000 per year would drive a total population increase of nearly 16 million over the 25-year period, with 6.5 million more households resulting from such growth alone.<sup>14</sup> Again, these numbers would be **in addition** to the housebuilding that is always needed even in the absence of any population growth. Cutting net migration to 100,000 per year would greatly reduce the pressure of increased demand for housing compared with 606,000.

Table 2: Estimated increase in the number of households to 2046 at different levels of projected population growth by migration variant. TFR: 1.53. Migration Watch UK analysis. These projected numbers would be **in addition** to the housebuilding that is always needed even in the absence of any population growth.

Population projections at different migration variants (TFR: 1.53)	Net migration: 100,000 per year	Net migration: 245,000 per year	Net migration: 350,000 per year	Net migration: 488,000 per year	Net migration: 606,000 per year
Population change: 2021-2046	minus 196,000	5,586,000	7,644,000	12,054,000	15,778,000
Estimated change in number of households (2021-46) at average household size of 2.4	minus 82,000	2,327,500	3,185,000	5,022,500	6,574,167
<b>Added homes needed per year due to population growth</b>	<b>N/A</b>	<b>93,100</b>	<b>127,400</b>	<b>200,900</b>	<b>262,967</b>

## B) Higher scenario (Total Fertility Rate: 1.77)

25. Table 3 below shows estimated household growth by 2046 under a population projection scenario including an assumed TFR of 1.77 births per woman.

26. The projections suggest that if net migration continues at the present level of 606,000 per year, the population would rise to just under 87 million over 25 years (an increase of nearly 19 million), resulting in an increase of nearly eight million households. This would mean the need to build more than 310,000 homes per year on the basis of population increase over the period alone (i.e. additional to the needs of the 'base' population).

27. In contrast, a net migration scenario of 100,000 per year, even at a TFR of 1.77, only increases the population by 2.4 million, meaning less than a million more households over the period (40,000 more per year).

<sup>14</sup> Again this number does not take into account household formation rates and housing market trends from which the current government target of 300,000 (which is based upon 2014 projections) is derived, so the actual number of homes needed may vary considerably.



Table 3: Estimated increase in the number of households at different levels of projected population growth by migration variant. TFR: 1.77. Migration Watch UK analysis. NB These projected numbers would be **in addition** to the housebuilding that is always needed even in the absence of any population growth.

Population projections at different migration variants (TFR: 1.77)	Net migration: 100,000 per year	Net migration: 245,000 per year	Net migration: 350,000 per year	Net migration: 488,000 per year	Net migration: 606,000 per year
Population change: 2021–2046	2,352,000	7,056,000	10,486,000	14,994,000	18,816,000
Estimated change in number of households (2021–46) at average household size of 2.4	980,000	2,940,000	4,369,170	6,247,500	7,840,000
<b>Added homes needed per year due to population growth</b>	<b>39,200</b>	<b>117,600</b>	<b>174,767</b>	<b>249,900</b>	<b>313,600</b>

## Conclusion

28. In 2021, while giving evidence to a parliamentary committee, then Home Secretary Priti Patel admitted that the UK *'simply do[es] not have the infrastructure or the accommodation'* to meet demand created by those arriving from abroad.<sup>15</sup> Given the UK was already in the midst of an acute housing shortage, it is relevant to ask why the government enacted policy changes that would drive immigration up to levels never seen before in British history. Ministers despite having been elected on clear and repeated manifesto promises to do the very opposite. As the number of arrivals from abroad continues to rise very sharply due to record work, study and family visas, refugee immigration running into hundreds of thousands per year and the untrammelled flow of illegal boats across the English Channel, the UK's housing crisis has no end in sight. It is set to worsen unless urgent action is taken now to significantly lower the level of immigration to the UK.

29. Immigration has driven up house prices, making it more difficult more many to afford a mortgage deposit. Such trends are set to continue as added demand from overseas arrivals skyrockets. Indeed, this paper has shown that, ***if current levels of immigration continue, the UK will have to build between 15 and 18 more cities the size of Birmingham to house the growing UK population; a population that would be on course to hit between 83 and 87 million by 2046.*** To urgently ease congestion strains and crippling pressure on housing, land, community amenities and the environment, it is essential that the government reduces net migration to the UK to less than 100,000 per year. As well as helping to ease the housing crisis, this would also protect more of the UK's irreplaceable countryside from being bulldozed and lost forever.

<sup>15</sup> The context of these comments was in discussion of the resettlement of Afghans to the UK following the seizure of power by the Taliban in August 2021. Q2, p.3 of then Home Secretary Priti Patel's testimony to a House of Lords committee, October 2021, URL: <https://committees.parliament.uk/oralevidence/2914/pdf/> Also see our piece published in February 2022, URL: <https://www.migrationwatchuk.org/news/2022/02/10/we-simply-do-not-have-the-infrastructure-or-the-accommodation-admits-home-secretary>