

# Immigration and Local House Prices in UK

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## Abstract

*Recent evidence from Sa (2014) suggests that immigration reduces local house prices at the UK local authority level. Therefore, at this geographical scale at least, immigration seems to impose a negative impact on neighbourhood values as reflected by decreasing housing prices. And, what's often used to explain this local economic effect in the literature is the concept of "native flight": if natives, who respond by moving out, tend to be at the top of the income distribution, their departure will lead to a reduction in overall neighbourhood income, which in turn will reduce housing demand and lead to a reduction in house price. Using several different spatial econometric models, this paper attempts to provide some empirical evidence on the extent of immigration effect on local housing values at a very small spatial scale, which then was broken down further into various UK regions to examine regional effects. A small but statistically significant negative impact was found for England and Wales as a whole; this effect also exhibits distinct regional patterns with areas closer to the Greater London tending to have little effect but for those are further away from it, it becomes larger. Secondly, we also challenge the assumption of a single housing market and explore which submarket, are most potently affected particularly in terms of housing tenure and type.*

Keywords: House Prices, Immigration, Spatial Modelling, Housing Sub-markets