



Spatial Economics Research Centre

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Immigration Up, Housing Starts Down

The latest immigration figures suggest that 2010 saw the [highest net entry on record](#) (252,000). Meanwhile housing starts are at their lowest level since the 1920s (at a little under 100,000). Indeed, those figures look set to worsen given the widely reported [454 affordable housings starts last quarter](#).

Coming so close to one another, these figures made me think of Steve Nickell's lecture on [immigration and housing](#) from earlier in the year. In that lecture he suggested that we need to build around 150,000 houses per year to cope with the increase in demand that comes from real income growth and another 120,000 per year to cope with changing patterns of household formation. These kind of rates would be needed for price houses to real income ratios to *stabilise* even if net immigration was zero.

Somewhat ironic then that the [\(unlikely to be met\)](#) short term aim of government is to stimulate demand for new build in the hope that this creates employment in the construction industry, while in the long run the problem remains that the growth in demand will continue to exceed the expansion in supply.

Posted by [Prof Henry G. Overman](#) on [Thursday, November 24, 2011](#).

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