# UK housing crisis worsens as immigration and underbuilding collide, prompting urgent policy response



The UK is facing a significant housing shortage that is becoming increasingly critical, according to Nigel Terrington, the chief executive of buy-to-let lender Paragon Bank. He highlighted that the current number of landlords is insufficient to meet the soaring demand driven by population growth, particularly in student towns and influxes of immigrants. Terrington noted, “Everywhere you go you hear there are 15, 20 people for every rented property and that’s pushing up rents," pointing to a troubling trend in the market. Given that the UK population is projected to increase by another 4 million people by 2032—primarily through immigration—there are fears that the situation may worsen if not addressed promptly. Recently, Paragon reported a nearly 27 per cent rise in pre-tax profits to £140.1 million for the first half of the year, underscoring a rapidly changing economic landscape influenced by housing dynamics.

The correlation between rising immigration and escalating housing challenges in the UK has been emphasised by several authoritative voices. Huw Pill, the chief economist at the Bank of England, stated that significant increases in immigration are contributing to the housing crisis, countering the notion that soaring rents are primarily a result of higher interest rates. In March, rental costs surged by 9.2%, driven by a lack of available properties. Pill asserted, “To some extent, the rents are really a reflection of supply and demand factors [and] reflect things that aren’t to do with monetary policy." Delays in the planning sector, which have plagued housing development, are compounding the issue, leading to a stagnation in the availability of new homes.

The debate surrounding immigration and its impact on housing has gathered political momentum. Figures like Nigel Farage, leader of Reform UK, argue vehemently that immigration is the main culprit behind the housing crisis. He posited that “Britain needs to build a new house every two minutes” to keep pace with legal migrants. Current statistics reflect that 16.8% of the population in England and Wales is foreign-born, and net migration reached 685,000 at the end of 2023. Meanwhile, house prices have skyrocketed, with a 24% increase over the last five years, leaving many struggling to secure affordable accommodations. The Centre for Policy Studies indicates that there has been a chronic supply deficit, with approximately 4.3 million homes short since 1945, a shortfall exacerbated by immigration levels that have consistently exceeded government targets.

Critics argue that attributing the housing crisis solely to immigration oversimplifies a more complex situation rooted in long-term underbuilding. Robert Colvile of the Centre for Policy Studies remarked that the housing crisis predates mass immigration, with the UK having consistently built fewer homes since the 1960s. Government projections underestimated the housing needed to accommodate both existing residents and incoming populations, leading to policies that have consistently fallen short. The government’s aim of building 300,000 homes annually was based on an outdated assumption of net migration around 170,500, whereas recent figures indicate that immigration numbers necessitate a housing stock expansion of approximately 3.4 million homes over the last decade. Still, only about 2.1 million homes were built during that period.

As discussions intensify regarding the direction of housing policy and immigration control, the expectation for a concrete and comprehensive plan from the government remains pressing. Without significant changes to both immigration policy and housing strategies, the risk of an exacerbated housing crisis looms large, inducing further frustration among citizens grappling with unaffordable housing options.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/markets/article-14780647/UK-lacking-landlords-growing-population-rising-immigration-warns-Paragon-Bank-boss.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.telegraph.co.uk/business/2024/05/09/soaring-immigration-is-fuelling-britain-housing-crisis/)
* Paragraph 2 – [[2]](https://www.telegraph.co.uk/business/2024/05/09/soaring-immigration-is-fuelling-britain-housing-crisis/), [[5]](https://www.telegraph.co.uk/business/2024/05/09/soaring-immigration-is-fuelling-britain-housing-crisis/)
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## Bibliography

1. <https://www.dailymail.co.uk/money/markets/article-14780647/UK-lacking-landlords-growing-population-rising-immigration-warns-Paragon-Bank-boss.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.telegraph.co.uk/business/2024/05/09/soaring-immigration-is-fuelling-britain-housing-crisis/> - High levels of immigration are fuelling Britain’s housing crisis, according to the Bank of England’s chief economist, who blamed skyrocketing rents on a shortage of properties. Huw Pill said higher interest rates were not responsible for record hikes in rental costs, which jumped by 9.2% in the year to March. He said 'quite large increases in immigration' were piling more pressure on Britain’s housing stock, after net migration hit a record-breaking 745,000 in 2022. In comments made after the Bank of England held rates at 5.25% for a sixth consecutive meeting on Thursday, Mr Pill said: 'The population is growing. To some extent, the rents are really a reflection of supply and demand factors [and] reflect things that aren’t to do with monetary policy.' A shortage of houses stems from delays in the planning sector, Mr Pill said, which has long been a source of concern for Britain’s biggest developers.
3. <https://www.telegraph.co.uk/money/property/house-prices/truth-house-prices-immigration/> - Nigel Farage, the leader of Reform UK, has claimed that 'immigration is the real reason for the housing crisis', arguing that Britain needs to 'build a new house every two minutes' to accommodate legal migrants. The UK has experienced thirty years of positive net migration, with 16.8% of the population in England and Wales foreign-born, according to the 2021 census. Net migration was 685,000 in the year to December 2023. Meanwhile, the average UK house price was £284,691 in December 2023, a 24% increase in the last five years, according to the Office for National Statistics. House prices have soared by almost 70% since the Conservatives gained power in 2010, Bloomberg found. Politicians – including Farage – are keen to capitalise on the frustration and anger of people trapped in the housing market. Robert Colvile, of the Centre for Policy Studies think tank, says: 'All three of Reform, Labour and the Conservatives are promising to build more houses and cut immigration – but they are generally pretty scant on the detail of how they will do either or both of these, with Reform’s housing pledges being the least detailed of all.' So is immigration to blame for the housing crisis – or are other factors at play? The housing crisis has primarily been caused by a lack of supply. Britain has accumulated a deficit of 4.3 million homes that it has failed to build since 1945, compared to the average European country, according to think tank the Centre for Cities. That is larger than building a city the size of London, which already has 3.8 million homes. 'The housing crisis long predates the age of mass immigration. We’ve been building fewer houses every decade since the 1960s,' says Colvile. Not only have we been building too few homes for the existing population, it hasn’t kept up with newcomers either. Because of immigration, successive governments’ housebuilding targets have been far too low, adds Colvile – not that they would have necessarily been able to hit them. 'When the Government set a housing target for England of 300,000 homes a year, it did so on the assumption that net migration would be 170,500 a year. In fact, it’s been higher every year since – far, far higher in the last couple of years, when that housing target would have had to be over half a million to keep pace.' He continues: 'According to the Government’s own methodology, we needed to expand the housing stock by around 3.4 million homes over the last decade: 2.2 million to meet existing housing pressures, and 1.2 million to cope with net migration. We increased the number of homes by only 2.1 million.' Bloomberg found that in some areas of the country, just one home was built for every 10 additional people added to the population between 2011 and 2021.
4. <https://www.telegraph.co.uk/business/2024/05/08/migration-failed-economic-growth-made-housing-crisis-worse/> - Record-high levels of immigration have failed to boost the economy while making the housing crisis worse, a leading think tank has warned. In a report co-authored by former immigration minister Robert Jenrick, the Centre for Policy Studies (CPS) urged the Government to introduce caps on legal immigration to stop a drain on British infrastructure and public services that is not offset by economic growth. In particular, high levels of immigration are 'significantly exacerbating the housing crisis', it said. The report, which is jointly authored with former health minister Neil O’Brien, also suggested the Home Office should be broken up to create a new department to control immigration. 'I resigned from government because I refused to be another politician who broke their promise to reduce immigration. Three decades of mass migration have utterly failed the British public. The costs have been covered up,' said Mr Jenrick. The report also highlights that the UK has failed to build enough homes to meet demand, with a deficit of 4.3 million homes since 1945 compared to the average European country, according to the Centre for Cities. This shortfall has been exacerbated by higher-than-expected net migration, which has been higher every year since the Government set a housing target for England of 300,000 homes a year, based on the assumption that net migration would be 170,500 a year. In fact, it’s been higher every year since – far, far higher in the last couple of years, when that housing target would have had to be over half a million to keep pace.
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