

5: London's attractiveness as a location for business and people

5.1 Key points

- London is a competitive location for business, benefitting from inherent advantages such as legal, political and regulatory frameworks, as well as having corporation tax rates lower than any other G7 country.
- The capital figures prominently across a range of city ranking indices and positioned as the leading global city according to the PWC Cities of Opportunity and the Global Financial Centres Index.
- London is a prominent destination for inward investment, particularly in areas in which London has industrial specialisation, such as information and communication, financial services and professional services.
- London has a highly skilled workforce, with over half of all workers in the capital being educated to at least degree level.
- London comprises 41 per cent of total net international migration to the UK, with net migration of around 100,000 each year over the last decade. Coming to the UK for work is the most common reason for migration, followed by study, and accompanying family already in the UK.
- There are many factors which encourage people to live in the capital such as the economic opportunities available through work, as well as its culture and heritage.
- The proportion of London's population who were born outside the UK has grown considerably over time, currently at 37 per cent according to the 2011 Census. These rates are similar to other major global cities such as New York, Hong Kong, and Singapore.
- The capital not only attracts people for work, it also attracts students to its universities, which feature prominently in international rankings. There are over 100,000 international students in the capital, comprising almost a quarter of all international students in the UK.
- London is one of the most visited cities in the world, with 18.6 million people visiting the capital in 2015.

5.2 Introduction

London is a leading global city on many counts. Historically, it has developed over time as a result of being a centre for trade, and it is through globalisation and trade that London has become increasingly specialised in certain activities (particularly in financial and business services), and has built upon its comparative advantages (see Chapter 1 for more detail).

Many factors explain why London remains a competitive location, however this can be evidenced through exploring why businesses and people want to locate in the capital. Without London developing as a location for globally mobile business, people will not be attracted to locate in the capital to take advantage of employment opportunities and potential higher standards of living; but without people wanting to live and work in the capital, businesses may not be able to draw upon the specialist skills they need to effectively operate in the capital.

London's specialisms in high skilled, high value business activities means that London is able to offer high wages and numerous career opportunities. People are attracted to the capital from both within the UK and outside; for businesses, this means that there is a ready supply of labour for higher value occupations and activities. However, London's economy – as well as being specialised in some areas – is quite diverse, offering a range of opportunities to those looking to live and work in London. Sectors such as accommodation & food, retail, administrative and support services, construction, and public services are all significant employers in London's economy – and all of which need a mixture of high and lower skill sets.

This chapter looks at the factors that have drawn businesses and people to the capital, and provides evidence explaining the importance of each – for example, by examining trends in inward investment, taxation and regulation; but also by considering London's standing within global ranking indicators.

5.3 London's attractiveness as a location for business

The first half of this chapter looks at the various factors which influence businesses, both internationally and within the UK, to locate to the capital; and includes the following:

- London's geographic position
- Tax and regulatory environment
- Legal, regulatory and political framework
- London as a centre for business
- London as a financial centre

Within each of these categories, data are explored to show the evidence for each, drawing upon official statistics and other survey data.

5.3.1 London's global position and historical development

Over time, London's status as a global city has developed as a result of its central location. London sits between East and West with the implication being that London can overlap the business hours of other major business locations. Tokyo and the Far East business closes at the start of London's main business hours, the Middle East largely sits within main business hours and New York and other centres in the West start towards the end of business hours in London. The capital is therefore able to develop strong connections with all of these business locations, sitting naturally as the connection between East and West.

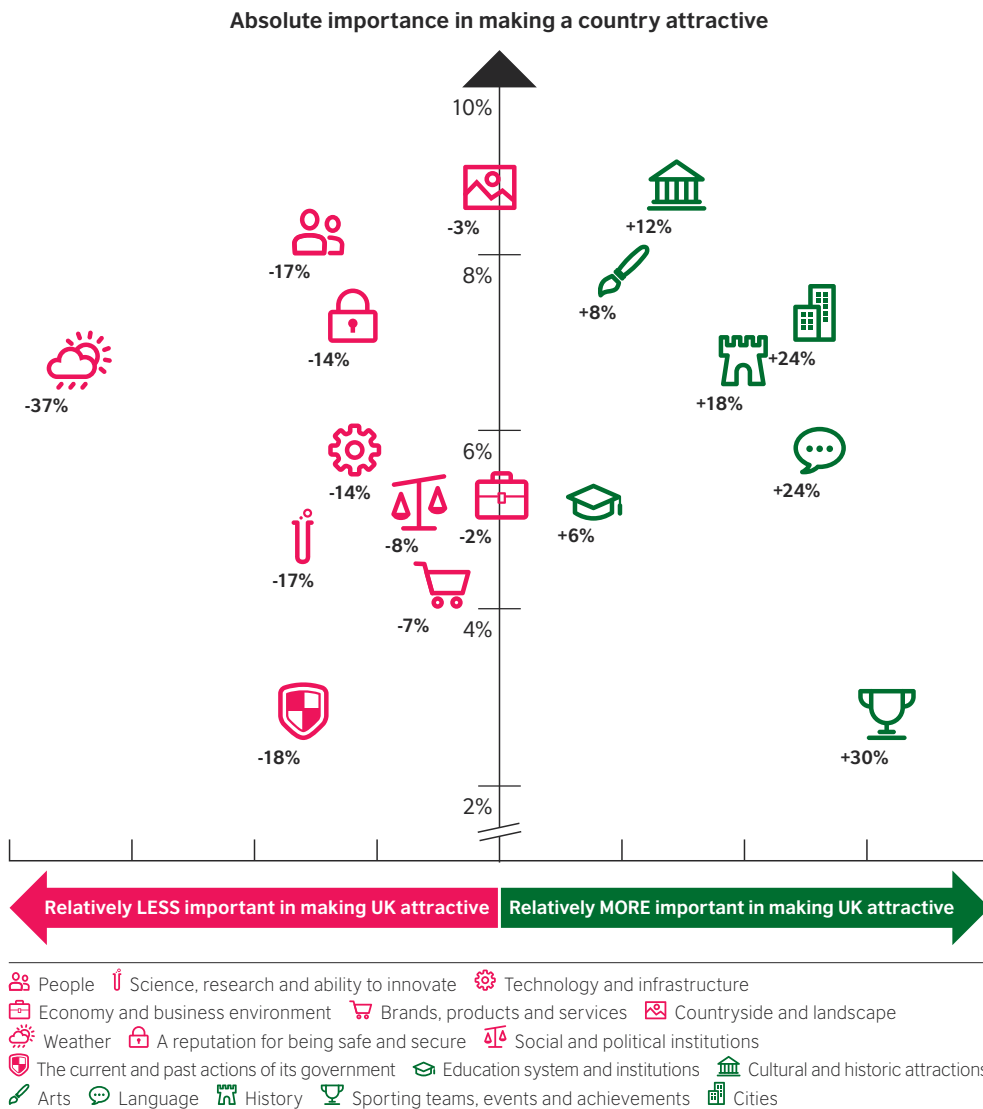
In addition, the UK has played an important role in global history and globalisation. English has become the pre-eminent business language, used in North America, and widely taught as an essential skill across education systems. The presence of a wide range of cultures coming together in a global city, with English as a common language, enables the capital to attract both business and people.

Analysis undertaken for the British Council by Ipsos Mori in 2014 looked at the relative importance of the factors that influenced the attractiveness of countries. By examining the responses of two separate questions on the attractiveness of the UK and countries in general, the research found that language was relatively more important in making the UK attractive compared with other nations, as shown from the extract of the report in Figure 5.1.

Figure 5.1: Factors influencing the attractiveness of the UK and countries more generally

Question 1: Which, if any, of the following characteristics particularly contribute to making a country attractive to you?

Question 2: Which, if any, of the following characteristics particularly contribute to making the UK attractive to you?



Base: Five-country data (5,029); 18–34 year olds in Brazil (1,003), China (1,007), Germany (1,003), India (1,006), US (1,010), Fieldwork December 2013 – January 2014. Data presented here is weighted to relevant national populations. Source: Fieldwork – Ipsos MORI; Analysis – In2Impact.

Source: British Council

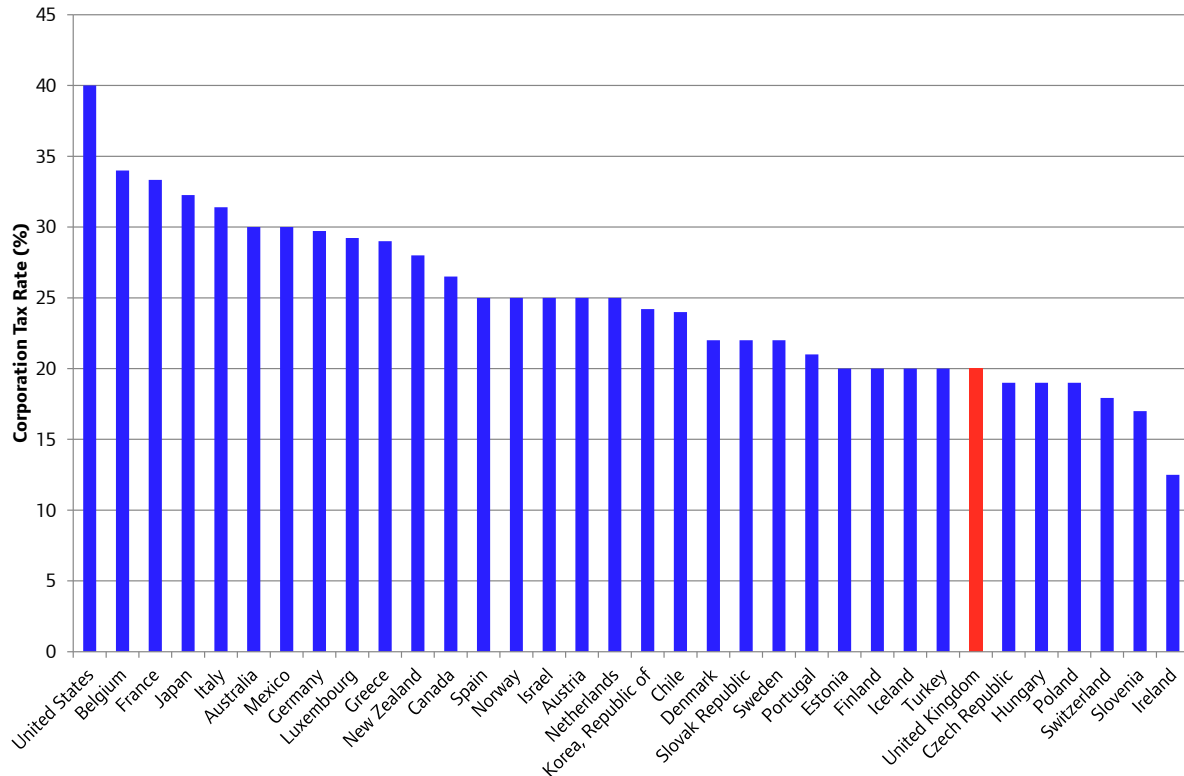
5.3.2 Legal, financial and political frameworks

The UK has a well recognised legal framework, as well as accounting and finance practices. This gives confidence to investors when making decisions on where to locate. In addition, traditionally the UK has been seen as a politically stable location. When examining London’s position in the global economy, all these factors together play a significant role in attracting business to the capital.

5.3.3 Tax and regulatory environment

In recent times, the UK government has looked to present the UK as a competitive global location through lowering corporation tax levels and ensuring a pro-business regulatory environment. Figure 5.2 demonstrates how the UK ranks in relation to other nations for corporation tax rates, showing that in 2016, it has the lowest corporation tax rate of any G7 country.

Figure 5.2: Corporation tax rates, OECD nations, 2016



Source: KPMG

The UK has become increasingly competitive on corporation tax, with the rate falling from 30 per cent in 2008, down to 20 per cent in 2015. The UK is now amongst the most competitive locations on corporate tax, and this progression over time is shown within Table 5.1. However this table does not include countries and territories where the corporation tax rate is zero, notably the Cayman Islands, Bermuda and Bahrain. The table also shows that some jurisdictions continue to have lower corporation tax rates than the UK, notably Singapore, Hong Kong and Switzerland.

Table 5.1: Highest corporation tax rate in selected countries over time, 2006-2016 (ranked highest to lowest, 2016)¹

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
United Arab Emirates	55	55	55	55	55	55	55	55	55	55	55
United States	40	40	40	40	40	40	40	40	40	40	40
France	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33	33.33
Japan	40.69	40.69	40.69	40.69	40.69	40.69	38.01	38.01	35.64	33.06	32.26
Italy	37.25	37.25	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4
Germany	38.34	38.36	29.51	29.44	29.41	29.37	29.48	29.55	29.58	29.65	29.72
Canada	36.1	36.1	33.5	33	31	28	26	26	26.5	26.5	26.5
Global average	27.5	26.95	26.1	25.38	24.69	24.5	24.4	23.71	23.64	23.68	23.63
EU average	24.83	23.97	23.17	23.11	22.93	22.7	22.51	22.75	21.34	22.15	22.09
United Kingdom	30	30	30	28	28	26	24	23	21	20	20
Switzerland	21.3	20.63	19.2	18.96	18.75	18.31	18.06	18.01	17.92	17.92	--
Singapore	20	20	18	18	17	17	17	17	17	17	17
Hong Kong	17.5	17.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Macau	12	12	12	12	12	12	12	12	12	12	12

Source: KPMG². Note: Data for Switzerland for 2016 not currently available.

Although the UK is a competitive location for business based on corporate taxation, it is less so on levels of personal taxation. London's economy attracts workers who are highly skilled and internationally mobile, so levels of personal taxation could affect the decision on whether to live and work in London. Table 5.2 provides data from KPMG on the highest income tax rates in selected countries, which sees the UK sit towards the top; however it must be remembered that tax systems vary from country to country, and as such tax burdens in other areas (sales taxes, other indirect taxes) may not fully correlate with levels of income taxation.

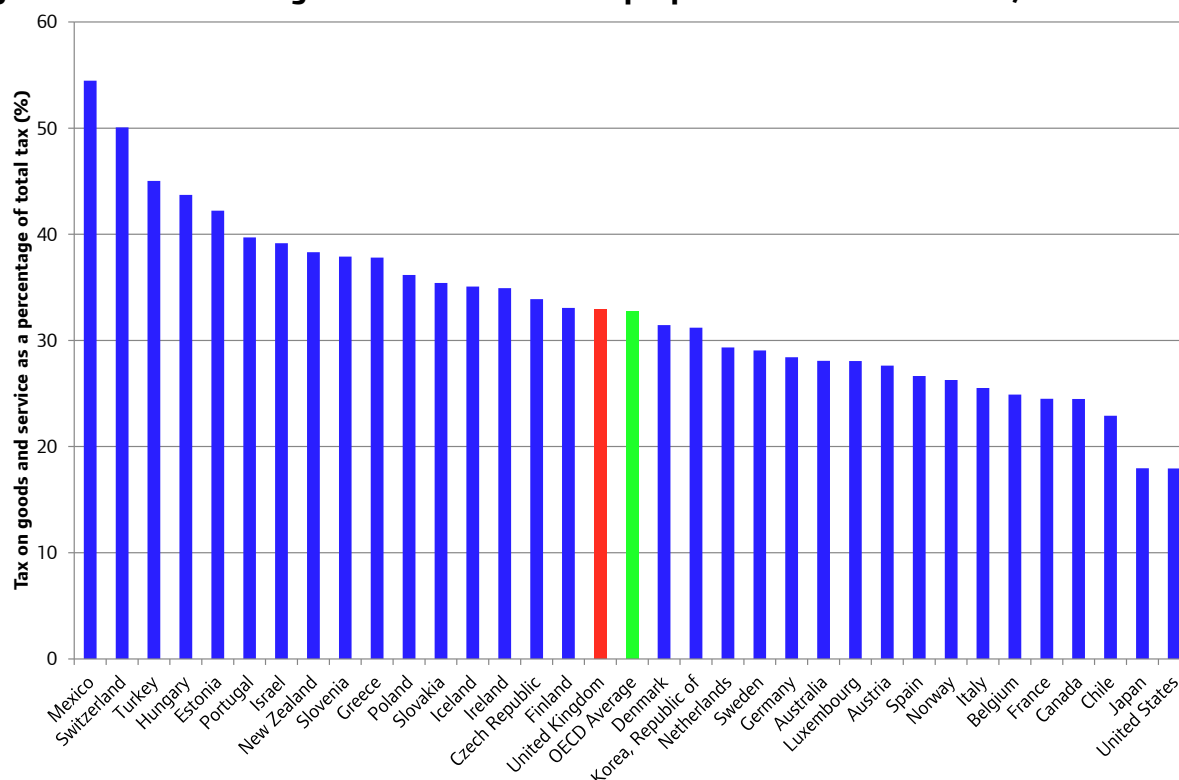
Table 5.2: Highest income tax rate in selected countries and area averages over time, 2006-2016 (ranked highest to lowest on 2016)³

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Japan	50	50	50	50	50	50	50	50.84	50.84	50.84	55.95
Ireland	42	41	41	46	47	48	48	48	48	48	48
Germany	42	45	45	45	45	45	45	45	45	45	45
United Kingdom	40	40	40	40	50	50	50	45	45	45	45
France ⁴	40	40	40	40	41	41	45	45	45	49	--
Italy	43	43	43	43	43	43	43	43	43	43	43
Switzerland	40.4	40.4	40	40	40	40	40	40	40	40	40
United States	35	35	35	35	35	35	35	39.6	39.6	39.6	39.6
EU average	39.9	39.32	37.56	37.03	37.3	37.09	37.46	38.37	38.38	37.78	37.23
Global average	32.68	31.96	31.44	30.96	31.25	30.85	31.34	30.99	31.12	31.17	--
Canada	29	29	29	29	29	29	29	29	29	29	33
Singapore	20	20	20	20	20	20	20	20	20	20	22
Hong Kong	16	16	15	15	15	15	15	15	15	15	15
Macau	12	12	12	12	12	12	12	12	12	12	12
United Arab Emirates	0	0	0	0	0	0	0	0	0	0	0

Source: KPMG⁵

While the United Kingdom has a relatively competitive tax system regarding business taxes, some countries offset this with differing levels of personal income taxation, and on goods and services. Figure 5.3 shows that indirect taxation as a proportion of total taxation in the UK is comparatively higher, however its impact on London's competitiveness as a location for business and people is arguably likely to be lower compared to relative levels of corporation or personal taxation.

Figure 5.3: Taxation on goods and services as a proportion of total taxation, 2013



Source: OECD

5.3.4 London's business make-up

As a result of the many pull factors that encourage businesses to invest in London, as well as the potential returns that businesses can achieve from being successful in such a large market, London is a competitive business environment, with higher levels of business start-ups and closures: business churn is higher in London than the UK as a whole. This section provides an overview of London's business make-up drawing upon national datasets as well as work commissioned by GLA Economics on the spatial nature of business in London.⁶

Business births and deaths

According to ONS Business Demography data, there were 500,825 active enterprises in London, comprising 19.6 per cent of all businesses in the UK in 2014 (Table 5.3). Between 2009 and 2014, London's share of active enterprises grew by 2.5 percentage points, with a consistent growth profile over the six year period. London also has a considerably higher number of business births and deaths compared to other regions, and these data are shown in Table 5.4.

As can be seen, due to the competitive nature of business in the capital, net-start up rates in London are much higher than those in any other region of the UK.

Table 5.3: Numbers of VAT/PAYE registered enterprises by region, 2014

Region	Number of active enterprises	Proportion of total UK
North East	68,775	2.7%
North West	249,465	9.8%
Yorkshire and the Humber	176,840	6.9%
East Midlands	167,360	6.6%
West Midlands	198,765	7.8%
East	254,340	10.0%
South East	403,070	15.8%
South West	215,905	8.5%
Wales	92,445	3.6%
Scotland	167,860	6.6%
Northern Ireland	55,240	2.2%
London	500,825	19.6%
United Kingdom	2,550,890	--

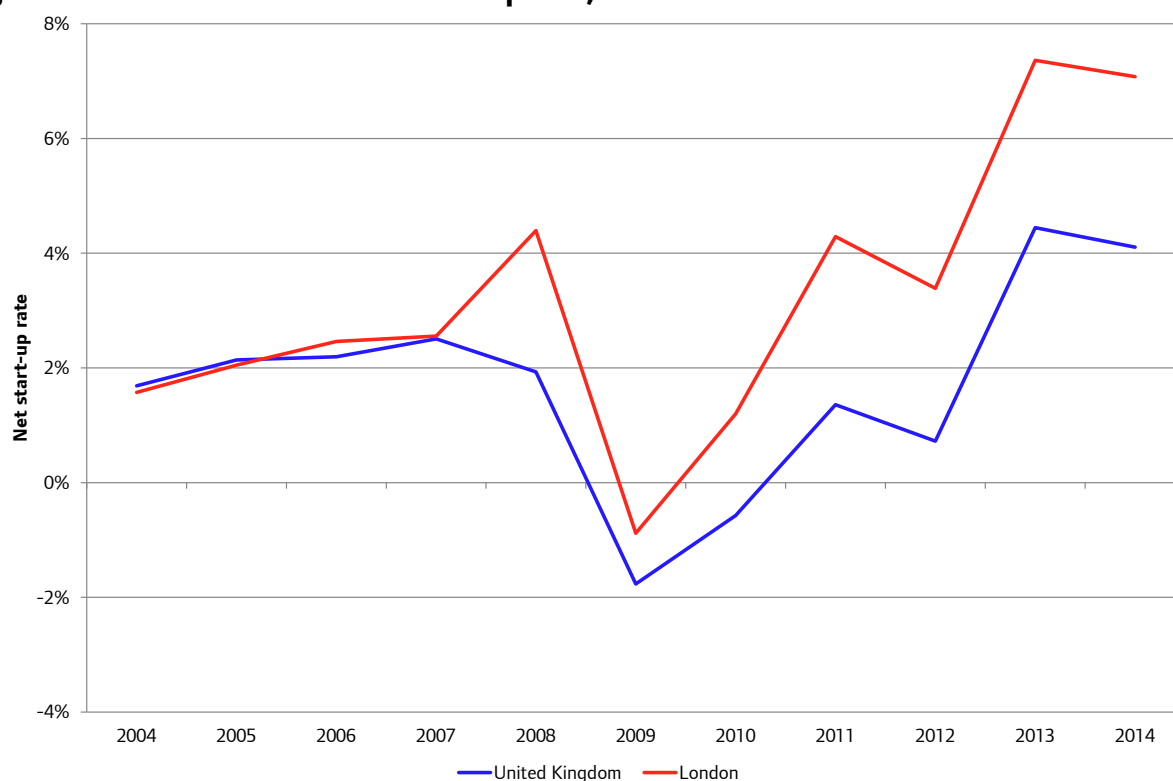
Source: Business Demography, ONS; GLA Economics calculations

Table 5.4: Enterprise births, deaths and net-start up rate by region, 2014

Region	Enterprise Births	Enterprise Deaths	Net Start-up rate
North East	9,650	6,985	3.9%
North West	34,275	25,300	3.6%
Yorkshire and the Humber	23,745	17,325	3.6%
East Midlands	22,035	15,705	3.8%
West Midlands	25,740	19,100	3.3%
East	32,595	23,580	3.5%
South East	51,280	36,765	3.6%
South West	25,300	19,275	2.8%
Wales	11,345	8,490	3.1%
Scotland	21,235	15,565	3.4%
Northern Ireland	4,805	4,605	0.4%
London	88,580	53,140	7.1%
United Kingdom	350,585	245,835	4.1%

Source: Business Demography, ONS; GLA Economics calculations

Similar trends have occurred over time; London has seen higher levels of net business start-ups than the UK as a whole as shown in Figure 5.4.

Figure 5.4: Annual business net-start up rate, London and the UK

Source: *Business Demography, ONS; GLA Economics calculations*

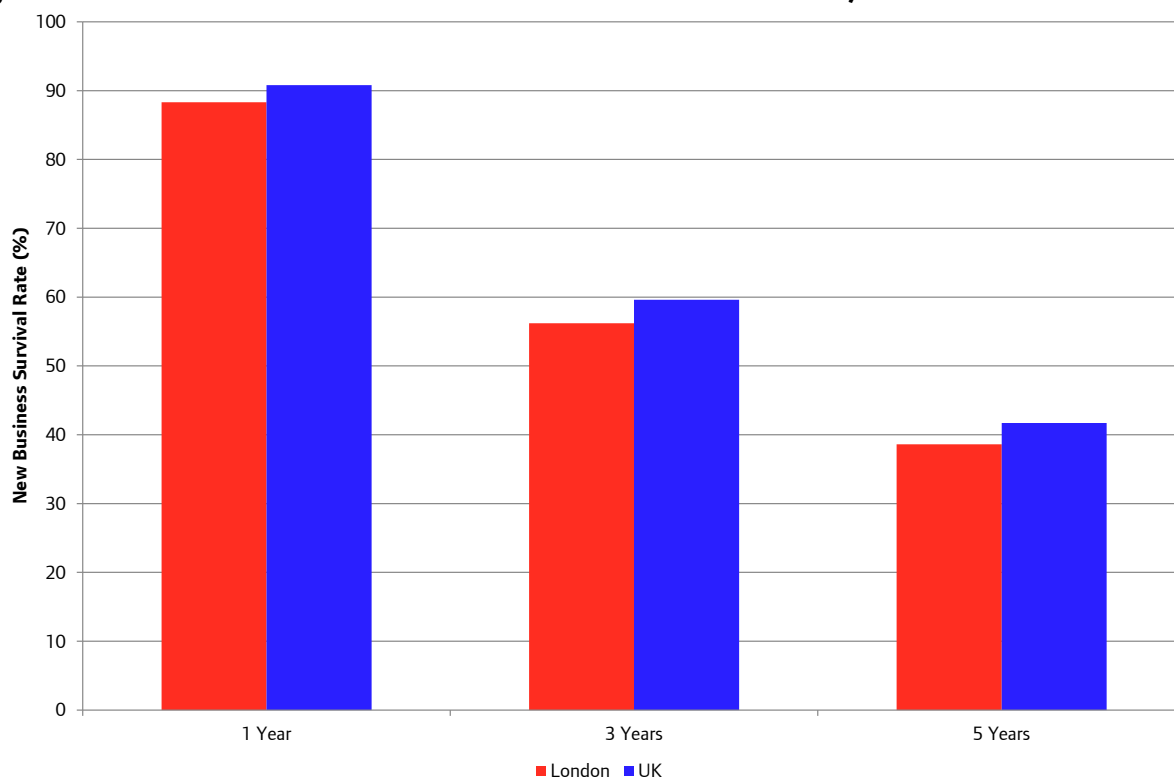
All of this is representative of a competitive business environment. Whilst net-start-up rates went negative in the period of the 2009 recession they have since picked up. As a result, despite a significant level of business failures, the continued draw of London as a centre for business means that business start-ups remain high, as shown in Table 5.5.

Table 5.5: Enterprise births and deaths in London by year

	2009	2010	2011	2012	2013	2014
Births	50,575	52,755	61,395	65,095	83,600	88,580
Deaths	54,130	47,800	43,325	50,205	49,280	53,140
Net Births	-3,555	4,955	18,070	14,890	34,320	35,440

Source: *Business Demography, ONS*

Along with a higher net start-up rate, business survival rates in London are lower than for the UK as a whole, which in part can be attributed to a more competitive business climate in the capital. Data shows that for businesses born in 2009, the one, three and five year business survival rates are typically 2 to 3 percentage points lower in the capital than the UK as a whole, with 38.6 per cent of businesses born in 2009 still in operation five years later (Figure 5.5).

Figure 5.5: Business survival rates for those established in 2009, London and the UK

Source: *Business Demography, ONS*

Changing spatial nature of businesses in London

Data analysed by Trends Business Research (TBR) provides an insight into how the business make up of London has changed over time. Within Chapter 2, analysis of spatial aspects of business in London are considered. Within this chapter, the analysis looks at how the stock of businesses in the capital has changed over time. The data in Table 5.6 show that the Central Activities Zone (CAZ) and Northern Isle of Dogs (NIOD) area is highly competitive with net start-up rates in excess of those in other areas of London, however all areas (including both inner and outer London) can be seen to be competitive. This analysis shows that, across London, more businesses are started, in general, than are closed.

Table 5.6: Net business births as a percentage of stock in London

	1998-2001	2001-2004	2004-2007	2007-2008	2008-2009
CAZ	5.5%	3.3%	5.3%	9.2%	1.3%
NIOD	10.1%	7.3%	8.2%	12.4%	4.1%
Inner London	4.8%	4.5%	5.6%	7.4%	-1.3%
Outer London	4.3%	2.4%	6.3%	7.0%	-1.5%
London	4.6%	3.5%	5.9%	7.2%	-1.4%
CAZ/NIOD	5.6%	3.3%	5.3%	9.2%	1.4%

	2009-2010	2010-2011	2011-2012	2012-2013
CAZ	5.5%	5.3%	-1.7%	-0.5%
NIOD	9.6%	7.8%	1.1%	2.1%
Inner London	1.9%	7.8%	-0.2%	3.0%
Outer London	0.7%	8.5%	-0.5%	3.6%
London	1.3%	8.1%	-0.4%	3.3%
CAZ/NIOD	5.6%	5.3%	-1.6%	-0.5%

Source: *TBR*

When looking at individual sectors, measures of business churn (that being births plus deaths as a percentage of total business stock) show that the business make-up is consistently being refreshed, however no correlation can really be drawn at the sector level as to whether business churn levels are higher in sectors where London has specific comparative advantages, as shown in Table 5.7 (with a fuller time series provided within Appendix 5.2).

Table 5.7: Rates of business churn in London by sector, selected years

Sector	2008-2009	2010-2011	2012-2013
Science/Tech	21.4%	19.8%	19.6%
Creative Industries	23.0%	19.0%	18.5%
Construction	21.6%	16.3%	23.2%
Manufacturing	17.1%	18.7%	15.8%
Retail Trade	17.7%	23.6%	19.3%
Transportation and storage	18.0%	20.5%	19.1%
Accommodation and food service activities	18.6%	23.7%	19.3%
Information and communication	25.2%	22.2%	22.1%
Financial and insurance activities	15.0%	23.4%	19.6%
Real estate activities	13.4%	12.0%	16.2%
Professional, scientific and technical activities	20.7%	17.9%	23.0%
Administrative and support service activities	31.3%	23.6%	20.7%
Public administration and defence	15.3%	32.2%	14.6%
Education	15.7%	15.4%	13.5%
Human health and social work activities	20.2%	26.1%	29.5%
Arts, entertainment and recreation	18.0%	17.8%	19.7%
Other services activities	20.6%	22.2%	19.4%

Source: TBR

5.3.5 Indicators of London's competitiveness

City ranking indicators

One of the ways that the competitiveness of London can be observed is through the review of city ranking indicators. Table 5.8 sets out a series of such surveys and London's position within them. However, some care is required when considering such indicators given the differences in methodology and assumptions between them – a topic on which GLA Economics previously reported.⁷

Table 5.8: City Ranking Indicator Summary

Survey where London came first	Survey where London came second	Survey where London was in the top five
Cities of Opportunity 7 (2016) – PwC ⁸	2025 City Competitiveness Index – The Economist Intelligence Unit ⁹	A.T. Kearney Global Cities Outlook 2016 (4 th)
A.T. Kearney – Global Cities Index 2016 ¹⁰	Networked Society City Index 2014 – Ericsson ¹⁴	Sustainable Cities Index 2016 – Arcadis ¹¹
European Attractiveness Survey 2016 – EY ¹³	Cities in Motion Index 2014 – IESE Business School ¹⁷	City Prosperity Index 2012/2013 – United Nations (4 th) ¹²
Global Destination Cities Index 2015 – MasterCard ¹⁶	GfK/Anholt City Brands Index 2015	Innovation Cities Index 2014 – Innovation Cities (3 rd) ¹⁵
Global Power City Index 2015 – The Mori Memorial Foundation ¹⁸	GfK/Anholt City Brands Index 2015	
The World According to GaWC 2012 – Globalization and World Cities (Loughborough University) ¹⁹		
Global Financial Centre Index 20 – Z/Yen ²⁰		
European Digital City Index 2015 – Nesta		

With the previous caveat in mind, there are many factors which explain why London is a globally competitive city. One example of a wide ranging index is the PWC Cities of Opportunity, which assesses the competitiveness of cities across ten broad indicators (and 59 component indicators). The seventh version of this report ranked London as the leading global city ahead of Singapore and Toronto. Table 5.9 provides the ranking order of cities included within this index.

Table 5.9: PWC Cities of Opportunity Rankings

Rank	City	Rank	City	Rank	City
1	London	11	Seoul	21	Shanghai
2	Singapore	12	Berlin	22	Moscow
3	Toronto	13	Chicago	23	Mexico City
4	Paris	14	Los Angeles	24	Johannesburg
5	Amsterdam	15	Tokyo	25	Sao Paulo
6	New York	16	Madrid	26	Bogota
7	Stockholm	17	Dubai	27	Rio de Janeiro
8	San Francisco	18	Milan	28	Jakarta
9	Hong Kong	19	Beijing	29	Mumbai
10	Sydney	20	Kuala Lumpur	30	Lagos

Source: PWC Cities of Opportunity

More specifically, a review of the broader indicators gives an indication of the relative strength of the capital. Table 5.10 shows the capital's ranking across each of the ten broad indicators.

Table 5.10: London’s position across broad indicators within PWC Cities of Opportunity index

Indicator Set	London’s Ranking	Highest Rated city	Second rated city	Third rated city
Intellectual capital and innovation	1 st	London	San Francisco	Paris
Technology readiness	2 nd	Singapore	London	Amsterdam, New York
City gateway	1 st	London	Paris	Beijing
Transportation and infrastructure	=8 th	Singapore	Dubai	Stockholm
Health, safety and security	8 th	Tokyo	Toronto	Sydney
Sustainability and the natural environment	13 th	Stockholm, Sydney	--	Seoul, Toronto
Demographics and livability	3 rd	Paris, New York	--	London
Economic clout	1 st	London	New York	Beijing
Ease of doing business	3 rd	Singapore	Hong Kong	London
Cost	26 th	Johannesburg	Toronto	Los Angeles

Source: PWC Cities of Opportunity

A review of London’s position shows key areas of strength for the capital, but also areas where London performs less well. London leads in three of the broad indicators, and these findings correlate with other survey data on the capital. London is in the top three for six of the ten indicators, however London rates as the 5th worst of the cities analysed in terms of costs, which look at areas such as corporate and personal taxation, the costs of business occupancy and the costs of living (a topic explored in more detail within Chapter 10). London’s relative place amongst other major cities highlights risks to London’s future prosperity – a topic which is explored in more detail in Chapter 6.

Foreign Direct Investment

One way in which London’s “economic clout”, “city gateway” and “intellectual capital and innovation” can be observed is through the scale of inward investment into the capital. In recent times, businesses and investors have seen London as a suitable location to invest for a wide variety of reasons, whether it be as the gateway into the UK and European markets, to take advantage of the highly skilled labour force, or to seek to draw upon the benefits of agglomeration with other businesses within their sector (or shared services which would lead to greater innovation). In light of the UK electorate’s vote to leave the European Union, and depending on the nature and outcomes from negotiation processes, London’s continued attractiveness as a place to invest (and access the EU single market) may be impacted in the medium and longer term.

From an economic perspective, inward investment can act as a means of increasing productivity, as a new entrant into a market may have new ideas, methods or technologies which increases productivity. As part of this process, new entrants, if they have technology far in advance of domestic firms, may mean that less productive firms are forced to leave the market; as a result the net benefits from inward investment will likely be through improvements in total factor productivity.

The data within this section have been sourced from two main suppliers. fDi Markets is a real-time data resource providing details on investment flows, for example, monitoring investment that comes into London or originates from London. These data also record the industrial sector which the investment is in (these definitions however do not correlate with the Standard Industrial Classification (SIC) from the ONS), the number of new jobs estimated to be created, and the level of capital investment related to it. However a limitation is that data on jobs and capital investment are estimates based on market intelligence and press releases. Data on the number of investment projects however are more certain.

In addition, data from the Global Investment Monitor from EY is also used to provide additional analysis and corroborating evidence. Reports such as the UK (and European) attractiveness surveys give insights into the scale of investments and some of the associated issues relating to inward investment – such as industry leaders views on the future trends for investment and global macroeconomics issues that may influence future paths of investment.

i) Global trends in FDI

London has to compete against other major global cities and nations for investment, especially as capital and people are increasingly able to move freely and quickly. As a destination for investment, London has been consistently competitive over the last decade – this is shown in Table 5.11. London has consistently been in the top three cities for the number of inward investment projects coming to the capital (Table 5.12).

Table 5.11: Number of inbound FDI projects by city, 2005 - 2015

Rank	Destination City	2005	2010	2011	2012	2013	2014	2015	Total: 2005 - 2015
1	London	228	333	393	386	421	423	494	3,855
2	Singapore	161	363	393	403	438	444	386	3,721
3	Shanghai	344	307	305	265	304	271	193	3,241
4	Dubai	185	217	265	250	264	242	261	2,814
5	Hong Kong	132	231	259	252	244	202	199	2,402
6	Paris	129	156	142	139	218	208	184	1,852
7	Beijing	169	166	154	152	131	117	88	1,752
8	New York	44	151	151	161	217	207	217	1,494
9	Bangalore	125	97	115	89	85	100	120	1,146
10	Sydney	39	113	124	147	138	137	138	1,112

Source: fDi Markets

Table 5.12: Ranking of cities for selected years (number of inbound projects): 2005, 2010, 2013 – 2015

Destination City	2005	2010	2013	2014	2015
London	2	2	2	2	1
Singapore	5	1	1	1	2
Shanghai	1	3	3	3	6
Dubai	3	5	4	4	3
Hong Kong	6	4	5	7	5
Paris	7	7	6	5	7
Beijing	4	6	9	10	13
New York	28	8	7	6	4
Bangalore	9	13	14	13	9
Sydney	8	9	8	9	8

Source: fDi Markets

Outside of simply looking at the numbers of inward investment projects, London's global position relating to the estimated numbers of jobs created and the level of capital investment associated with investment are similar; Tables 5.13 and 5.14 provide details of the levels of investment in 2005, 2010 and 2013-2015.

Table 5.13: Capital expenditure associated through inbound FDI, by city, US \$ million

Rank	Destination City	2005	2010	2013	2014	2015	Total: 2005 - 2015
1	Shanghai	16,849	12,253	11,388	8,984	7,052	143,911
2	Singapore	6,866	16,553	9,348	12,111	8,261	138,941
3	London	3,650	6,130	8,124	9,326	12,824	107,307
4	Beijing	6,089	5,937	6,795	2,648	2,496	78,366
5	Dubai	4,907	5,806	4,038	7,881	7,143	76,793
6	Hong Kong	3,658	6,147	7,114	5,432	4,300	63,054
7	NYC (NY)	2,938	3,167	9,880	3,965	10,556	45,716
8	Cairo	4,121	1,764	876	451	340	41,132
9	Tianjin	2,329	3,670	2,467	6,198	3,274	41,093
10	Sao Paulo	1,335	4,036	5,312	2,776	2,049	40,608

Source: fDi Markets

Table 5.14: Number of jobs created by inbound FDI, by city

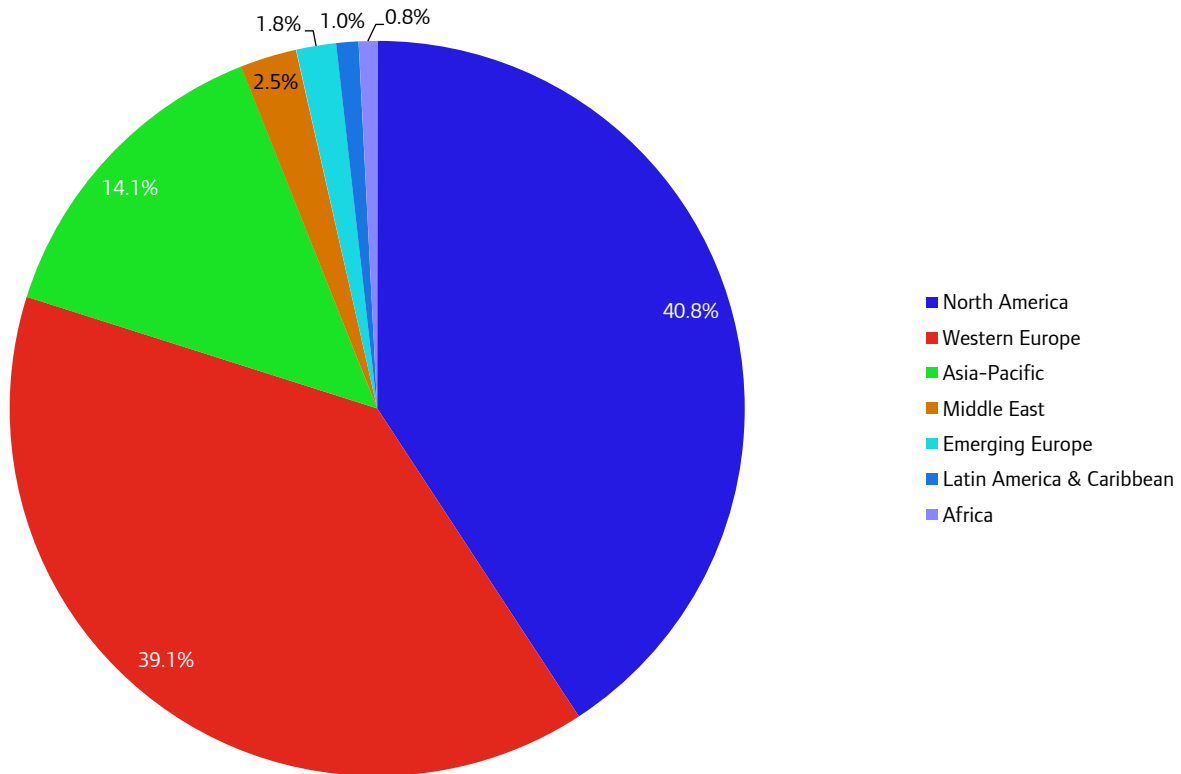
Rank	Destination City	2005	2010	2013	2014	2015	Total: 2005 - 2015
1	Shanghai	64,451	38,636	40,171	33,762	21,947	495,999
2	Singapore	17,737	33,281	24,245	31,574	27,201	317,965
3	Bucharest	17,808	18,167	22,730	10,976	12,411	314,256
4	Beijing	26,121	20,819	23,842	8,565	10,279	255,587
5	Bangalore	34,415	22,024	12,444	18,936	30,193	253,697
6	Moscow	30,152	19,159	18,913	12,946	12,938	233,190
7	Dubai	14,264	14,282	11,419	12,177	19,341	216,811
8	Chennai	19,562	17,019	8,443	7,465	7,753	199,937
9	London	8,597	13,429	20,410	24,652	23,106	193,455
10	St Petersburg	27,568	15,587	8,142	8,249	2,079	162,287

Source: fDi Markets

ii) Region of origin for investment

Figure 5.6 shows the origin of investment into the UK. The majority of investment into the UK is from North America (40 per cent). Western Europe accounts for a broadly similar amount (just under 40 per cent) with the Asia-Pacific region accounting for 14 per cent of total inward investment to the UK. Other areas such as the Middle East, Latin America, Africa etc. account for less than 10 per cent of total inward investment.

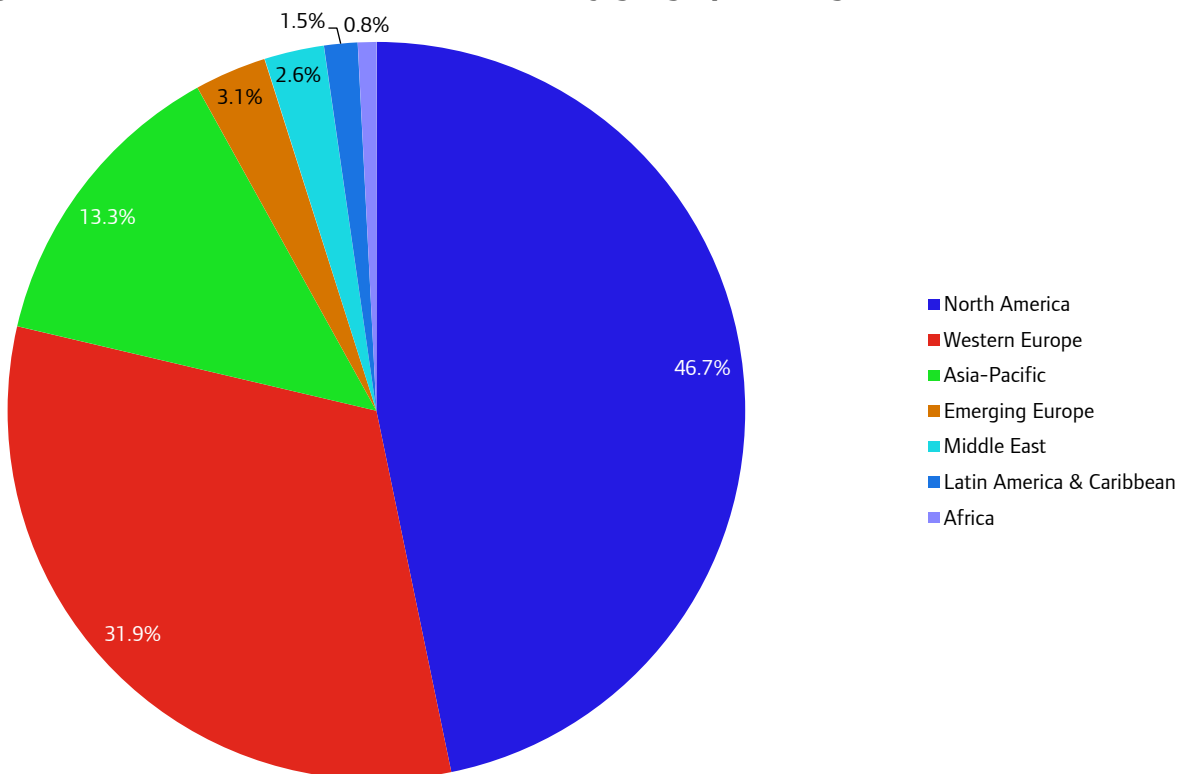
Figure 5.6: Shares of inward FDI to the UK by geographical region, 2005 – 2015



Source: fDi Markets

When these data are broken down to the London level, North America becomes more important as an investment partner. The share of investment from North America is almost 6 percentage points higher (at 46.7 per cent), and the share from Western Europe is 7 percentage points lower than that for the UK as a whole (31.9 per cent). Asia-Pacific and the Middle East see no significant differences between the UK and London on shares of total inward investment (Figure 5.7).

Figure 5.7: Shares of inward FDI to London by geographical region, 2005 – 2015



Source: fDi Markets

Table 5.15: Summary table of inward FDI by geographical region, 2005 – 2015

Origin Market	FDI to the UK	FDI to London	Difference (percentage points)
North America	40.8%	46.7%	+5.9%
Western Europe	39.1%	31.9%	-7.2%
Asia-Pacific	14.1%	13.3%	-0.8%
Middle East	2.5%	3.1%	+0.6%
Emerging Europe	1.8%	2.6%	+0.8%
Latin America & Caribbean	1.0%	1.5%	+0.5%
Africa	0.8%	0.8%	--

Source: fDi Markets

Table 5.16: Summary table of inward FDI by origin country, 2005 – 2015

Origin Country	FDI to the UK	FDI to London	Difference (percentage points)
United States	38.1%	43.9%	+5.8%
France	7.1%	7.4%	+0.3%
Germany	8.3%	4.0%	-4.3%
Spain	3.2%	3.9%	+0.7%
Italy	2.4%	3.7%	+1.3%
Canada	2.7%	2.8%	+0.1%
India	3.1%	2.7%	-0.4%
Australia	2.4%	2.6%	+0.2%
Japan	3.8%	2.5%	-1.3%
Ireland	3.7%	2.3%	-1.4%

Source: fDi Markets

iii) London as an origin of investment

As well as being a major recipient of inward investment, London is also the source for outbound FDI to other nations. Much attention is focussed on inward FDI as it gives an indication of the competitiveness and attractiveness of the capital as a place for business, however the data from fDi Markets show that in terms of absolute number of projects, the level of outbound FDI is greater than inbound, as shown in Table 5.17.

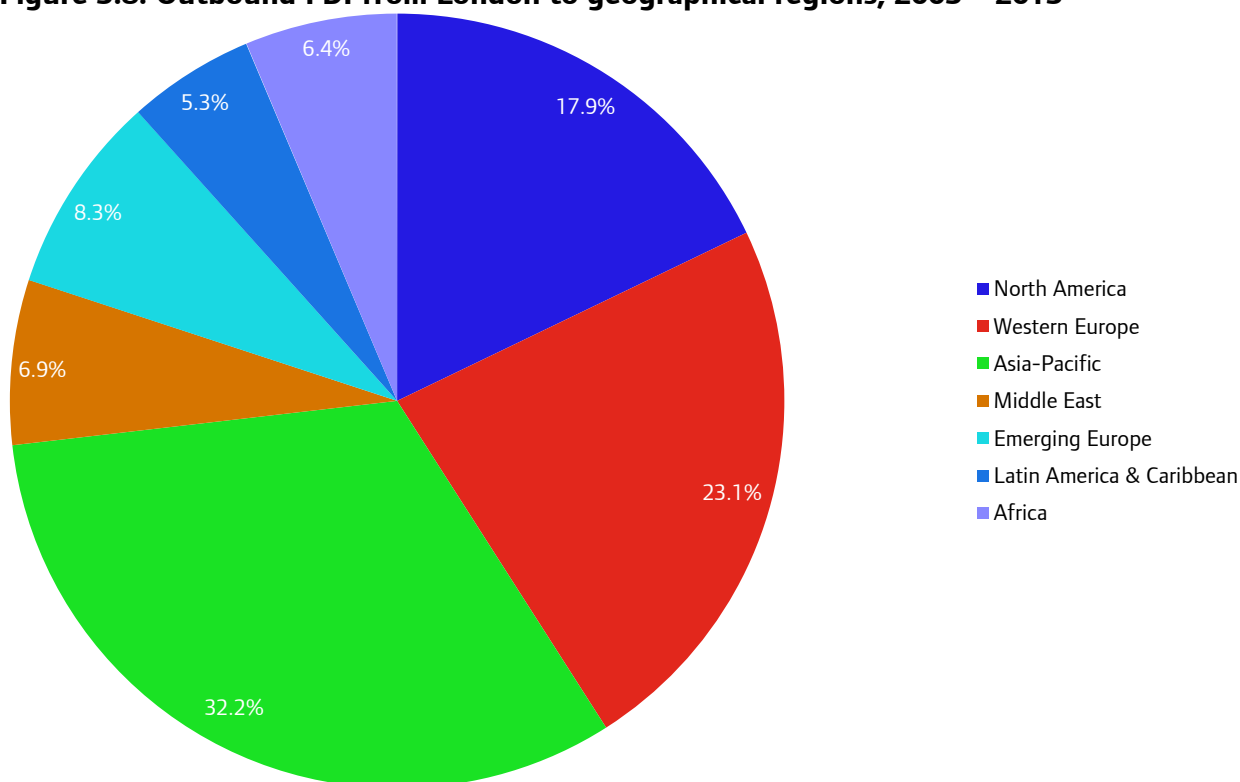
Table 5.17: Number of FDI projects entering into/originating from London

Type	2005	2010	2013	2014	2015	Total: 2005 - 2015
Inbound FDI	228	333	421	423	494	3,855
Outbound FDI	446	783	937	661	682	7,929

Source: fDi Markets

In addition, the nature of outbound FDI investment is different to that of inward FDI. First, when looking at the destinations where London sourced FDI goes to, it can be seen that Asia-Pacific becomes more important, and Western Europe and North America less so.

Figure 5.8: Outbound FDI from London to geographical regions, 2005 – 2015



Source: fDi Markets

Table 5.18: Comparison of inbound and outbound investment, 2005-2015

Region	Inbound FDI to London	Outbound FDI from London	Difference (percentage points)
Asia-Pacific	13.3%	32.2%	+18.9
Western Europe	31.9%	23.1%	-8.8
North America	46.7%	17.9%	-28.8
Emerging Europe	2.6%	8.3%	+5.7
Middle East	3.1%	6.9%	+3.8
Africa	0.8%	6.4%	+5.6
Latin America & Caribbean	1.5%	5.3%	+3.8
Total Projects	3,855	7,929	--

Source: fDi Markets

iv) Type of investment entering London

When looking at sectors of investment, professional services dominate. Tables 5.19 and 5.20 outline the predominate industrial sectors for inward investment to London and the UK. Although to note that the categorisations of sectors here are not identical to SIC definitions for industries.

Table 5.19: Main industry sectors of inward investment to London (all industries with a share of greater than 1 per cent); 2005 – 2015

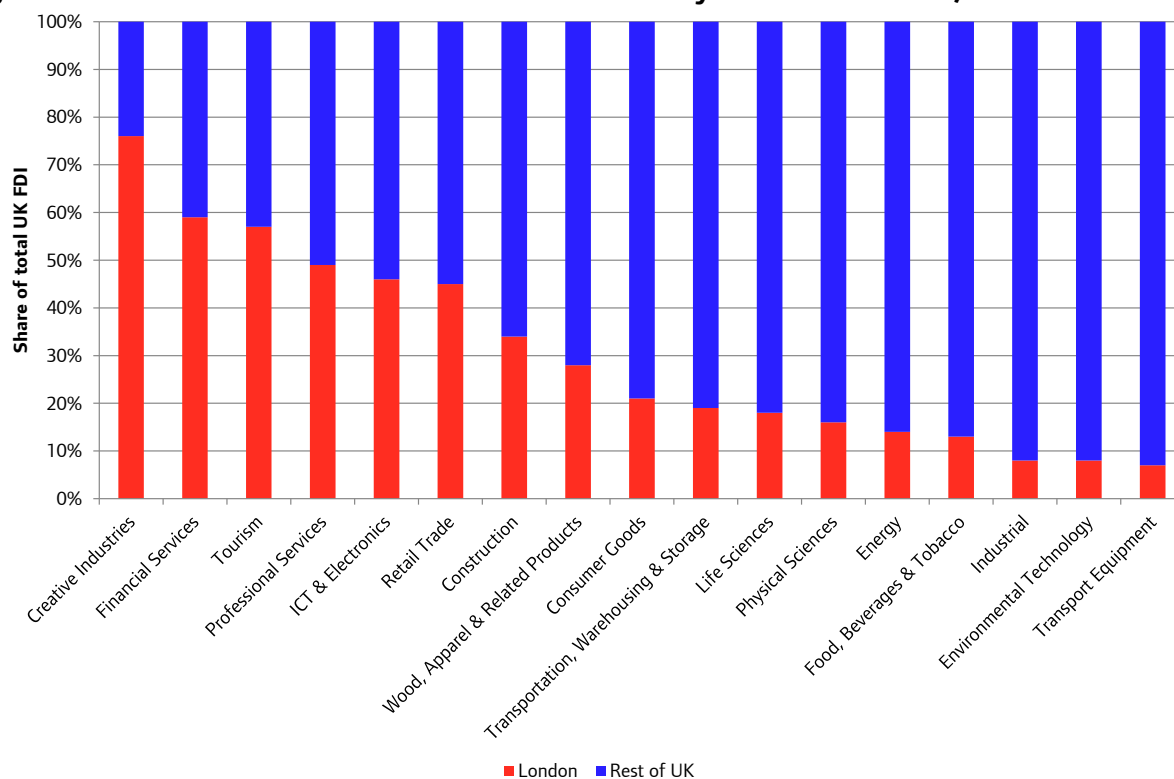
Sector	Number of inward FDI projects	Proportion of total inward FDI
Software & IT services	1,183	30.7%
Business Services	608	15.8%
Financial Services	549	14.2%
Textiles	475	12.3%
Communications	230	6.0%
Consumer Products	189	4.9%
Real Estate	111	2.9%
Hotels & Tourism	99	2.6%
Transportation	54	1.4%
Food & Tobacco	41	1.1%

Source: fDi Markets

Table 5.20: Main industry sectors of inward investment to the UK (all industries with a share greater than 1 per cent); 2005 – 2015

Sector	Number of inward FDI projects	Proportion of total inward FDI
Software & IT services	2,162	20.2%
Business Services	1,174	11.0%
Financial Services	944	8.8%
Textiles	944	8.8%
Consumer Products	532	5.0%
Communications	518	4.8%
Industrial Machinery, Equipment & Tools	458	4.3%
Food & Tobacco	431	4.0%
Transportation	328	3.1%
Hotels & Tourism	290	2.7%
Real Estate	251	2.3%
Alternative/Renewable energy	249	2.3%
Electronic Components	219	2.0%
Coal, Oil and Natural Gas	202	1.9%
Automotive Components	176	1.6%
Pharmaceuticals	167	1.6%
Automotive OEM	139	1.3%
Chemicals	139	1.3%
Business Machines & Equipment	133	1.2%
Medical Devices	122	1.1%
Plastics	117	1.1%
Aerospace	116	1.1%
Metals	113	1.1%

Source: fDi Markets

Figure 5.9: London's share of inward FDI to the UK by industrial cluster, 2011 – 2015

Source: fDi Markets; sourced from London & Partners analysis

When looking at London as the source for investment, there is a much greater prevalence of business services and financial services, as compared to inward FDI, where Software & IT services was the largest individual sector. However, there is more generally a similar mix of sectors as is the case with inward FDI, as shown in Table 5.21.

Table 5.21: Main industry sectors of outbound investment from London (all industries with a share of greater than 1 per cent); 2005 – 2015

Sector	Number of outbound FDI projects	Proportion of total outbound FDI
Business Services	2,221	28.0%
Financial Services	1,433	18.1%
Software & IT services	823	10.4%
Textiles	669	8.4%
Communications	413	5.2%
Real Estate	381	4.8%
Consumer Products	276	3.5%
Metals	236	3.0%
Coal, Oil and Natural Gas	200	2.5%
Food & Tobacco	171	2.2%
Transportation	164	2.1%
Beverages	125	1.6%
Hotels & Tourism	84	1.1%

Source: fDi Markets

London's (and the UK's) attractiveness as a destination for investment

Whereas most of the data for this section have been drawn from quantitative data directly extracted from the fDi Markets database, the following provides analysis into some of the drivers of investment, for the UK, London and the rest of the world drawn from a mixture of qualitative and quantitative evidence from the EY Global Investment Monitor and Attractiveness Surveys. The most recent surveys are for 2016, although these results were published in advance of the result on the referendum on the UK's membership of the European Union. Observing future releases and data will be important to understanding the potential future path of inward investment into the UK and London. Further commentary on the potential impacts of the UK decision to leave the European Union are provided within Chapter 6.

The UK is rated very highly compared to other European locations on a range of attributes. It scores higher than Germany and France on factors such as "Quality of life, diversity, culture and language" and "Education in trade and academic". These top two factors however are different to the factors of most importance to France and Germany, those being "Telecommunications infrastructures", "Transport and logistic infrastructures" (which the UK rates lower than both France and Germany), and "Local labour skills" (in which the UK rates below Germany, but above France). When considered in the whole, the EY European Attractiveness Survey found that of 738 respondents, the UK was rated below Germany as part of the three top countries for FDI in Europe (Germany was quoted by 73 per cent of respondents, UK by 59 per cent, and France by 47 per cent).

Table 5.22: 2016 Survey responses on the attractiveness of the UK as a location for establishing new FDI activities

Factor	Very attractive	Fairly attractive	Total - 2016	Comparison - 2015
Quality of life, diversity, culture and language	52%	36%	88%	90%
Education in trade and academic	38%	48%	86%	90%
Stability of social climate	33%	51%	84%	86%
Telecommunication and infrastructures	41%	42%	83%	85%
Local labour skills level	25%	55%	80%	80%
Stability and transparency of political, legal and regulatory environment	31%	47%	78%	82%
Access to European market	40%	38%	78%	83%
UK's domestic market	28%	48%	76%	78%
Transport and logistic infrastructures	34%	41%	75%	81%
Entrepreneurial culture, support for entrepreneurs	34%	41%	75%	78%

Source: EY UK Attractiveness Survey 2016

Overall, London remains the most important location for investment in the UK and Europe, with 57 per cent of the 1,469 business leaders sampled in the 2016 European Attractiveness Survey stating that London was amongst the top three cities for FDI in Europe (Table 5.23).

Table 5.23: Responses to the question: "Which are the top three cities for FDI in Europe?"

City	Positive responses
London	57%
Paris	43%
Berlin	29%
Amsterdam	15%
Barcelona	11%
Munich	11%

Source: EY Global Investment Monitor, 2016

The importance of London as a base of operations for European and global operations is confirmed by looking at analysis from Deloitte, which found that of Fortune 250 companies, London was the global or regional headquarters for 40 per cent of these, significantly ahead of any other European city (Table 5.24).

Table 5.24: HQ locations of Top 250 companies with global or regional HQ in Europe

City	Percentage
London	40
Paris	8
Madrid	3
Amsterdam	2.5
Brussels	2.5
Munich	2
Luxembourg	2
Moscow	2
Geneva	2
Other European cities	37

Source: Deloitte London Futures Report, 2014

London's potential future strength as a European and global centre is also seen by responses to a question of the potential for cities to produce the next technology giant. Here London sits behind only San Francisco amongst the 1,469 surveyed (Table 5.25).

Table 5.25: Responses to the question: "Which three cities in the world offer the best chance of producing the next technology giant?"

City	Positive responses
San Francisco	29%
London	23%
Shanghai	21%
New York	16%
Beijing	14%
Berlin	10%

Source: EY Global Investment Monitor, 2016

Given London's (and the UK's strength) as a global centre for financial and business services, responses to the question on which sectors will be driving growth into the future give credence to the argument that London is well placed to continue to develop into the future, building upon London's inherent industrial specialisations (see Chapter 1).

Table 5.26: Responses to the questions: "Which business sectors will drive the UK's growth in the coming years"

Sector	Positive responses
Banking, insurance, wealth and asset management	43%
Information and communication technologies, IT/digital economy	34%
B2B services excluding finance	19%
Energy and utilities	18%
Transport industry and automotive	16%
Pharmaceutical industry and biotechnologies	15%
Real estate and construction	15%
Consumer goods	11%

Source: EY Global Investment Monitor 2016

Table 5.27: Responses to the question: “Which business sectors will drive Europe’s growth in the coming years”

Sector	Positive responses
Information and communication technologies	30%
Banking, insurance, wealth and asset management	30%
Energy and utilities	21%
Consumer goods	20%
B2B services excluding finance	20%
Logistics and distribution channels	19%
Pharmaceutical industry and biotechnologies	15%
Transport industry and automotive	15%

Source: EY Global Investment Monitor 2016

London’s performance in FDI has been very strong in recent times, along with London’s position in the global economy. However, some aspects of the EY survey provide evidence of uncertainty as to the continued success of the capital. For example, there was a four percentage point fall in the proportion of respondents who report that their company has plans to establish or expand operations in the UK over the next year (dropping from 27 per cent to 23 per cent). In addition, looking over a three year period, there is reduced confidence that the UK’s attractiveness as a destination for investment over the next three years will improve, as shown in Table 5.28.

Table 5.28: Responses to the question: “How do you think the UK’s attractiveness for FDI will evolve over the next three years?”

Survey Year	Improve	Stay the same	Decrease
2010	56%	32%	9%
2011	47%	37%	9%
2012	59%	32%	7%
2013	65%	30%	4%
2014	54%	35%	8%
2015	54%	39%	5%
2016	36%	44%	16%

Source: EY Global Investment Monitor 2016

Similarly, in the A.T. Kearney Foreign Direct Investment Confidence Index the UK has fallen two places to 5th in 2016 (Table 5.29).

Table 5.29: A.T. Kearney Foreign Direct Investment Confidence Index

Rank	Country	Change from previous year
1	United States	No change
2	China	No change
3	Canada	Up 1
4	Germany	Up 1
5	United Kingdom	Down 2
6	Japan	Up 1
7	Australia	Up 3
8	France	No change
9	India	Up 2
10	Singapore	Up 5

Source: A.T. Kearney

The outcome from the referendum on the UK's membership of the European Union may also impact on investor confidence. Responses to three questions in the EY Attractiveness Survey give insight into the potential impact to the UK and London going forward (Table 5.30).

Table 5.30: Responses to various questions on the European Single Market

How important to you is the access to the European Single Market available from the UK in the attractiveness of the UK as an investment decision?				
Very important	Fairly important	Little importance	Not at all	Can't say
45%	34%	14%	5%	2%

If the UK did vote to leave the EU but retained access to the Single Market on slightly less favourable terms than today, would this make the UK more attractive, less attractive, the same as today as an investment destination or can't you say?			
More attractive	Same as today	Less attractive	Can't say
10%	32%	52%	6%

If the UK did vote to leave the EU but retained access to the Single Market on significantly less favourable terms than today, would this make the UK more attractive, less attractive, the same as today as an investment destination or can't you say?			
More attractive	Same as today	Less attractive	Can't say
7%	32%	55%	6%

Source: EY UK Attractiveness Survey 2016

5.4 London as a place to live

In addition to there being a wide variety of reasons why businesses wish to locate in the capital, there are also many reasons why people also wish to locate in the capital – which to some extent are correlated with the reasons why businesses also locate in London. As a summary, the factors which are considered include:

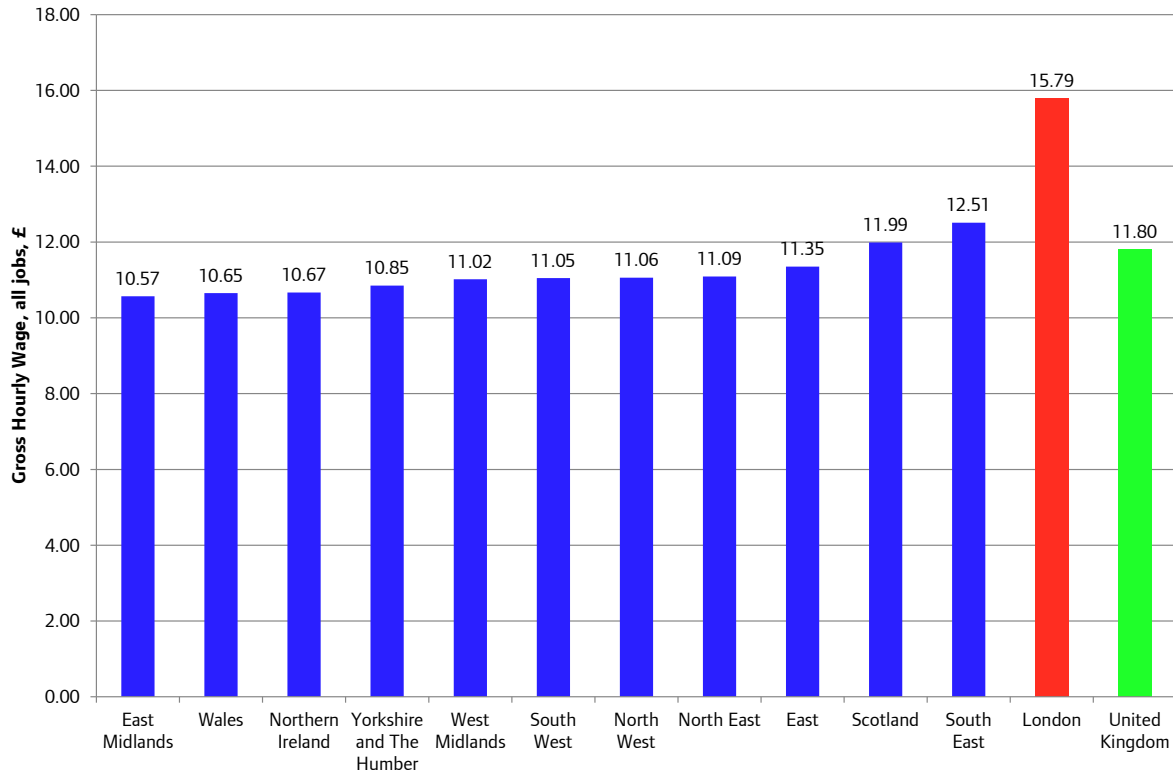
- The economic and employment opportunities available
- Higher wages
- Improved quality of life for workers and their families
- Internationally renowned education sector
- London as a place to live and work at different stages of life
- Culture, heritage and diversity of the capital

The evidence that sits behind these factors are varied, some are quite clear (such as through the higher wages that workers are able to receive through working in London), however some are observed through more anecdotal evidence (such as through data on international tourism to the capital, with the assertion that some tourists may wish to live and work in the capital in the future as a result of their experiences as a tourist).

5.4.1 Economic and employment opportunities

As a major global economic centre, people are drawn to the capital to further their career prospects, but also to relocate to achieve a higher standard of living. This effect is true for both UK residents and international migrants. In the context of the UK, wages are higher in London compared to other regions, there is also greater disparity in the distribution of wages, typically as a result of the proportion of workers in high value sectors. Figure 5.10 outlines the differences in wage levels between regions of the UK, in part explaining the draw that London has for UK residents from outside London for work.

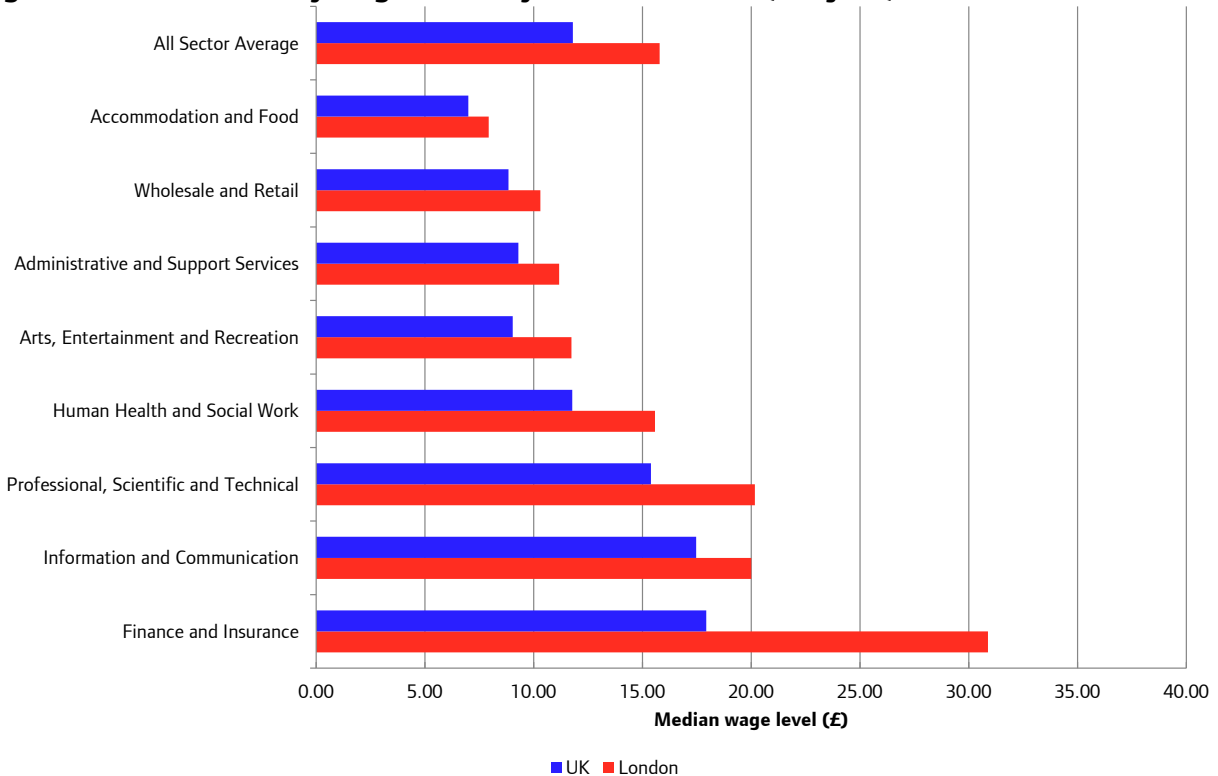
Figure 5.10: Gross hourly wage by region, all jobs, 2015



Source: Annual Survey of Hours and Earnings, ONS

These findings are due in part because of the industrial structure of London, where (see Chapter 1), the capital has specialisations in service sector activities. Figure 5.11 shows wage levels by industrial sector, and that wage levels are consistently higher in London than for the UK as a whole.

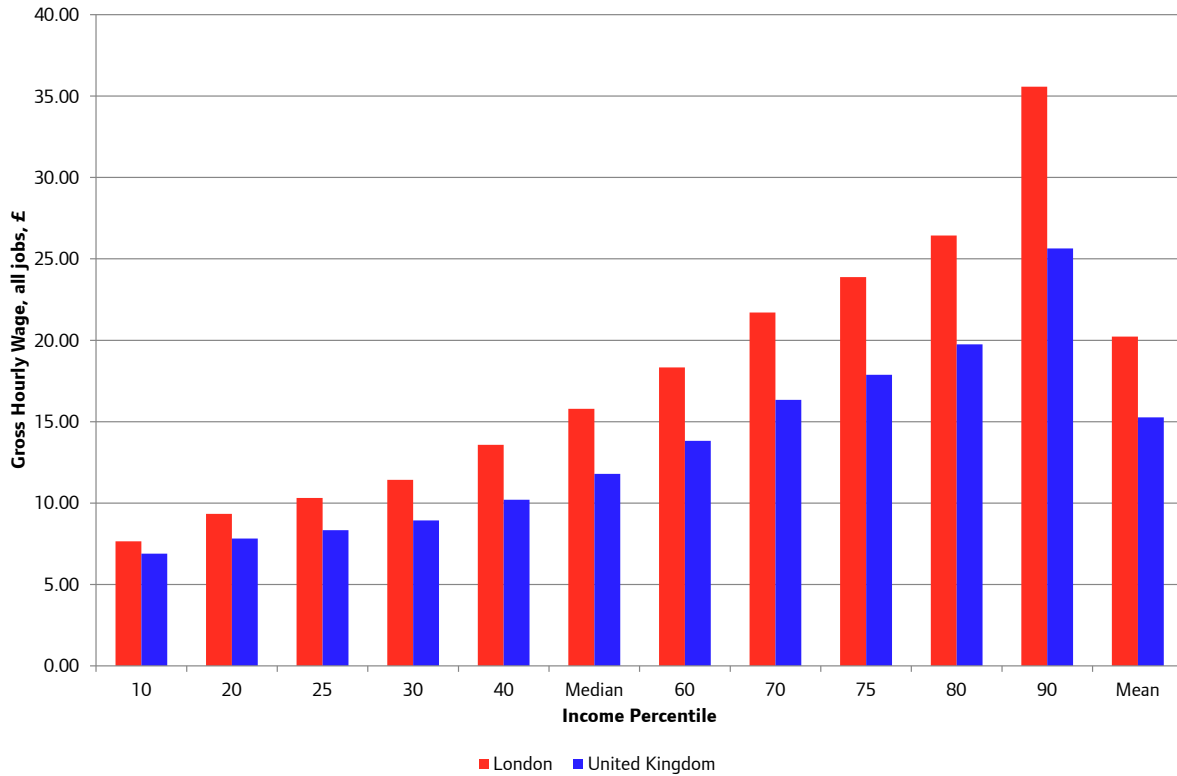
Figure 5.11: Gross hourly wage levels by industrial sector, all jobs, 2015



Source: Annual Survey of Hours and Earnings, ONS

However, as will be outlined further in Chapter 10, higher wage levels across sectors do not mean that all of London’s population receive those higher wages. The income distribution between deciles of London’s jobs are outlined in Figure 5.12, and shows an increasing divergence between London and the UK as a whole the higher up the income distribution. Given the higher costs of living between London and other parts of the UK (this can make living in London at the lower end of the income distribution difficult – see Chapter 10 for more detail).

Figure 5.12: Wages by decile, all jobs, London and the UK



Source: Annual Survey of Hours and Earnings, ONS

Considering London as a competitive global destination, the wages that are available to those migrating from outside the UK are a major draw to live and work in the capital. Those coming to London from outside are drawn to the capital by the economic opportunities and the improved quality of life they can achieve. However, evidence does show that while London does have high wage levels, in the European and global context, these are not as high as some other places. Such data are shown in Tables 5.31 and 5.32.

Table 5.31: Average annual wages in selected countries in 2012, 2013 and 2014 (2014 USD PPPs and 2014 constant prices, countries ranked on 2014 value)

	2012	2013	2014
Luxembourg	58,330	60,214	61,511
United States	56,735	56,811	57,139
Switzerland	55,540	56,461	57,082
Ireland	52,645	52,602	53,286
Norway	50,801	51,446	51,718
Australia	52,229	51,374	51,148
Netherlands	51,156	51,357	51,003
Denmark	48,901	48,761	49,589
Canada	46,902	47,794	48,164
Belgium	47,682	48,102	48,093
Austria	45,733	45,660	45,988
Germany	42,893	43,326	43,872
United Kingdom	41,726	41,494	41,659
Sweden	40,165	40,447	40,994
France	40,258	40,530	40,828
Finland	40,968	40,736	40,742
Korea	36,173	36,698	36,653
Spain	35,994	36,174	36,013
Japan	36,296	36,481	35,672
Italy	34,491	34,476	34,744
Slovenia	32,830	33,269	33,068
Israel	29,316	29,361	29,635
Greece	27,584	26,145	26,436
Portugal	23,940	24,503	23,977
Poland	23,140	23,571	23,649
Slovak Republic	20,966	21,124	22,151
Hungary	21,212	21,033	21,399
Czech Republic	21,031	20,660	21,185
Estonia	18,871	19,453	21,020
Mexico	12,708	12,952	12,850

Source: OECD²¹

The following data from UBS also gives an indication of the relative wage levels of different cities across the world, however it finds that London only ranks 13th on this indicator, with cities in Switzerland ranking as the top two (Table 5.32).

Table 5.32: Wage levels in selected world cities²² (Index New York = 100)²³

Rank	City	Gross	Net	Rank	City	Gross	Net	Rank	City	Gross	Net
1	Zurich	131.3	141.8	25	Paris	62.8	67.1	49	Santiago de Chile	23.1	25.1
2	Geneva	130.1	135.2	26	Rome	60	54.2	50	Buenos Aires	22.6	26.3
3	Luxembourg	106.4	97.1	27	Nicosia	59.1	64.4	51	Vilnius	21.5	21.2
4	New York City	100	100	28	Milan	58.7	53.1	52	Moscow	21.3	21.5
5	Miami	92.4	92.9	29	Lyon	58.6	62.8	53	Prague	20	20.3
6	Copenhagen	92.2	56.8	30	Barcelona	51.7	46.8	54	Riga	18.1	17.1
7	Sydney	89.8	83.9	31	Madrid	50.9	46.2	55	Shanghai	18.1	19.2
8	Oslo	87.7	80.4	32	Hong Kong	49.4	51.3	56	Kuala Lumpur	17.8	20.2
9	Los Angeles	87.5	88.2	33	Tel Aviv	46.5	47.3	57	Bogotá	17.5	20.3
10	Chicago	85.2	84.5	34	Seoul	45.9	50.2	58	Bangkok	16.8	18.9
11	Montreal	77.4	78.2	35	Manama	45.7	53.1	59	Lima	16.3	18.9
12	Stockholm	76	63.7	36	Dubai	40.4	46.9	60	Budapest	15.8	16
13	London	75.5	72.3	37	Taipei	35.1	38.8	61	Bucharest	14.1	14.2
14	Brussels	72.8	61.1	38	São Paulo	34.7	38.8	62	Beijing	13.4	14.5
15	Toronto	71.4	69.5	39	Ljubljana	33.6	32.7	63	Mexico City	12.2	13
16	Tokyo	70.1	66.5	40	Johannesburg	32.8	30.7	64	Sofia	11.4	12.1
17	Auckland	70	68.6	41	Doha	32.2	37.4	65	Manila	9.4	9.2
18	Dublin	68.8	64.3	42	Lisbon	31.9	32	66	Mumbai	8.3	9.1
19	Vienna	68.5	69.7	43	Athens	29.8	28.2	67	Cairo	8.2	8.8
20	Helsinki	67.8	62.8	44	Bratislava	28.4	27.6	68	New Delhi	7.6	8.5
21	Munich	67.7	68.2	45	Rio de Janeiro	26.8	30.3	69	Nairobi	6.5	6.5
22	Frankfurt	66.6	67.1	46	Istanbul	26.5	26	70	Jakarta	6.2	6.8
23	Amsterdam	65.3	53.3	47	Tallinn	26.1	24.2	71	Kiev	6.1	6.1
24	Berlin	64	64.5	48	Warsaw	23.2	22.4				

Source: UBS²⁴

5.4.2 Quality of Life

One of the major reasons for people to live and work in a particular location is the quality of life that can be achieved. The wages that an individual earns is one component of quality of life; but there are a wide range of other factors which influence whether a person chooses to live in the capital. The Mercer Quality of Living Rankings is a city index which assesses the relative quality of life for expatriates, providing an indication of the attractiveness of a location as a place to work.

Some other indicator rankings include components on London as a place to live, notably the PWC Cities of Opportunity index mentioned earlier, however this indicator is solely based on the relative quality of living of cities. In the Mercer indicator, London performs less well – in 39th position – although it is the highest ranked of all UK cities. Table 5.33 shows the top 10 cities on this indicator.

Table 5.33: Top ten cities on the Mercer Quality of Life ranking

Position	City
1	Vienna
2	Zurich
3	Auckland
4	Munich
5	Vancouver
6	Dusseldorf
7	Frankfurt
8	Geneva
9	Copenhagen
10	Sydney
39	London

Source: Mercer Quality of Life Index

An interesting finding from this survey is that the cities towards the top end of the ranking are cities with smaller populations, as shown in Table 5.34. This implies that cities where populations are lower and with lower densities afford a better quality of life than those considered as “global cities”.

Table 5.34: Metropolitan area populations of cities within top ten of Mercer Quality of Life index

Position	City	Population
1	Vienna	2.6 million
2	Zurich	1.9 million
3	Auckland	1.4 million
4	Munich	5.8 million
5	Vancouver	2.3 million
6	Dusseldorf	0.6 million
7	Frankfurt	0.7 million
8	Geneva	0.5 million
9	Copenhagen	2.0 million
10	Sydney	4.4 million
39	London	8.7 million

Note: Where possible, populations are for the metropolitan area; from various sources.

London is not the only established global city which performs relatively poorly in this survey, and Table 5.35 provides the rankings for the top ten cities as referenced within the PWC Cities of Opportunity rankings.

Table 5.35: Relative positions in PWC Cities of Opportunity ranking and Mercer Quality of Living ranking

Position in PWC Cities of Opportunity Ranking	City	Position in Mercer Quality of Living Ranking
1	London	39 th
2	Singapore	26 th
3	Toronto	15 th
4	Paris	37 th
5	Amsterdam	11 th
6	New York	44 th
7	Stockholm	=19 th
8	San Francisco	28 th
9	Hong Kong	70 th
10	Sydney	10 th

Source: PWC, Mercer

5.4.3 London as a centre for study

Another indicator which illustrates London's attractiveness to people is shown by the number of students who choose to study in the capital. Students are drawn to the capital by London's high quality universities (which can help with their future career prospects), but also due to factors such as London's cultural offering and vibrancy (explored in further detail later in the chapter). Data from London Higher finds that over 100,000 overseas students study in London, comprising 28 per cent of all students in the capital; 24 per cent of all overseas students in the UK study in the capital. The numbers of overseas students studying in the capital has been relatively stable over the last five years, however there was a marked fall between 2011/12 and 2012/13. Taking into account the fee income of international students in London, as well as subsistence spending (rent, food, travel etc.), as well as the spending of overseas friends and relatives visiting international students in London; London & Partners estimate that international students directly contributed £3 billion to the UK economy in 2013/14 and supported over 37,000 jobs.²⁵

Table 5.36: International students in London

Year	Overseas students in London	Proportion of all overseas students in the UK
2009/10	102,000	25%
2010/11	106,000	25%
2011/12	106,000	24%
2012/13	101,000	24%
2013/14	104,000	24%
2014/15	104,600	24%

Source: London Higher

A significant reason for the popularity of London as a destination for international students is the academic and research standing of London's universities. There are over 45 universities in London, and London's universities feature prominently in global rankings, as shown in Table 5.37.

Table 5.37: Number of universities in London within the top 100 globally

Publication	Number in Top 100
Times Higher Education World University Rankings ²⁶	5
QS World University Rankings ²⁷	4
Times Higher Education World Reputation Rankings ²⁸	5
The Economist Full-time MBA ranking ²⁹	2
FT Global MBA Ranking 2014 ³⁰	3

Source: GLA Economics analysis, see endnotes

5.4.4 London's changing demographics and the impacts of different groups in society

London's development as a major global city means that the population has become increasingly diverse. The proportion of London's population born outside of the UK has grown over time, and is shown in Table 5.38. The proportion of Londoners born outside the UK has more than doubled since 1981 (from 18 per cent to 37 per cent). Overall, almost three million people living in London at the time of the 2011 Census (37 per cent) were born outside the UK³¹. In contrast, for England and Wales (excluding London) less than one in ten people were born outside the UK.

Table 5.38: Foreign born population in London, 1971-2011

Year	London population	Foreign-born	Share of foreign-born	Rest of Europe	Rest of World
1971	7,236,721	1,103,616	15%	198,847	904,769
1981	6,608,598	1,203,022	18%	451,013	752,009
1991	6,679,699	1,451,041	22%	495,651	955,390
2001	7,172,090	1,940,389	27%	555,822	1,384,567
2011	8,173,941	2,998,264	37%	998,694	1,999,570

Source: ONS Census data commissioned tables: 1971-2011. Notes: the London population is a count of persons present in 1971 with a recorded country of birth, residents for 1981, and all usual residents from 1991 onwards.

London has the second largest foreign-born population of any other city after New York City in terms of absolute numbers³², and is comparable to other global cities such as Hong Kong, Sydney, and Singapore in terms of the share of foreign-born in its population (Table 5.39).

Table 5.39: Estimates of the foreign born population in selected global city regions

Global city	Foreign-born population ('000s)	Share of total population (%)	Source
United Arab Emirates	7,827	*84%	2013 UN Population database
New York, US	3,067	38%	2011 American Community Survey
London	2,998	37%	2011 Census, ONS
Hong Kong SAR	2,805	39%	2013 UN Population database
Toronto, Canada	2,537	37%	2011 National Household Survey
Singapore	2,323	43%	2013 UN Population database
Paris, France	2,007	19%	2011 Census, Insee
Sydney, Australia	1,759	40%	ABS Census, 2011
Qatar	1,601	*74%	2013 UN Population database
Los Angeles, US	1,490	39%	2011 American Community Survey
San Francisco, US	1,341	36%	2013 American Community Survey
Madrid, Spain	622	20%	2014, Local Population Register
Tokyo, Japan	322	2%	2010, Population Census of Japan

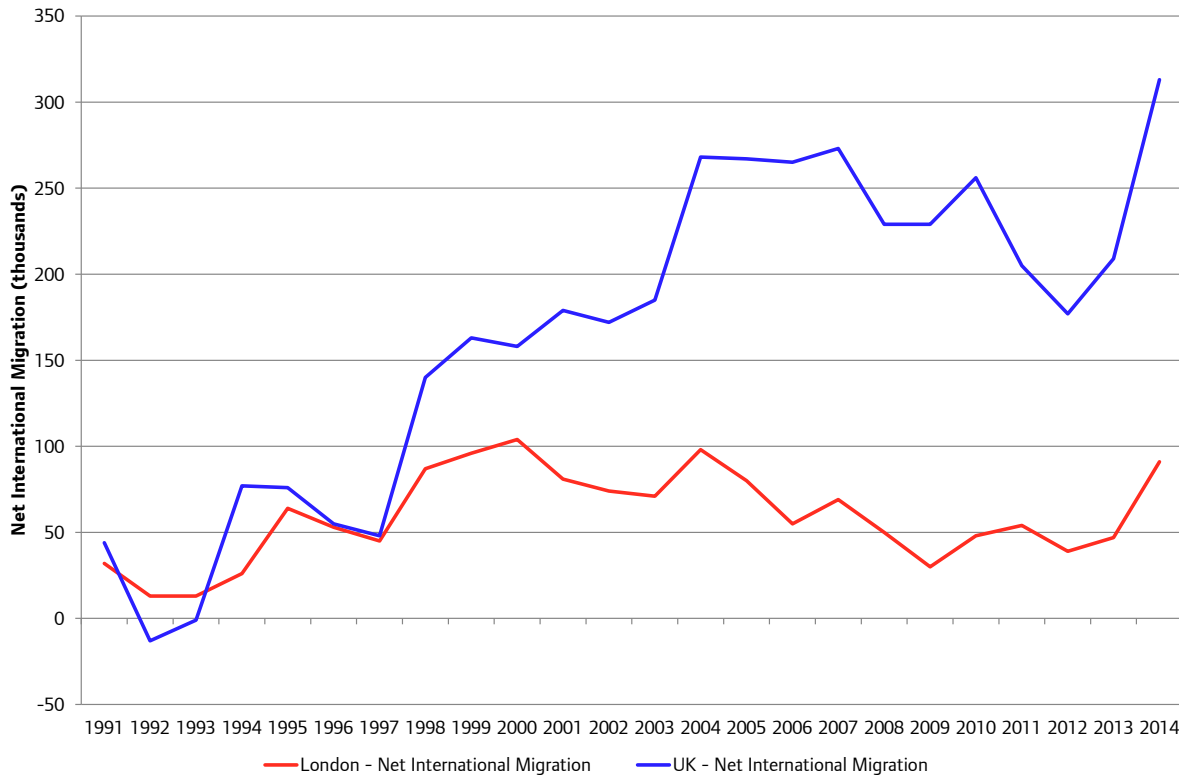
Notes: Sources may not be directly comparable due to differences in the treatment of short-term residents within the target population, as well as the effects of sampling and response patterns in different countries. *Data used to produce estimates for Qatar and the UAE refer to foreign citizens.

i) Trends in long-term international migration to London

London’s attractiveness as a location to live and work is seen through data on migration flows. Figure 5.13 shows net international migration for long-term migrants. Since the early 1990s, net international migration to London has fluctuated between around 15,000 and just over 100,000 each year – with an average of 60,000 per year.

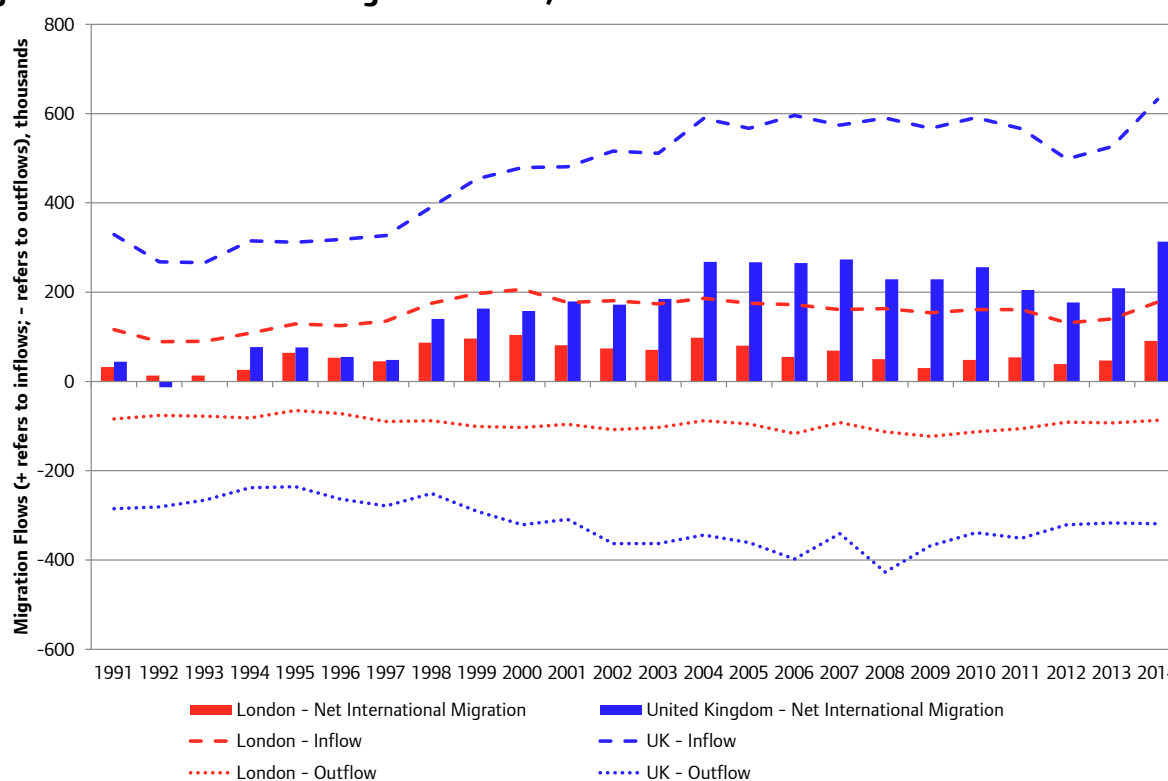
London comprises a significant proportion of total net migration to the UK; between mid-2013 and mid-2014, London comprised 41.4 per cent of total UK net migration. This therefore shows the importance of London in attracting people to live and work, but also the continued attraction of London as a global city.

Figure 5.13: Net International Migration to London and the UK



Source: Long-term International Migration, ONS

Looking further at flows of migration, it shows that movement of people works in both directions, highlighting that people are able to move relatively freely in a more connected world. In 2014, 178,000 long-term migrants came to London, with 87,000 emigrating away from the capital. For the UK as a whole, 632,000 long-term migrants arrived, with 319,000 leaving the UK.

Figure 5.14: International migration flows, London and the UK

Source: *Long-term International Migration, ONS*

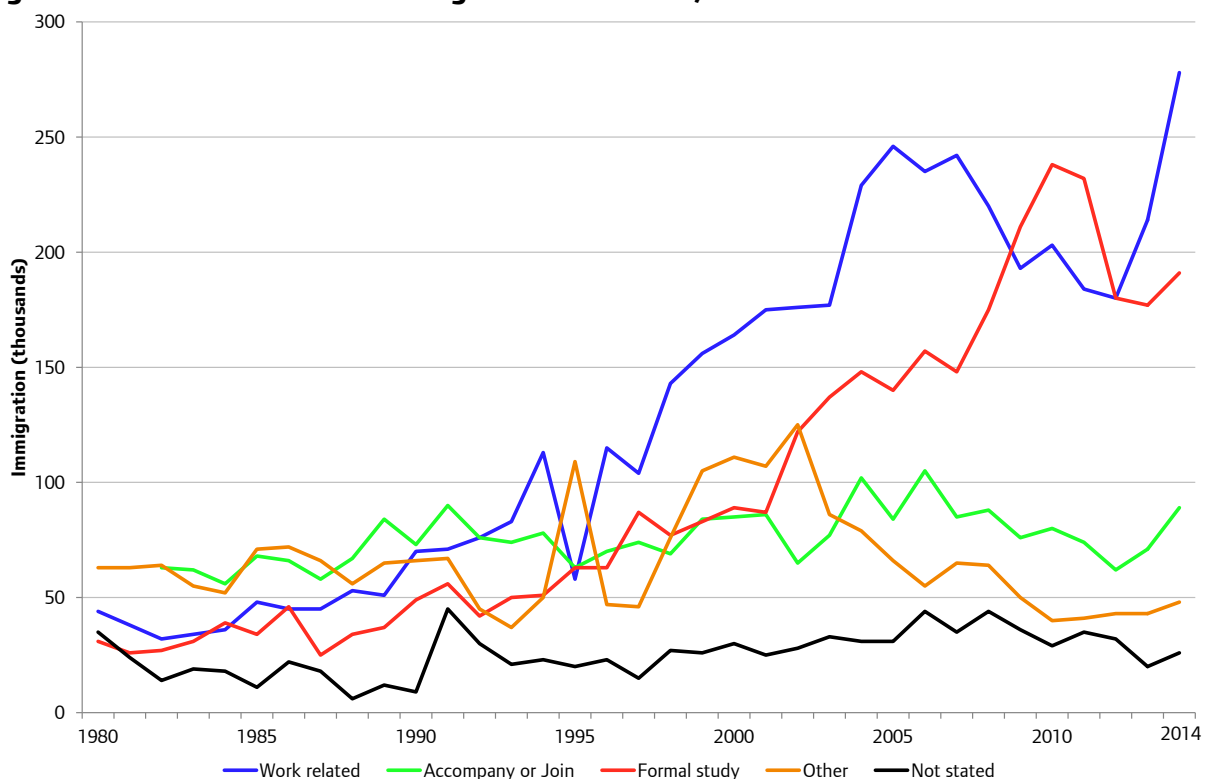
ii) Reasons for international migration

The attractiveness of London as a location for international migration is evidenced by the results of a 2014 poll, where London came out on top when over 200,000 people across 189 countries were asked “which cities would you consider working in abroad?” Unprompted, 16 per cent of the respondents said that they would move to the UK capital, ahead of New York and Paris in second and third place respectively³³. Economic and employment opportunities play an important role in attracting people to move to the capital. Drawn from ONS data, work-related reasons have constituted the main reason in all but three of the past 20 years since 1995 (see Figure 5.15). In the period 1980-1994, the main reason for migration to the UK was instead mainly for dependents to accompany migrants already working in the UK, to join family members or other reasons (such as asylum). This shows a shift towards economic and employment opportunities as a major reason for migration, the growth of London as a major global city and the economic opportunities it offers being a major contributing factor.

The numbers of migrants moving to the UK each year for work increased dramatically in 1998 and again in 2004, followed by a drop in 2008/09 during the financial crisis and subsequent rapid increase in 2014 based on the latest estimates. Migration for work-related reasons therefore seems to coincide strongly with the relative strength of economic activity in the UK.

Notably, the sizeable jumps in the numbers of people moving to the UK (and London) for work in 1998 and 2004 also coincided with changes in policy. After 1997, LSE research³⁴ highlights that there was a large increase in the number of work permits issued to workers outside the EU (particularly to migrants arriving from English-speaking countries such as the US and Australia). Since 2004 people from EU accession countries have been able to move to the UK, and migrants from these countries have been particularly likely to report coming to the UK for work.

As the number of work-related migrants declined during the recession in 2008/09, formal study briefly overtook work as the main reason for migration to the UK. The pull of UK universities and colleges in particular is a significant reason for migration to the UK. After the US, the UK was the second most popular destination for international tertiary students in 2012, based on data from UNESCO³⁵.

Figure 5.15: Main reason for immigration to the UK, 1980-2014

Source: ONS migration statistics quarterly report, August 2015.³⁶

This data on the reported intentions of annual flows of migrants into the UK however fails to take account of the length of stay beyond 12 months, and the propensity to settle, which ultimately shapes the changes in London's population over time. Looking at the migration status of non-EEA migrants five years after entry into the UK via the immigration system, Home Office research³⁷ found that the propensity to settle or remain in the UK varied considerably by the initial route of entry. For those arriving in 2008 by the family visa, more than four in five (81 per cent) had either settled or had valid leave to remain in the UK after five years, compared to 53 per cent for those arriving as dependants, 28 per cent of those arriving via a skilled work visa, and just 16 per cent of those arriving for study³⁸. This reflects that non-EEA arrivals to the UK for work, and particularly those coming for study, are more likely to be in the UK on a short-term or temporary basis³⁹.

This in turn has implications for the main reasons for migration among the overall stock of migrants in the UK. Making use of new data from the Annual Population Survey (APS), Home Office research⁴⁰ found that family and dependant routes dominated in terms of the reasons as to why the foreign-born population originally came to the UK. Of the 7.5 million foreign born residents in England and Wales, 41 per cent gave their main reason for coming to the UK as joining a settled person/family or accompanying another migrant, while 26 per cent came to work and 14 per cent for study. This contrasts significantly with the data presented on annual inflows, which instead shows that just 14 per cent of arrivals in 2013 came to accompany or join, while 41 per cent came for work and 34 per cent for study.

It is important to recognise that the attractiveness of London as a place for business investment, to work, and to live, each play an important role in the decisions of migrants to come to London. People are drawn to the capital for a variety of reasons, whether it be to take advantage of employment opportunities, which enable them and their families to have an improved quality of life, higher incomes and improved standards of living; or to be part of a diverse community, drawn by its cultural offering. London's competitiveness and status as a global city will continue to mean that people will be attracted to the capital into the future.

5.4.5 London as a visitor destination

One of the major reasons behind London's status as a global city is the draw of its culture, heritage and diversity to both UK and international visitors. Visitors' experiences in London can also act as an influencing factor to arguably encourage people to migrate to the capital for work. While data on reasons for migration cannot provide evidence on a visitor's previous experiences as a confirming factor in a later decision to locate to the capital, it is likely that London's culture and diversity is a draw.

London is amongst the most visited cities in the world. According to the Euromonitor Top City Destination Ranking, London was the second most visited city in the world, behind only Hong Kong, with Paris the only other EU country in the top 10 (Table 5.40).

Table 5.40: Most visited cities in the world, 2014

Rank	City	Arrivals in 2014	Growth on previous year
1	Hong Kong	27.77	8.2%
2	London	17.38	3.6%
3	Singapore	17.09	-0.4%
4	Bangkok	16.25	-7.0%
5	Paris	14.98	-1.9%
6	Macau	14.97	7.4%
7	Dubai	13.20	8.4%
8	Shenzhen	13.12	8.0%
9	New York City	12.23	3.2%
10	Istanbul	11.87	13.2%

Source: Euromonitor

More timely data from the International Passenger Survey (ONS) estimated that 18.6 million international visitors came to the capital and 12.9 million overnight visits were made by UK residents (Figure 5.16). In addition, in 2015, there were a total of 280.0 million tourism domestic day visits in the capital. The largest growth in tourism over the last decade has come from the international market and this is shown in Table 5.41.

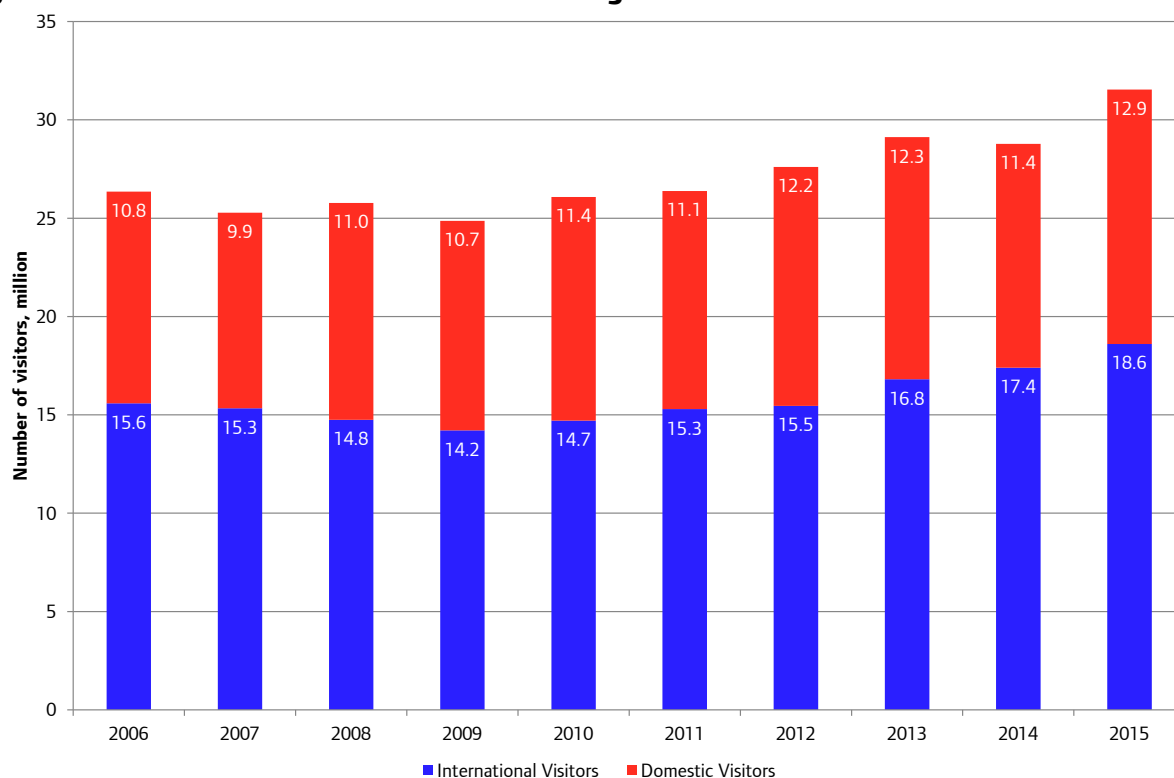
Table 5.41: Growth over time of international visitors and expenditures, 2005 – 2015

Year	Total International Visitors (million)	Total International Visitor Spend (£ billion; nominal prices)
2005	13.9	6.9
2006	15.6	7.8
2007	15.3	8.2
2008	14.8	8.1
2009	14.2	8.2
2010	14.7	8.7
2011	15.3	9.4
2012	15.5	10.1
2013	16.8	11.5
2014	17.4	11.8
2015	18.6	11.9

Growth of international visitors (2005 – 2015)	33.8%
Average annual growth rate of visitors	3.0%

Growth of international tourism visitor spend (2005 – 2015; in constant 2005 prices)	39.4%
Average annual growth rate of visitor expenditure (in constant prices)	3.4%

Source: GLA Economics calculations, drawn from International Passenger Survey, ONS

Figure 5.16: International and domestic overnight tourism to London

Source: Visit Britain/Visit England; GLA Economics calculations

The scale of London's tourism economy is therefore significant, with total estimated visitor spend from overnight and day visitors of £26.6 billion in 2015. Modelling based on GLA Economics' estimation of GVA per workforce job in London estimates that the total GVA of the tourism industry in London stood at £11.5 billion in 2014, with the sector supporting around 283,000 jobs. Similar modelling from the ONS based upon the Tourism Satellite Account, estimated that Tourism Direct Gross Value Added for London (which includes the expenditure of UK residents as they leave the UK on international trips) stood at £15.4 billion in 2013.⁴¹

Trends in international tourism

London has maintained its position as a major international tourism destination, in part due to the cultural and historic offering as well as being a destination for major events and business tourism.

i) Tourism by origin market

Drawn from data between 2002 and 2015, the data show a shift in London's main tourism markets. Europe has grown in importance, whereas the North American market has reduced in importance, as shown in Table 5.42.

Table 5.42: Proportion of visits to London by continent

Continent	2002	2007	2012	2015
Europe	54.7%	62.8%	65.0%	66.0%
North America	24.2%	18.3%	14.7%	13.7%
Asia (inc. Aust/New Zealand)	12.3%	11.4%	11.7%	11.5%
Middle East	3.2%	2.5%	3.1%	3.5%
Central and South America	2.1%	1.9%	3.1%	3.1%
Africa	3.7%	3.0%	2.5%	2.1%

Source: International Passenger Survey

When looking at individual countries, the United States remains the largest single market, whereas many individual European countries have seen growth in not only the number of visits (Table 5.43), but also the proportion of total visits to London (Table 5.44).

Table 5.43: Top 30 markets for international tourism to London, total number (millions) of visits (ranked highest to lowest on 2015)

Rank	Country	2002	2007	2012	2015
1	USA	2.45	2.33	1.86	2.14
2	France	1.10	1.34	1.68	2.07
3	Germany	0.89	1.20	1.20	1.40
4	Italy	0.54	0.84	0.96	1.17
5	Spain	0.44	0.97	0.80	1.15
6	Irish Republic	0.63	0.73	0.60	0.79
7	Netherlands	0.49	0.67	0.64	0.69
8	Australia	0.44	0.60	0.60	0.63
9	Sweden	0.29	0.40	0.50	0.55
10	Poland	0.12	0.43	0.40	0.53
11	Belgium	0.29	0.35	0.47	0.53
12	Switzerland	0.31	0.37	0.43	0.50
13	Norway	0.18	0.31	0.40	0.43
14	Denmark	0.19	0.31	0.33	0.42
15	Canada	0.36	0.48	0.40	0.41
16	Other Eastern Europe	0.08	0.48	0.29	0.31
17	India	0.14	0.22	0.23	0.28
18	Brazil	0.06	0.11	0.22	0.26
19	Romania	0.00	0.00	0.11	0.24
20	Portugal	0.10	0.14	0.15	0.22
21	South Korea	0.07	0.13	0.13	0.18
22	United Arab Emirates	0.06	0.09	0.13	0.18
23	China	0.04	0.08	0.10	0.17
24	Czech Republic	0.06	0.13	0.14	0.17
25	Israel	0.15	0.10	0.11	0.16
26	Finland	0.07	0.10	0.13	0.16
27	Austria	0.11	0.16	0.15	0.15
28	Japan	0.29	0.22	0.18	0.15
29	Singapore	0.06	0.06	0.11	0.15
30	Greece	0.10	0.10	0.09	0.15

Source: International Passenger Survey, ONS

Table 5.44: Top 30 markets for international tourism to London, proportion of total visits (ranked highest to lowest on 2015)

Rank	Country	2002	2007	2012	2015
1	USA	21.1%	15.2%	12.0%	11.5%
2	France	9.5%	8.8%	10.9%	11.1%
3	Germany	7.7%	7.8%	7.8%	7.5%
4	Italy	4.7%	5.5%	6.2%	6.3%
5	Spain	3.8%	6.3%	5.1%	6.2%
6	Irish Republic	5.4%	4.8%	3.9%	4.3%
7	Netherlands	4.2%	4.3%	4.1%	3.7%
8	Australia	3.8%	3.9%	3.9%	3.4%
9	Sweden	2.5%	2.6%	3.3%	3.0%
10	Poland	1.0%	2.8%	2.6%	2.9%
11	Belgium	2.5%	2.3%	3.0%	2.9%
12	Switzerland	2.7%	2.4%	2.7%	2.7%
13	Norway	1.5%	2.0%	2.6%	2.3%
14	Denmark	1.6%	2.0%	2.1%	2.3%
15	Canada	3.1%	3.1%	2.6%	2.2%
16	Other Eastern Europe	0.7%	3.2%	1.9%	1.7%
17	India	1.2%	1.4%	1.5%	1.5%
18	Brazil	0.6%	0.7%	1.4%	1.4%
19	Romania	0.0%	0.0%	0.7%	1.3%
20	Portugal	0.8%	0.9%	1.0%	1.2%
21	South Korea	0.6%	0.8%	0.8%	1.0%
22	United Arab Emirates	0.5%	0.6%	0.9%	1.0%
23	China	0.3%	0.5%	0.7%	0.9%
24	Czech Republic	0.5%	0.9%	0.9%	0.9%
25	Israel	1.3%	0.7%	0.7%	0.9%
26	Finland	0.6%	0.6%	0.8%	0.9%
27	Austria	0.9%	1.1%	1.0%	0.8%
28	Japan	2.5%	1.4%	1.2%	0.8%
29	Singapore	0.5%	0.4%	0.7%	0.8%
30	Greece	0.8%	0.6%	0.6%	0.8%

Source: International Passenger Survey, ONS

Even though the number of visitors to London has grown over the last decade, a noticeable trend has been that the number of nights per visit has fallen (Table 5.45). In part this is to be expected, since improvements in connectivity mean that people are able to visit many locations as part of their trip. This has potential implications for London in the future demand and supply of hotel accommodation in the capital, if trends were to continue.

Table 5.45: Nights per visit by origin market and for all countries, 2005 – 2015

Country	2002	2007	2012	2015
USA	5.78	5.66	6.03	5.52
France	4.06	4.86	4.24	4.28
Germany	4.45	3.95	4.22	4.30
Italy	6.28	6.00	5.54	5.61
Spain	7.33	5.40	6.19	5.22
TOTAL	6.50	6.25	6.10	5.83

Source: International Passenger Survey

Over the last decade, it has been the growth of London as a holiday destination that has driven the increases in total visits to the capital (Table 5.46), where the proportion of holiday visits has grown from 41.9 per cent to 49.6 per cent between 2002 and 2015, as shown in Table 5.47.

Table 5.46: Visits to London by purpose, total number, (millions)

Purpose	2002	2007	2012	2015
Business	2.79	3.58	3.07	3.71
Holiday	4.86	6.50	7.65	9.21
Miscellaneous	1.07	1.30	1.04	1.13
Study	0.19	0.25	0.18	0.18
Visiting friends or relatives	2.70	3.70	3.53	4.35
TOTAL	11.60	15.34	15.46	18.58

Source: International Passenger Survey

Table 5.47: Proportion of total visits to London by purpose, 2002 – 2015

Purpose	2002	2007	2012	2015
Business	24.1%	23.3%	19.8%	20.0%
Holiday	41.9%	42.4%	49.5%	49.6%
Miscellaneous	9.2%	8.5%	6.7%	6.1%
Study	1.6%	1.7%	1.2%	1.0%
Visiting friends or relatives	23.2%	24.1%	22.8%	23.4%

Source: International Passenger Survey

5.4.6 Role of culture and diversity in London's attractiveness as a place to live

One of the major reasons for people to visit and live in London is its cultural offer. London's culture is built upon its history and heritage, as well as through its communities.

For example, London is home to four UNESCO world heritage sites, 349 live music venues and 857 art galleries; London stages major global festivals and events, such as London Fashion Week as well as sporting and cultural events. Data from the World Cultural Cities Report⁴² show that London performs strongly against other major global cities across a number of indicators, as shown in Table 5.48.

Table 5.48: City comparisons on cultural provision
Main European cities:

	London	Paris	Madrid	Rome	Berlin
Art galleries	857	1151	299	200	421
Festivals and celebrations	271	360	69	--	63
National museums	13	27	7	--	18
Admissions to all theatres	22.0m	5.6m	2.6m	1.5m	2.4m
Live music venues	320	430	92	--	250
Michelin star restaurants	62	105	12	--	14
Theatres	241	353	112	--	56
Museums	215	313	59	32	158
UNESCO World Heritage Sites	4	4	0	4	3

Non-European cities:

	New York	Toronto	Los Angeles	Sydney	Tokyo
Art galleries	613	156	434	207	688
Festivals and celebrations	263	127	257	--	485
National museums	7	0	2	1	8
Admissions to all theatres	13.1m	2.5m	2.1m	6.1m	12.0m
Live music venues	453	149	510	435	385
Michelin star restaurants	76	--	20	--	224
Theatres	420	75	330	73	230
Museums	143	63	231	83	47
UNESCO World Heritage Sites	1	0	0	3	1

Other European cities:

	Vienna	Warsaw	Stockholm	Brussels	Moscow
Art galleries	>100	44	120	313	65
Festivals and celebrations	50	54	50	247	537
National museums	14	14	29	8	29
Admissions to all theatres	4.7m	1.8m	2.0m	--	7.5m
Live music venues	--	33	65	37	367
Michelin star restaurants	94	1	9	--	--
Theatres	--	--	80	61	182
Museums	56	73	99	93	365
UNESCO World Heritage Sites	2	1	3	3	3

Source: World Cities Culture Forum

Note: '--' denotes that data are not available

Data from the Association of Leading Visitor Attractions (ALVA) shows the importance of the capital for cultural and tourist attractions in the UK; all of the top 10 and 15 of the top 20 visitor attractions are in London. Of these 15 attractions, 13 are free to entry. Table 5.49 outlines the top 10 attractions in the UK based on number of visitors.

Table 5.49: Most visited attractions in the UK, 2015

Rank	Attraction	Free or Pay to Entry	Number of Visitors
1	British Museum	Free	6,820,686
2	The National Gallery	Free	5,908,254
3	Natural History Museum (South Kensington)	Free	5,284,023
4	Southbank Centre	Free	5,102,883
5	Tate Modern	Free	4,712,581
6	Victoria and Albert Museum (South Kensington)	Free	3,432,325
7	Science Museum	Free	3,356,212
8	Somerset House	Free	3,235,104
9	Tower of London	Pay to Entry	2,785,249
10	National Portrait Gallery	Free	2,145,486

Source: Association of Leading Visitor Attractions

Drawing upon the Annual Survey of Visits to Visitor attractions database compiled by Visit England, there were 94 attractions listed as being within London, however it must be stated that these will not provide a complete database of all attractions in the capital, since many festivals and events take place across the capital throughout the year, catering for communities across the capital. According to these data, the total number of visits to visitor attractions in London was estimated at 61.2 million in 2015, with the top 20 attractions accounting for 85 per cent of all of these visits.

Table 5.50 shows the top 20 attractions in London based on visitor numbers, drawn from the ALVA database, these 20 attractions all sit in the top 30 visitor attractions in the UK.

Table 5.50: Top 20 attractions in London based on number of visits

Rank	Attraction	Borough	Number of Visitors
1	British Museum	Camden	6,820,686
2	The National Gallery	Westminster	5,908,254
3	Natural History Museum	Kensington and Chelsea	5,284,023
4	Southbank Centre	Lambeth	5,102,883
5	Tate Modern	Southwark	4,712,581
6	Victoria and Albert Museum	Kensington and Chelsea	3,432,325
7	Science Museum	Kensington and Chelsea	3,356,212
8	Somerset House	Westminster	3,235,104
9	Tower of London	Tower Hamlets	2,785,249
10	National Portrait Gallery	Westminster	2,145,486
11	Old Royal Naval College, Greenwich	Greenwich	1,676,055
12	Westminster Abbey	Westminster	1,664,850
13	Royal Botanic Gardens, Kew	Richmond upon Thames	1,622,821
14	St Paul's Cathedral	City of London	1,609,325
15	British Library	Camden	1,579,270
16	National Maritime Museum	Greenwich	1,357,663
17	Tate Britain	Westminster	1,284,519
18	ZSL London Zoo	Westminster	1,265,911
19	Imperial War Museum, London	Southwark	1,104,670
20	The Royal Academy of Arts	Westminster	1,096,608

Source: Association of Leading Visitor Attractions

Chapter 5 endnotes

- 1 Note this table provides information on the highest rate of this tax and the actual rate may vary across different regions in certain countries etc.
- 2 See: <http://www.kpmg.com/global/en/services/tax/tax-tools-and-resources/pages/corporate-tax-rates-table.aspx>
- 3 Note this table provides information on the highest rate of this tax and the actual rate may vary across different regions in certain countries etc.
- 4 France's ranking is based on 2014.
- 5 See: <http://www.kpmg.com/Global/en/services/Tax/tax-tools-and-resources/Pages/individual-income-tax-rates-table.aspx>
- 6 "The changing spatial nature of business and employment in London", GLA Economics Working Paper 73.
- 7 "City ranking indices – handle with care", GLA Economics Current Issues Note 31.
- 8 PWC 2016, [PWC Cities of Opportunity 7](#)
- 9 The Economist Intelligence Unit, 2013, '[Hot spots 2025, benchmarking the future competitiveness of cities](#)'. Citi.
- 10 A. T. Kearney, 2016, [Global Cities Index 2016](#). Rankings include index and outlook.
- 11 ARCADIS, 2016, '[Sustainable Cities Index](#)'.
- 12 UN Habitat, 2012, '[State of the World's Cities 2012/2013](#)'.
- 13 EY, 2016, [European Attractiveness Survey 2016](#)
- 14 Ericsson, 2014, '[Networked Society City Index](#)'.
- 15 Innovation Cities, 2014, '[Innovation Cities Index 2014](#)'.
- 16 MasterCard, 2015, [Global Destination Cities Index 2015](#)
- 17 IESE Business School, 2014, '[IESE Cities In Motion Index 2014](#)'.
- 18 The Mori Memorial Foundation, 2014, '[Global Power City Index 2014](#)'.
- 19 GaWC, 2012, '[The world according to GaWC 2012](#)'.
- 20 Z/Yen Group, 2016, [Global Financial Centres Index 20](#).
- 21 See: <http://stats.oecd.org//Index.aspx?QueryId=64115#>
- 22 This survey was published in 2015.
- 23 UBS notes: "gross hourly wages are calculated from the survey's gross annual earnings data divided by the annual number of working hours. Net hourly earnings are calculated by removing taxes, social security and other special deductions from gross annual income for each city, and dividing it by annual working hours. Hourly wages are weighted according to the distribution of our 15 professions."
- 24 UBS, September 2015. '[Prices and earnings – Edition 2015: Do I earn enough for the life I want?](#)'.
- 25 "The Economic Impact of London's International Students", London & Partners. (2015)
- 26 Imperial (8th), UCL (14th), LSE (23rd), King's College (27th), Queen Mary (98th)
- 27 UCL (7th), Imperial (9th), King's College (21st), LSE (37th)
- 28 Imperial (15th), UCL (20th), LSE (24th), King's College (31st), London Business School (81st – 90th)
- 29 London Business School (24th), Cass Business School (54th)
- 30 London Business School (3rd), Imperial College Business School (35th), Cass Business School (37th)
- 31 Based on APS estimates for 2014, 3.08 million London residents were not UK born, equivalent to 36.5 per cent of the total resident London population. These estimates are subject to sample variability which means that the figures are broadly unchanged since the 2011 census.
- 32 U.S. Census Bureau, 2011, American Community Survey estimates a foreign-born population to be almost 3.1 million in 2011 (equivalent to 38 per cent of the New York resident population), <http://factfinder.census.gov/>
- 33 Note: the question allowed respondents to indicate up to five answers. Source: Boston Consulting Group/The Network, decoding global talent, 2014 web survey, available at: https://www.bcgperspectives.com/content/articles/human_resources_leadership_decoding_global_talent/

- 34 Portes, J., 2014, 'Immigration and the UK economy: interaction between policy and economic research since the mid-1990s'. In 'Migration and London's growth'. LSE London.
- 35 Data relate to international students defined on the basis of their country of residence. These data exclude students who are under short-term study and exchange programmes that last less than a full school year. See: <http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx>
- 36 Notes: 1) A migrant is defined as someone who changes his or her country of usual residence for a period of at least 12 months. 2) Figures for 1980 to 1990 are IPS estimates, 1991 onwards are LTIM estimates. 3) Figures for 2014 are provisional estimates and are represented by a cross. All other figures are final estimates. 4) "Work related" includes "definite job" and "looking for work" in all years, except for 1995 when "looking for work" was included in the other category.
- 37 Home Office, '[Migrant Journey: fifth report](#)', February 2015.
- 38 A valid visa does not confirm that a migrant is still in the UK as it is possible that they left prior to the visa's expiry. Equally, a visa with expired leave to remain does not mean that the migrant has necessarily left the UK.
- 39 Given this propensity to stay for short periods of time, relative to other types of migrant, it is arguable that international students should not be considered to be truly 'long-term' international migrants.
- 40 Home Office, '[The reason for migration and labour market characteristics of UK residents born abroad](#)', September 2014
- 41 ONS, 2016, '[The regional value of tourism in the UK: 2013](#)'
- 42 World Cities Culture Report 2015, available at: <http://www.worldcitiescultureforum.com/news/world-cities-culture-report-2015-now-published>