

3 London's attractiveness as a location for business and people

Key Findings

- On many measures, London is a competitive location for business, with corporation tax rates in the UK lower than any other G7 country
- The capital figures prominently across a range of city ranking indices, ranking as the leading global city according to the PWC Cities of Opportunity and the Global Financial Centres Index
- London has a competitive business climate, with net business start-up rates higher than for the UK as a whole
- 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
- 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 the most visited city in the world, with 17.4 million people visiting the capital in 2014.
- 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.

Introduction

London is a pre-eminent global city; it has developed over time as a result of being a centre of trade. Through globalisation, London has become increasingly specialised in certain activities (such as business services and finance) and has built upon its comparative advantages. Many factors explain why London remains a competitive location; however it can be summarised that businesses wish to locate in the capital as a result of London's central global position, its openness to trade, its links to international markets, and its competitive business environment.

London's attractiveness to business has a knock on effect in attracting people. Specialisation in high skilled, high value business activity means that London is able offer high wages and numerous career opportunities. People are attracted to the capital from both within the UK and outside; for business this means that there is a high supply of labour for higher value occupations and activities, but also in lower skilled occupations.

This chapter looks at the factors that have drawn business and people to the capital, examining trends in inward investment, taxation, and regulation, and London as a place to live; but also provides an overview of London's competitiveness compared to other global cities, directly comparing London across a range of indicators and city rankings.

London attractiveness as a location for business

This section looks at the various factors which influence businesses, both international and within the UK, to locate in the capital. The main pull factors come as a result of the specialisation of the capital in high value sectors, its openness to trade, and its development over time as a business destination.

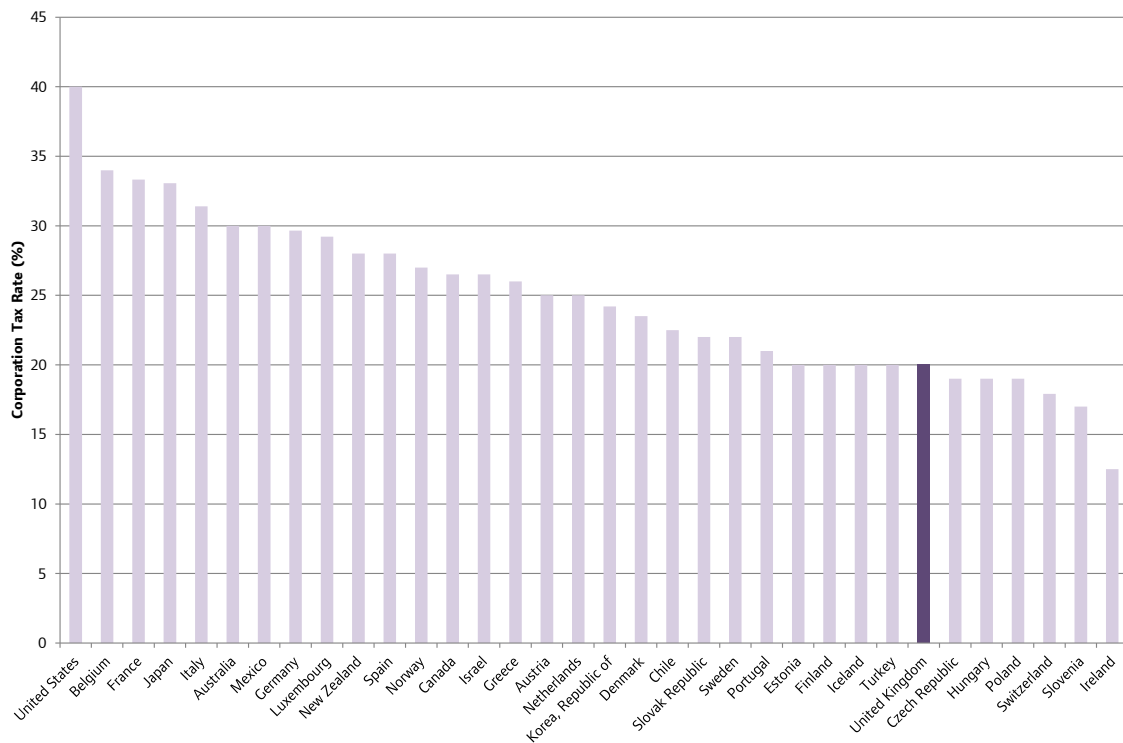
Over time, London's status as a global city has developed as a result of its central location. London sits between East and West, and global time systems are based upon Greenwich Mean Time. The implications of this are that London can overlap the business hours of other major business locations; Tokyo 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 starts towards the end of business hours in London. The capital is therefore able to develop strong connections with many 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.

The UK's role in global history also means that it 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; agglomeration of finance and legal services in a central location create efficiencies for business. In addition, the UK is seen as a politically stable location, grounded upon a strong legal framework. When examining London's position in the global economy, all these factors together play a significant role in attracting business to the capital.

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 3.1 demonstrates how the UK ranks in relation to other nations for corporation tax rates, showing that although not being the country with the lowest rate, the UK ranks well in the global context, and in 2015, has the lowest corporation tax rate of any G7 country.

Figure 3.1: Corporation Tax Rates, OECD Nations, 2015

Source: 2015 Global Tax Rate Survey, 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 3.1. 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 3.1: Highest corporation tax rate in selected countries over time, 2006-2015 (ranked highest to lowest, 2015)¹

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United Arab Emirates	55	55	55	55	55	55	55	55	55	55
United States	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
Japan	40.69	40.69	40.69	40.69	40.69	40.69	38.01	38.01	35.64	33.06
Italy	37.25	37.25	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
Canada	36.1	36.1	33.5	33	31	28	26	26	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
EU average	24.83	23.97	23.17	23.11	22.93	22.7	22.51	22.75	21.34	22.15
United Kingdom	30	30	30	28	28	26	24	23	21	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
Hong Kong	17.5	17.5	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

Source: KPMG²

Although the UK is a competitive location for business based on 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 3.2 provides data from KPMG on the highest income tax rate level 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.

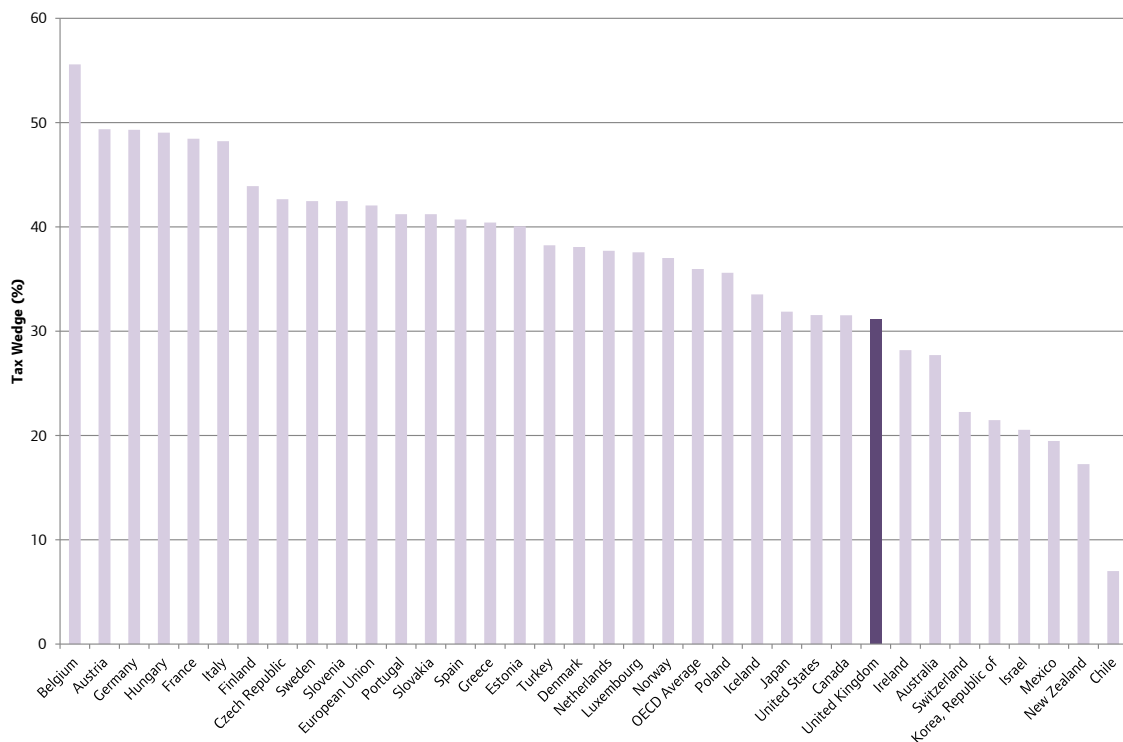
Table 3.2: Highest income tax rate in selected countries and area averages over time, 2006-2015 (ranked highest to lowest on 2015)³

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Japan	50	50	50	50	50	50	50	50.84	50.84	50.84
Ireland	42	41	41	46	47	48	48	48	48	48
Germany	42	45	45	45	45	45	45	45	45	45
United Kingdom	40	40	40	40	50	50	50	45	45	45
France ⁴	40	40	40	40	41	41	45	45	45	..
Italy	43	43	43	43	43	43	43	43	43	43
Switzerland	40.4	40.4	40	40	40	40	40	40	40	40
United States	35	35	35	35	35	35	35	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
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
Singapore	20	20	20	20	20	20	20	20	20	20
Hong Kong	16	16	15	15	15	15	15	15	15	15
Macau	12	12	12	12	12	12	12	12	12	12
United Arab Emirates	0	0	0	0	0	0	0	0	0	0

Source: KPMG⁵

The tax wedge measures the difference between the pre-tax and post-tax earnings of an individual. It is an estimate of how much more the firm has to pay an individual employee (after all personal tax deductions and taxes on the employer) to provide the individual with 100 per cent of the average annual wage. Data for 2014 are shown in the following chart:

Figure 3.2: Tax wedge for OECD countries, 2014

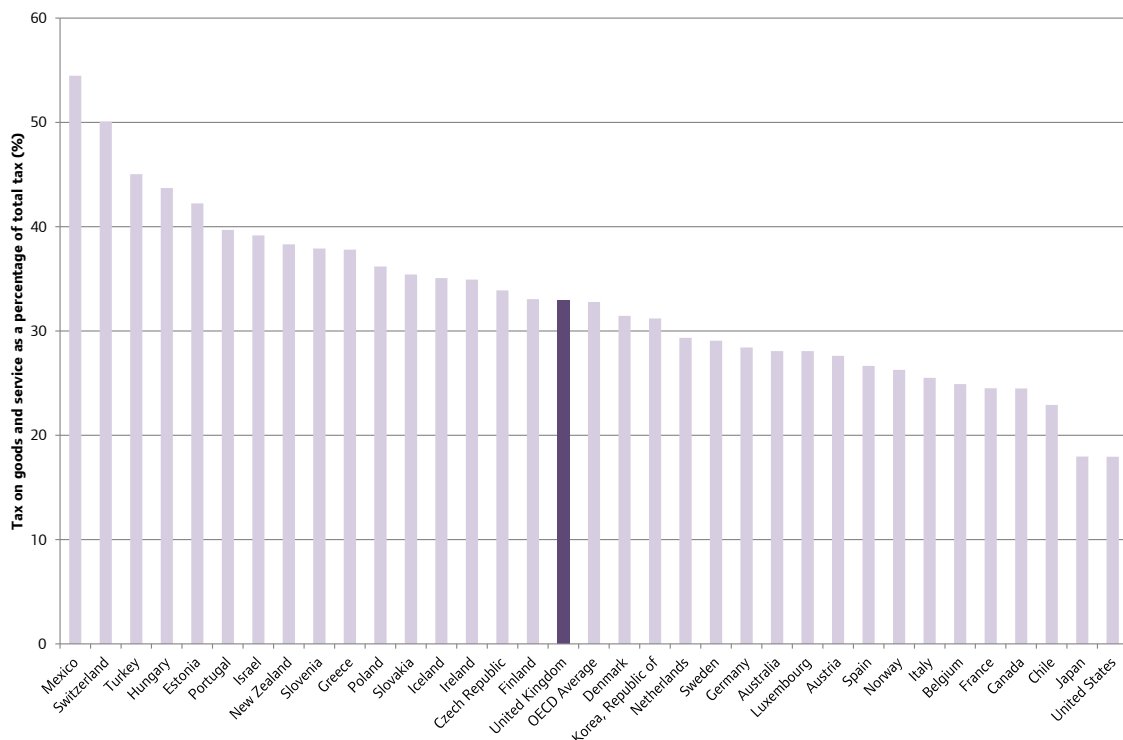


Source: OECD

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. The following chart

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 likely to be lower compared to relative levels of corporation or personal taxation.

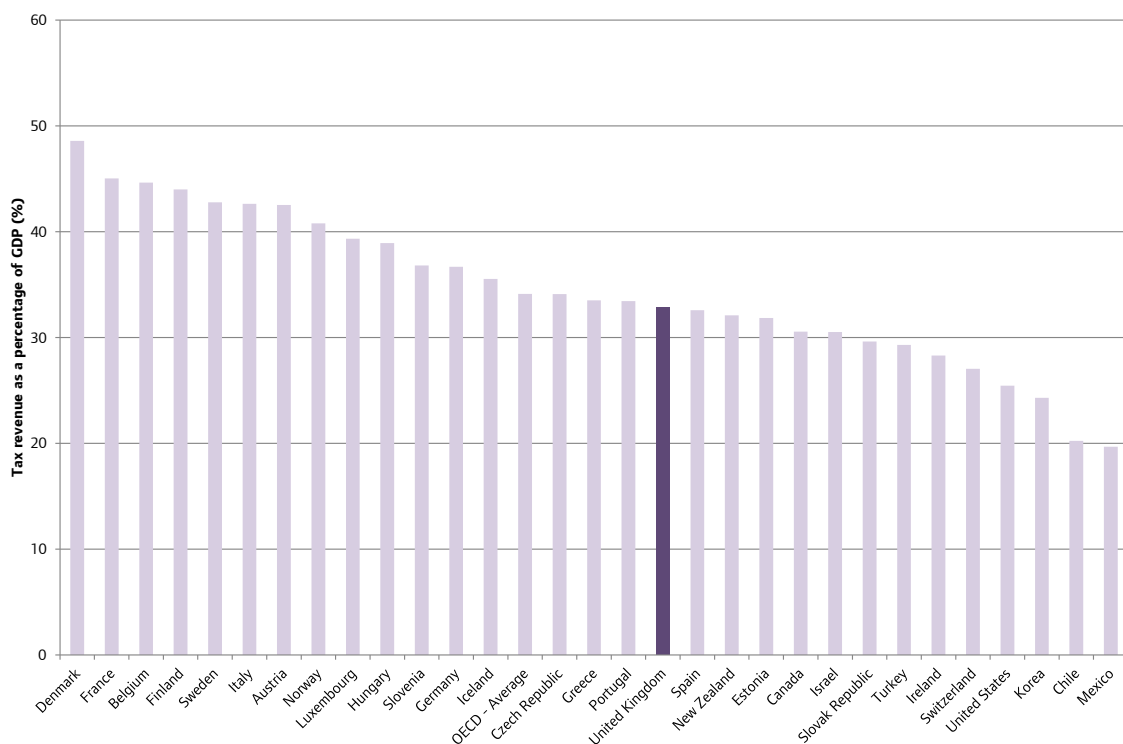
Figure 3.3: Taxation on goods and services as a proportion of total taxation, 2013



Source: OECD

To provide an overall perspective on the relative competitiveness of tax systems across countries, the following chart provides the total tax revenue as a proportion of GDP, which finds that the UK sits near the middle of the scale on this this indicator. In particular, Switzerland and the United States have lower overall proportions of tax revenue to total GDP than the UK.

Figure 3.4: Total tax revenue as a proportion of GDP, 2013



Source: OECD. Data for Australia, Japan, Netherlands and Poland not available.

London has developed a particular specialism in financial and business services, particularly as a result of a liberalisation of financial services, and by building upon the factors which have given London its inherent competitiveness (such as London's geographic position, legal system and the English language). London's finance centre is part of a wider business services agglomeration with companies locating in Central London able to utilise expertise in financial services, legal advice, accountancy services, and other consulting services. One particular index which shows London's competitiveness as a financial centre comes from the Global Financial Centres Index. Here cities are measured against five main criteria (business environment, financial sector development, infrastructure, human capital, and reputation). The following table shows London's most recent position against other financial centres. Within the five individual criteria, the top five cities are all ranked in the same position for each; therefore London leads against all five areas of competitiveness.

Table 3.3: Top ten cities on the Global Financial Centres Index

Position	City
1	London
2	New York
3	Hong Kong
4	Singapore
5	Tokyo
6	Seoul
7	Zurich
8	Toronto
9	San Francisco
10	Washington D.C.

Source: *Global Financial Centres Index*

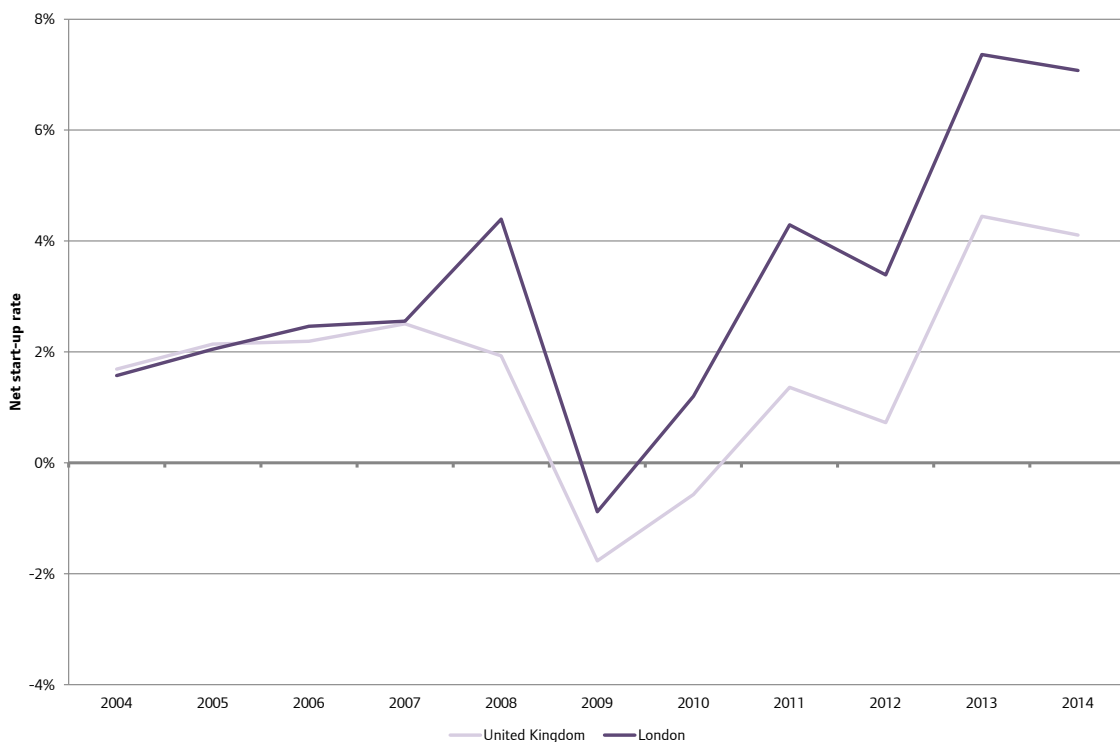
Although London's exact position in this ranking has been varied overtime – London and New York are the two centres which are clearly ahead of Hong Kong and Singapore, however these two cities in particular have become more competitive in recent years. This indicator does show that as a result of the regulatory environment and its specialisation in finance and business services, London becomes an attractive location for businesses.

London as a competitive business environment

As a result of the pull factors which 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 high numbers of business start-ups. As well as a high number of start-ups London also witnesses higher levels of business failures, therefore business churn is higher in London than in the UK as a whole. This section gives an indication of the scale of business start-ups and survival.

The following chart provides an illustration of the net start-up rate for businesses in London and the UK. Based upon data from the Interdepartmental Business Register (IDBR), there were 88,580 business births in London in 2014, accounting for 25 per cent of the UK total. There was however a much smaller number of business closures, at just 53,140; indicating a net start-up rate in the capital of 7.1 per cent. This compares to 4.1 per cent for the UK as a whole. In the period back to 2004, the average net start-up rate in London has been consistently higher than the UK as a whole (at 3.2 per cent compared to 1.7 per cent for the UK as a whole).

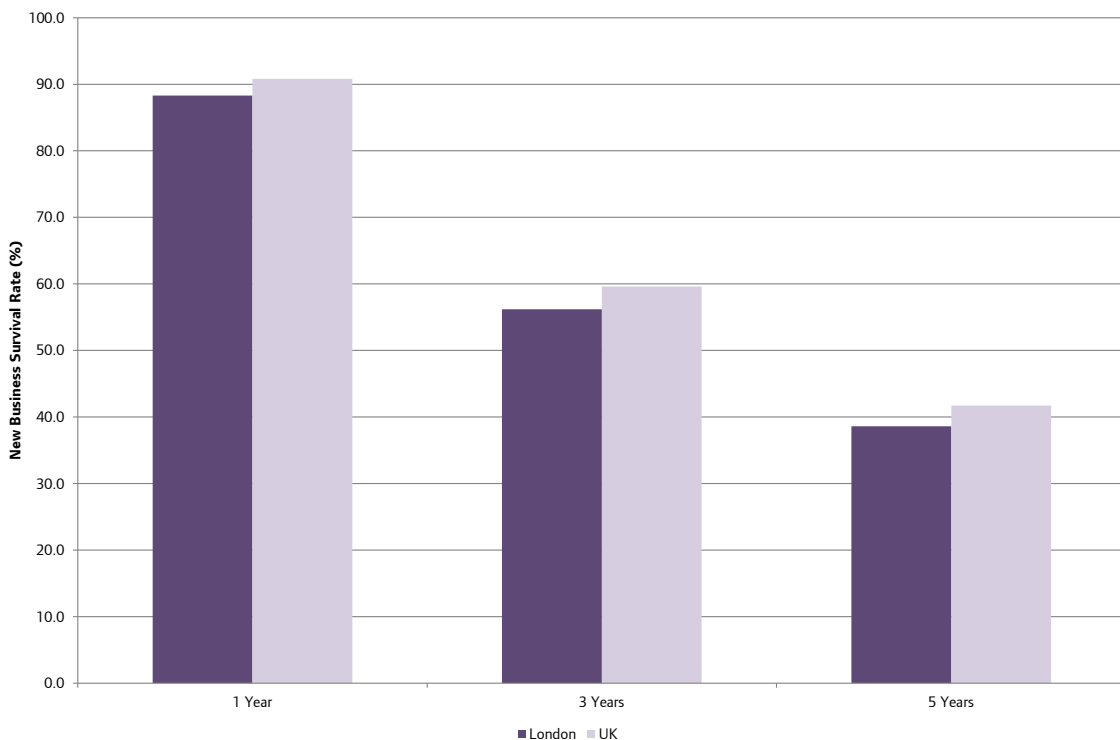
Figure 3.5: Annual business net start-up rate, London and the UK



Source: Business Demography, ONS; GLA Economics calculations

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, with only 38.6 per cent of businesses born in 2009 still in operation five years later.

Figure 3.6: Business survival rates for those established in 2009, London and the UK



Source: ONS Business Demography

London as a competitive location

A range of city index rankings provide evidence of London's competitiveness, whilst at the same time providing an insight into the relative strengths and weaknesses of the capital. One particular example of comes from the PWC Cities of Opportunity ranking, which assess the competitiveness of cities across ten broad indicators (and 59 component indicators). The sixth version of this report ranked London as the leading global city for the first time, ahead of New York and Singapore. The following table shows the top ten cities from this report:

Table 3.4: Top ten cities on the PWC Cities of Opportunity ranking

Position	City
1	London
2	New York
3	Singapore
4	Toronto
5	San Francisco
6	Paris
7	Stockholm
8	Hong Kong
9	Sydney
10	Chicago

Source: PWC Cities of Opportunity

London is rated as the leading city in three of the ten broad indicators, that of technology readiness, city gateway (looking at aspects such as the city as a place for leisure and business tourism, airport and transport connectivity), and economic clout (looking at the city as a place for business headquarters, a location for FDI, and productivity). The following table gives London's position in each of the ten broad indicators and the three top rated cities across each indicator:

Table 3.5: 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	2 nd	Paris	London	San Francisco
Technology readiness	=1 st	London, Seoul	--	Stockholm
City gateway	1 st	London	Beijing	Singapore
Transportation and infrastructure	6 th	Singapore	Toronto	Seoul
Health, safety and security	6 th	Stockholm	Sydney, Toronto	--
Sustainability and the natural environment	14 th	Stockholm, Sydney	--	Berlin, Paris
Demographics and livability	2 nd	Sydney	London	San Francisco
Economic clout	1 st	London	Beijing	New York
Ease of doing business	5 th	Singapore	Hong Kong	New York
Cost	15 th	Los Angeles	Chicago	Johannesburg

Source: PWC Cities of Opportunity

While the overall ranking shows that London is a competitive location, there are potentially areas which could be observed as risks to London, in particular on sustainability and natural environment, and on the costs of the city. The former is covered in more detail within Chapter 5 which looks at the state of London's environment and how future growth can be secured through its use of natural resources; the latter is covered in more detail within Chapter 4, looking at the risks to London's economy.

What these broad component indicators show though is that London's competitiveness is built upon London's standing as a major financial and economic centre, its central position in the world, the ability to grow and build upon technological improvement, and its ability to attract a highly skilled workforce, from both within the UK and outside.

There are a range of other city ranking indicators which also show London's to be a globally competitive city – ranking indicators must always be critiqued based on the methodology used in developing them⁶ – however there are a significant number of indices which confirm London's position. The following table outlines where London places across a range of these indicators.

Table 3.6: 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 2014 – PwC ⁷	Global Cities Index 2014 – A.T. Kearney ⁸	City Prosperity Index 2012/2013 – United Nations (4 th) ⁹
European Attractiveness Survey 2014 – EY ¹⁰	2025 City Competitiveness Index – The Economist Intelligence Unit ¹¹	Innovation Cities Index 2014 – Innovation Cities (3 rd) ¹²
Global Destination Index 2014 – MasterCard ¹³	Sustainable Cities Index 2015 – Arcadis ¹⁴	
Global Power City Index 2014 – The Mori Memorial Foundation ¹⁵	Networked Society City Index 2014 - Ericsson ¹⁶	
The World According to GaWC 2012 – Globalization and World Cities (Loughborough University) ¹⁷	Cities in Motion Index 2014 – IESE Business School ¹⁸	
Global Financial Centre Index 18 – Z/Yen ¹⁹		
European Digital City Index 2015 – Nesta		
GfK/Anholt City Brands Index 2013		

An indicator of London's competitiveness as a location for business is through the scale of foreign direct investment (FDI). From an economic perspective, inward investment acts as a means of increasing productivity, as a new entrant into a market will have ideas, methods or technologies which enable productivity to increase. However new entrants, if they have technology far in advance of domestic firms, may mean that less productive firms will be forced to leave the market; the net benefits from inward investment will likely be through improvements in total factor productivity.

The following section examines data on the scale of inward investment to London and other major global cities over time, before looking at the industry sectors in which London attracts most investment.

Data on inward investment is sourced primarily from fDi Markets, a real-time data resource providing details on new inbound FDI investments, the origin and destination locations, the industrial sector, the number of new jobs estimated to be created through the investment, and the level of capital investment related to it. Data on jobs and capital investments are estimated, however numbers of FDI projects are more certain.

The profile of inward investment to London

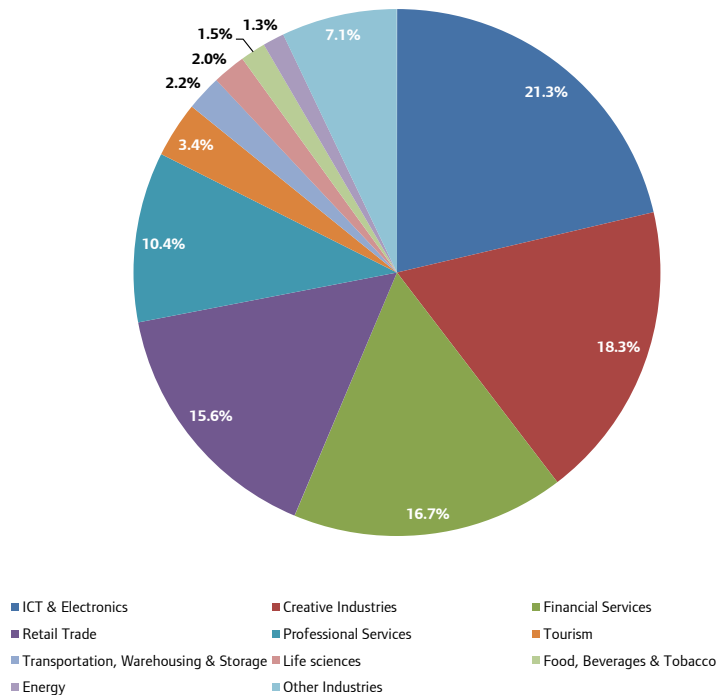
Data from fDi Markets outline the industrial sector associated with individual investments, however it must be noted that these do not match directly with the Standard Industrial Classification set out by the Office for National Statistics. The following table and chart outlines the broad industrial sectors of inward investment to London over the last five years, and finds that these largely match with London’s specific industrial specialisations outlined in Chapter 1.

Table 3.7: Number of inbound FDI projects to London, by broad industry sectors

Sector	2010/11	2011/12	2012/13	2013/14	2014/15	Total
ICT & Electronics	63	91	102	80	64	400
Creative Industries	56	78	77	72	60	343
Financial Services	69	70	58	59	58	314
Retail Trade	51	65	42	67	68	293
Professional Services	31	41	37	40	47	196
Tourism	7	15	19	12	11	64
Transportation, Warehousing & Storage	4	3	5	13	16	41
Life sciences	9	8	1	13	7	38
Food, Beverages & Tobacco	3	7	3	11	5	29
Energy	3	10	4	3	5	25

Source: fDi Markets; GLA Economics calculations

Figure 3.7: Proportion of inbound FDI projects to London, by broad industry sectors



Source: fDi Markets; GLA Economics calculations

When broken down further into industrial sub-sectors, the following table shows further the importance of the Information and Communication; Finance and Insurance; Professional, Scientific and Technical Activities sectors; where nine of the ten industrial sub-sectors here would be considered to be part of these three SIC sections (Sections J, K and M).

Table 3.8: Number of inbound FDI projects to London by industrial sub-sector

Sector	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Software publishers, except video games	54	64	83	91	67	359
Internet publishing & broadcasting & web search	18	39	42	43	35	177
Clothing & clothing accessories	31	40	22	32	51	176
Corporate & investment banking	30	24	23	13	17	107
Advertising, PR, & related	16	23	20	11	12	82
Investment management	10	19	10	13	13	65
Professional, scientific & technical services	17	15	6	12	15	65
Custom computer programming services	10	9	13	11	16	59
Legal services	7	14	9	8	16	54
Retail banking	10	12	6	9	4	41

Source: fDi Markets; GLA Economics calculations

London is a major recipient of inward investment and compared to other major global cities, is highly competitive. London represents over a third of all inward investment into the UK, a level which has been consistent over the last five years.

Table 3.9: London's proportion of inbound FDI projects by financial year

Financial Year	Proportion of total UK inbound FDI, London (%)
2010-11	35.4
2011-12	38.7
2012-13	39.5
2013-14	38.0
2014-15	36.6

Source: fDi Markets; GLA Economics calculations

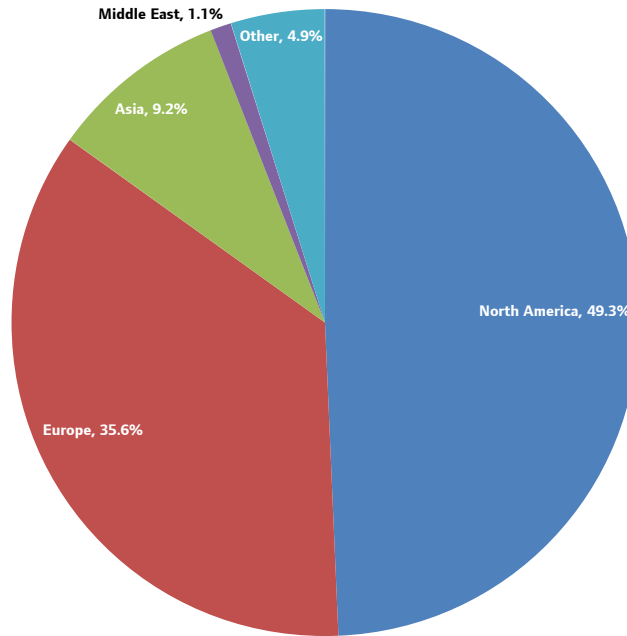
Data from the EY Global Investment Monitor estimates that London's share of total UK inward investment is higher still, with London estimated to have received 43.0 per cent of total UK FDI projects in 2014; with the trend over the past ten years being for London increasing its share of the UK's total new FDI projects.

Analysis from EY finds that London remains the most attractive location for potential new investors into the UK (46 per cent of respondents to the EY 2015 UK attractiveness survey reporting London as the most attractive region to establish operations), however the survey also found that for those businesses already located within the UK, London remains the most attractive region for investment. This implies that London remains the gateway to the UK for investment and that companies are willing to further expand in the capital.

London’s investment linkages

Trends over the last five years have shown that North America and Europe remain the most important markets for London as the origins of investment. In the 2014/15 financial year, these two regions accounted for 84.9 per cent of total inward investment projects to London (an increase of just 0.4 percentage points over the 2010/11 financial year).

Figure 3.8: Inbound FDI projects by continent, 2014-15 financial year



Source: fDi Markets; GLA Economics calculations

The North American market is also comparatively more important to London than the UK as a whole; with the North American share of total inward investment into the UK being over 7 percentage points higher; the opposite effect is seen for Europe which is just under 7 percentage points lower. Asia holds a relatively small share of total investment into London and the UK, and an average of the last five financial years finds that the Middle East only accounts for around 2 per cent of total inward investment.

Table 3.10: Proportion of inbound FDI projects, to London and the UK, by continent, five year financial year average

Continent	Proportion of London inbound FDI projects (%)	Proportion of total UK inbound FDI projects (%)
North America	49.2	41.9
Europe	34.7	41.2
Asia	9.0	11.2
Middle East	2.0	1.7
Other	5.0	4.0

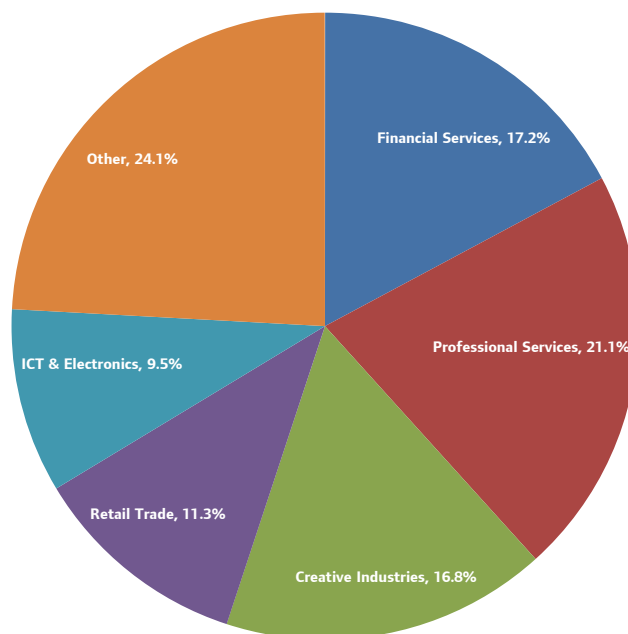
Source: fDi Markets; GLA Economics calculations

While much attention is focussed on London as a destination for investment, it is also an origin for investment. The following table shows the scale of outbound investment over the last five years, with the United States being the predominant location, but with Asia being an important market; China and Singapore being the two nations immediately behind. As with inbound investment, Professional and Business services; as well as Information and Communication are the sectors in which most outbound investment are associated with, as shown in the chart below.

Table 3.11: Number of inbound FDI projects originating from London

Country	2010/11	2011/12	2012/13	2013/14	2014/15	Total
United States	147	142	140	146	147	722
China	57	61	45	30	32	225
Singapore	43	46	32	49	38	208
Germany	37	40	46	42	33	198
Australia	52	36	30	38	30	186
India	46	49	25	20	33	173
Hong Kong	29	36	34	22	17	138
Spain	26	25	33	24	21	129
France	17	23	17	49	22	128
UAE	27	23	26	27	21	124

Source: fDi Markets; GLA Economics calculations

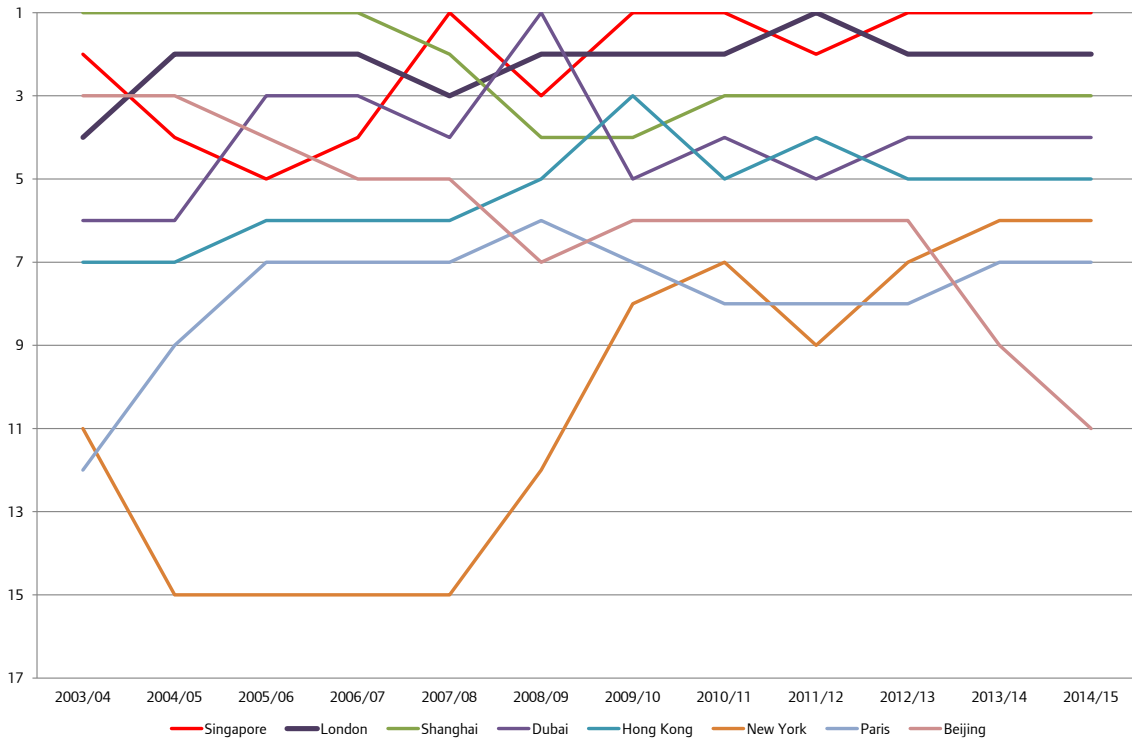
Figure 3.9: Proportion of FDI projects originating from London, industry sector, 2010/11 – 2014/15

Source: fDi Markets; GLA Economics calculations

International comparisons on inward investment

London competes for investment against other major global cities and nations, especially when capital and people are able to move relatively freely. London as a destination has been consistently competitive over the last ten years. The following chart shows London’s relative ranking compared with other major global cities, and shows that London has consistently been amongst the top three cities for the number of inward investment projects coming to London.

Figure 3.10: Ranking of cities for inbound FDI projects, 2003/04 – 2014/15



Source: fDi Markets; GLA Economics calculations

Between 2010/11 and 2014/15, London received almost 2,000 inward investment projects, with estimated capital expenditure of £35 billion, creating an estimated 88,000 jobs. The following three tables outline how London compares to other global cities across these indicators:

Table 3.12: Number of inbound FDI projects by city; 2010/11 to 2014/15

City	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Singapore	380	400	376	447	397	2,000
London	332	406	369	396	373	1,876
Shanghai	325	303	259	279	240	1,406
Dubai	245	249	254	261	233	1,242
Hong Kong	235	252	235	207	198	1,127
New York	161	144	153	203	191	852
Paris	144	144	144	188	137	757
Beijing	169	149	155	118	99	690
Sydney	130	120	143	123	134	650
Bangalore	107	105	86	76	103	477

Source: fDi Markets; GLA Economics calculations

Table 3.13: Capital expenditure associated through inbound FDI, by city; £ billion, 2010/11 to 2014/15

City	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Singapore	13.13	9.79	5.74	6.69	6.93	42.29
Shanghai	8.36	7.12	8.27	6.53	5.40	35.68
London	4.21	6.95	13.08	6.26	4.69	35.19
Hong Kong	4.16	3.92	4.96	3.51	3.31	19.86
Dubai	4.19	2.60	2.93	2.85	4.79	17.35
Beijing	3.39	3.90	4.93	3.62	1.31	17.15
Sao Paulo	4.24	4.31	3.85	3.48	0.72	16.60
Sydney	2.43	2.27	2.68	2.13	3.03	12.54
New York	2.20	1.34	1.97	3.21	2.97	11.69
Chongqing	1.95	2.98	4.39	1.52	0.64	11.47

Source: fDi Markets; GLA Economics calculations

Table 3.14: Number of jobs created by inbound FDI by city; 2010/11 to 2014/15

City	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Shanghai	45,500	38,500	35,900	35,600	29,900	185,400
Singapore	38,400	32,600	26,100	25,300	29,100	151,500
Bangalore	24,200	18,900	15,800	14,900	15,800	89,600
London	14,600	14,000	17,800	25,100	16,800	88,200
Beijing	17,100	13,600	18,800	18,100	7,100	74,900
Bucharest	18,200	6,400	21,900	17,700	10,100	74,300
Hong Kong	12,200	13,700	19,300	13,600	13,000	71,700
New York	15,400	9,500	10,300	18,700	16,700	70,500
Dubai	16,400	12,900	16,100	9,900	11,800	67,000
Chennai	30,800	12,400	7,500	6,700	9,400	66,800

Source: fDi Markets; GLA Economics calculations

The range of data on inward investment illustrates that London is an attractive destination for global business in finance, professional and business services, it also maintains its competitiveness in light of growing competition from an increasingly globalised market. London's relative position as a destination for inward investment as well as its position within city ranking indicators demonstrates London's competitiveness as a location to invest. At the same time as attracting businesses to locate, the capital also attracts people to live and work; without skilled labour, London risks losing its competitiveness compared to other major cities. The following section looks at the factors which attract people to live and work in the capital as well as a range of data which demonstrate London's attractiveness as a location.

Skills of London's workforce

Given London's industrial specialisation, the capital needs to attract high skilled labour to meet the needs of businesses. Within the UK, London has the highest proportions of residents with degree level education (NVQ Level 4+) as shown in the following table.

Table 3.15: Proportion of those in employment at individual levels of qualification, London and the UK, Jan – Dec 2014

	London	United Kingdom
NVQ Level 4+	57.6%	41.6%
NVQ Level 3 only	13.0%	17.4%
Trade Apprenticeships	1.6%	3.8%
NVQ Level 2 only	9.6%	15.6%
NVQ Level 1 only	6.2%	10.4%
Other qualifications	7.7%	6.1%
No qualifications	4.2%	5.1%

Source: Annual Population Survey, ONS

In addition, when compared to other regions of Europe, London has the highest proportion of people aged 25 – 64 with ISCED Level 5 – 6 qualifications (equivalent to graduate level and higher), showing London's attractiveness in the European context.

Table 3.16: Proportion of population aged 25 – 64 with tertiary educational attainment, by NUTS1 region

NUTS1 Region	Country	Proportion aged 25 – 64 with tertiary education (%)
London	United Kingdom	53.7
Comunidad de Madrid	Spain	47.2
Scotland	United Kingdom	46.5
Luxembourg	Luxembourg	45.9
South East	United Kingdom	45.0
Ile de France	France	43.8
Region de Bruxelles-Capitale	Belgium	43.5

Source: Eurostat

London's attractiveness to people

There are a wide range of factors that influence people to live and work in a particular location; most typically these are based around a broad range of economic opportunities. In an increasingly globalised world, people are able to move more freely to take advantage of employment opportunities and seek a better quality of life. London's position as a major global centre for business means people are drawn to the capital for employment and their careers, London's culture and vibrancy means people are drawn to the capital to have a better quality of life.

Wages and costs of living

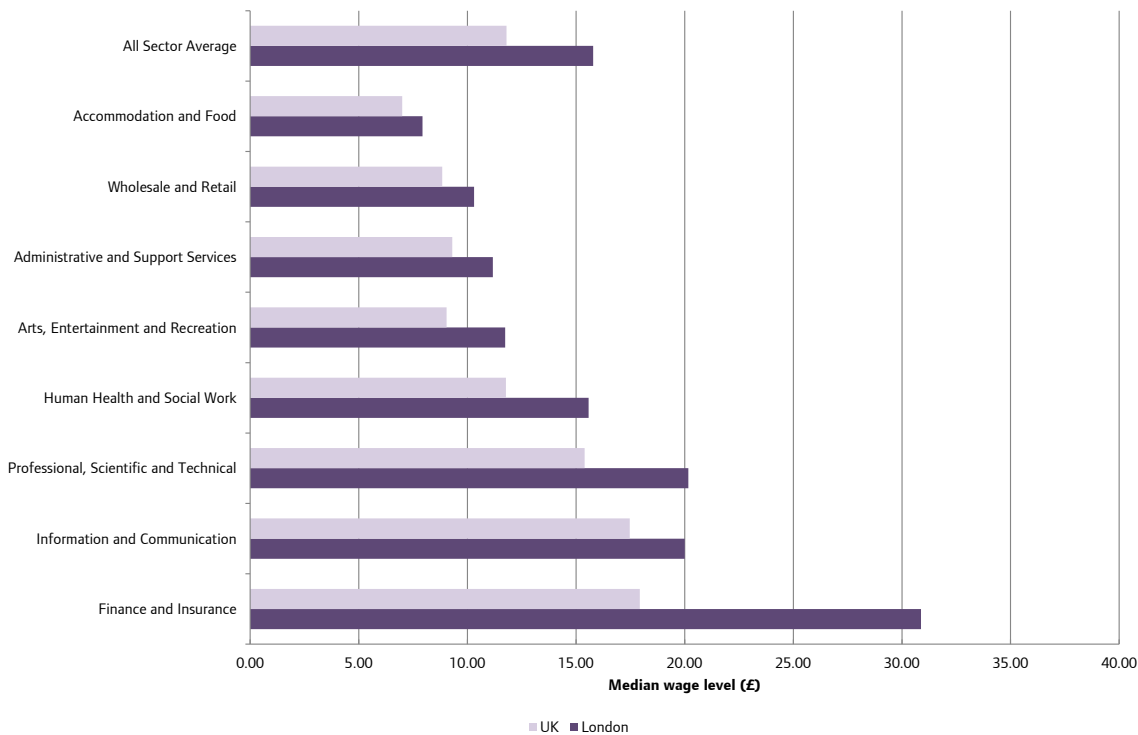
As a major global economic centre, people are drawn to the capital to further their career prospects, but also to relocate to achieve a higher standard of living. This effect is true for both UK residents and international migrants. In the context of the UK, wages are higher in London compared to other regions, there is also greater disparity in the distribution of wages, typically as a result of the proportion of workers in high value sectors. The following chart shows the wage distribution of selected deciles of workers in London and the UK; then Figure 3.11 shows the distribution of wages across different industrial sectors.

Table 3.17: Wage distribution, London and the UK, 2014

	Median	Mean	10 th Percentile	25 th Percentile	75 th Percentile	90 th Percentile
London	£15.79	£20.23	£7.65	£10.31	£23.88	£35.57
United Kingdom	£11.80	£15.27	£6.90	£8.34	£17.88	£25.64

Source: Annual Survey of Hours and Earnings, ONS

Figure 3.11: Wage levels in selected sectors in London, 2015



Source: Annual Survey of Hours and Earnings, ONS

As shown in Table 3.18, in comparison to global wage levels, the UK does not have particularly high wages when compared to other European countries and major nations.

Table 3.18: 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: OECD²⁰

However, it is the variance between London and the rest of the UK which attracts both highly skilled workers and other migrants to the capital. The following data from UBS 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 3.19: Wage levels in selected world cities²¹ (Index New York = 100)²²

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: UBS²³

London as a place to 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.²⁴

Table 3.20: 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%

Source: London Higher

A significant reason for the popularity of London as a destination for international students is the higher 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 3.21.

Table 3.21: Number of universities in London within the top 100 globally

Publication	Number in Top 100
Times Higher Education World University Rankings ²⁵	5
QS World University Rankings ²⁶	4
Times Higher Education World Reputation Rankings ²⁷	5
The Economist Full-time MBA ranking ²⁸	2
FT Global MBA Ranking 2014 ²⁹	3

Culture, Quality of Life and Tourism

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. The attractiveness of a place to live therefore provides the other perspective, from the potential supply of workers looking to locate in the capital which can meet the skills needs of businesses looking to locate in the capital.

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 this indicator, London performs less well – in 40th position – although it is the highest ranked of all UK cities. The following table shows the top 10 cities on this indicator.

Table 3.22: 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
40	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 the following table. 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 3.23: 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
40	London	8.5 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 the following table provides the rankings for the top ten cities as referenced within the PWC Cities of Opportunity rankings:

Table 3.24: 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	40th
2	New York	=44th
3	Singapore	26th
4	Toronto	15th
5	San Francisco	=27th
6	Paris	=27th
7	Stockholm	=19th
8	Hong Kong	=70th
9	Sydney	10th
10	Chicago	43rd

Source: PWC, Mercer

Despite this, one of the major reasons for people to locate to London are the cultural offerings that the city has to offer. As well as being a diverse population, 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 Report show that London performs strongly against other major global cities across a number of indicators, as shown in Table 3.25.

Table 3.25: City comparisons on cultural provision

	London	New York	Paris	Sydney	Tokyo
Art galleries	857	613	1,151	207	688
Festivals and celebrations	271	263	360	--	485
National museums	13	7	27	1	8
Admissions to all theatres	22.0m	13.1m	5.6m	6.1m	12.0m
Live music venues	320	453	430	435	385
Michelin star restaurants	62	76	105	--	224
Theatres	241	420	353	73	230
Museums	215	143	313	83	47
UNESCO World Heritage Sites	4	1	4	3	1

Source: World Cities Culture Forum

These attractions bring tourism to the capital, encouraging visits from both UK residents and international visitors. In a similar fashion that inward investment is an indicator of London's attractiveness to business, tourism is an indicator of the attractiveness of its attractiveness to people.

According to the MasterCard Global Destination Cities Index, London is forecast to be the most visited city in the world in 2015, with 18.8 million visitors, an increase of 6.0 per cent on the year previous.³⁰ London ranks ahead of Bangkok, Paris, Dubai and Istanbul in terms of both expected visitor numbers, as well as expected visitor expenditure, estimated at \$20.2 billion in 2014; based upon the average exchange rate for 2014 of Sterling against the US Dollar, this equates to around £13.8 billion³¹.

In addition, London has also seen strong average annual rates of growth in both visitor numbers and expenditures, averaging 5.3 per cent growth in visitor numbers between 2011 and 2015, and 7.5 per cent growth in visitor expenditure. Some emerging markets though have grown at a significantly faster pace, as seen in Istanbul and Dubai in terms of the volume of visitors; and Seoul in terms of visitor expenditure.

Table 3.26: International Tourism Forecasts, 2011 – 2015, million

Rank	City	2011	2012	2013	2014	2015	Average annual growth rate
1	London	15.3	15.5	16.8	17.8	18.8	5.3%
2	Bangkok	13.8	15.8	17.5	16.9	18.2	7.2%
3	Paris	14.0	14.3	15.5	15.6	16.1	3.6%
4	Dubai	9.9	10.9	12.2	13.2	14.3	9.6%
5	Istanbul	7.5	8.8	9.9	11.3	12.6	13.8%
6	New York	10.3	10.6	11.1	11.9	12.3	4.5%
7	Singapore	10.4	11.1	11.9	11.5	11.9	3.4%

Source: MasterCard Global Destination Cities Index, 2015

Table 3.27: International Visitor Spend Forecasts, 2011 – 2015, \$ billion

Rank	City	2011	2012	2013	2014	2015	Average annual growth rate
1	London	15.1	16.0	17.6	19.8	20.2	7.5%
2	New York	15.8	14.8	16.1	16.9	17.4	2.4%
3	Paris	15.0	14.5	16.9	16.9	16.6	2.6%
4	Seoul	8.2	9.9	12.0	14.7	15.2	16.7%
5	Singapore	14.5	15.2	15.4	14.9	14.7	0.3%

Source: MasterCard Global Destination Cities Index, 2015

In recent years, London has seen record levels of international tourism. According to the International Passenger Survey, in 2014, there were a total of 17.4 million visitors to the capital; who spent £11.8 billion on their visits. Over the course of the last ten years, there have been significant increases in visitors and expenditure; and London has seen faster growth than the UK as a whole, an interpretation that could be made of this is that London itself is increasingly seen as the focal point of trips to the UK.

Table 3.28: Growth over time of international visitors and expenditures, 2005 – 2014

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

Growth of international visitors (2005 – 2014)	25.3%
Average annual growth rate of visitors	2.5%

Growth of international tourism visitor spend (2005 – 2014; in constant 2005 prices)	40.2%
Average annual growth rate of visitor expenditure (in constant prices)	3.8%

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

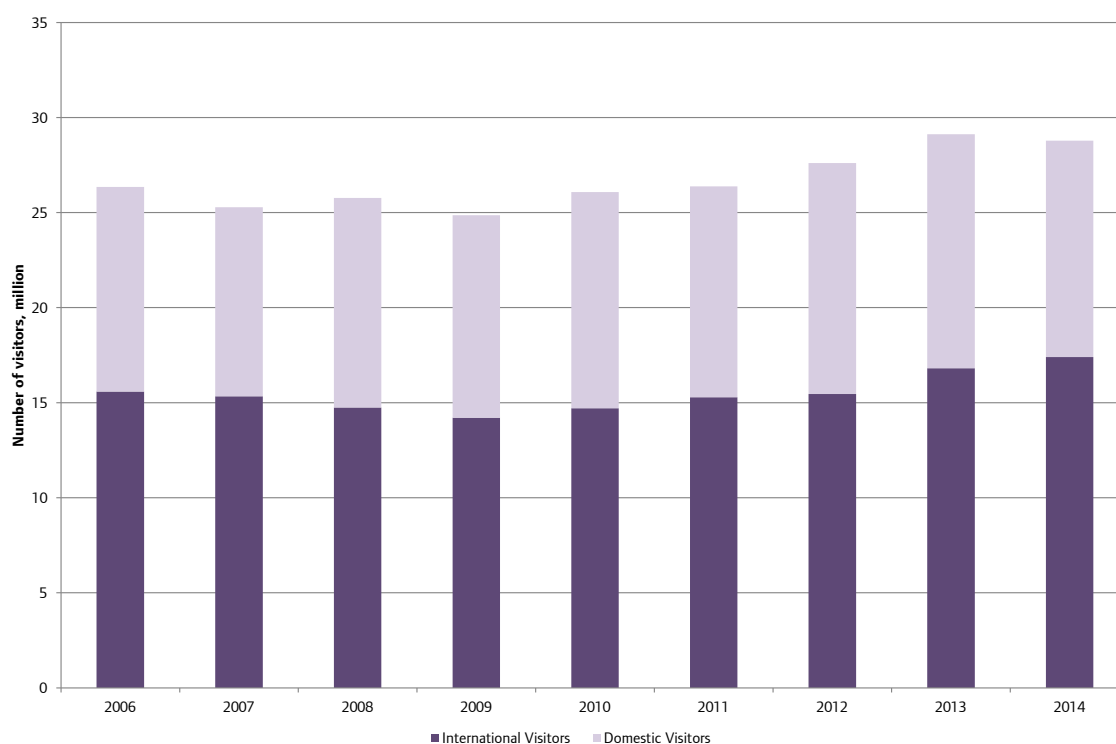
Table 3.28 outlines the growth over time of international visitors and their expenditures over the last ten years, and finds that in real terms³² there has been growth of 40.2 per cent in spending of international visitors to London. Similar analysis for the UK as a whole shows that over the same ten year period; there has been an increase of 14.7 per cent of overseas visitors to the UK; and in constant 2005 prices, an increase of 25.1 per cent of visitor spend.

London also attracts a significant amount of domestic overnight tourism – those trips made by GB residents to the capital. However, trends in domestic tourism are more volatile. In 2014, it was estimated that there were a total of 11.4 million overnight tourists to London from the UK, a fall of almost 1 million on the year previously. The following table a breakdown in the trends for international and domestic tourism since 2006:

Table 3.29: Overnight visitors to London

Year	International Visitors	Domestic Visitors	Total Overnight Tourism
2006	15,590,000	10,760,000	26,350,000
2007	15,340,000	9,940,000	25,280,000
2008	14,750,000	11,020,000	25,770,000
2009	14,210,000	10,650,000	24,860,000
2010	14,710,000	11,370,000	26,080,000
2011	15,290,000	11,090,000	26,380,000
2012	15,460,000	12,150,000	27,610,000
2013	16,810,000	12,310,000	29,120,000
2014	17,400,000	11,380,000	28,780,000

Source: International Passenger Survey, ONS; Great Britain Tourism Survey, Visit England

Figure 3.12: Total number of overnight visitors to London

Source: International Passenger Survey, ONS

As a result of international, domestic and day visits to the capital; it is estimated that tourism supported 283,000 jobs in the capital in 2014. For 2014, as a whole, total tourism expenditure to the capital was estimated at £25.5bn. Based upon analysis undertaken by the ONS, it was estimated that the tourism direct GVA for London as a destination was £10.0 billion in 2013.

International migration to London

As London has developed as a major global city, it has drawn people to live and work in the capital. This is a feature common to all major countries and cities, especially as connections develop and become simpler. The proportion of London's population which were born outside of the UK has grown over time, as is shown in the following table. It shows that 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 UK³³. In contrast, for England and Wales outside London less than one in ten people were born outside the UK (see Table 3.30).

Table 3.30: 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 numbers³⁴, 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 (see Table 3.31).

Table 3.31: 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.

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 3.13 shows net international migration for long term migrants. Over the last decade, net international migration to London has fluctuated around 100,000 per year, however has seen significant growth between 2012 and 2014. Between mid-2013 and mid-2014, net international migration to London grew by 35.1 per cent (for the UK as a whole, there was 41.6 per cent growth).

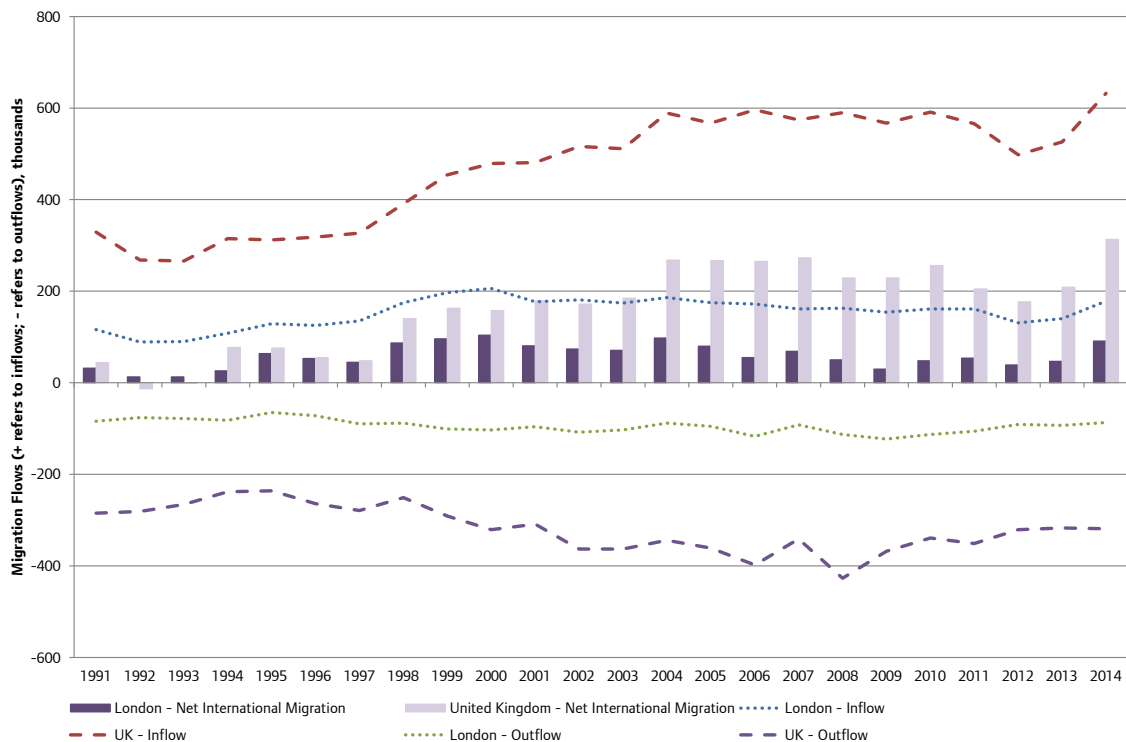
London comprises a significant proportion of total net migration to the UK and between mid-2013 and mid-2014, London comprised 41.4 per cent of total UK net migration. This therefore shows the importance of London in attracting people to live and work, but also the continued attraction of London as a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

Figure 3.13: 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, therefore 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 3.14: International migration flows, London and the UK



Source: *Long-term International Migration, ONS*

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 respectively³⁵. 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 3.15). 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 economic powerhouse being a major contributing factor.

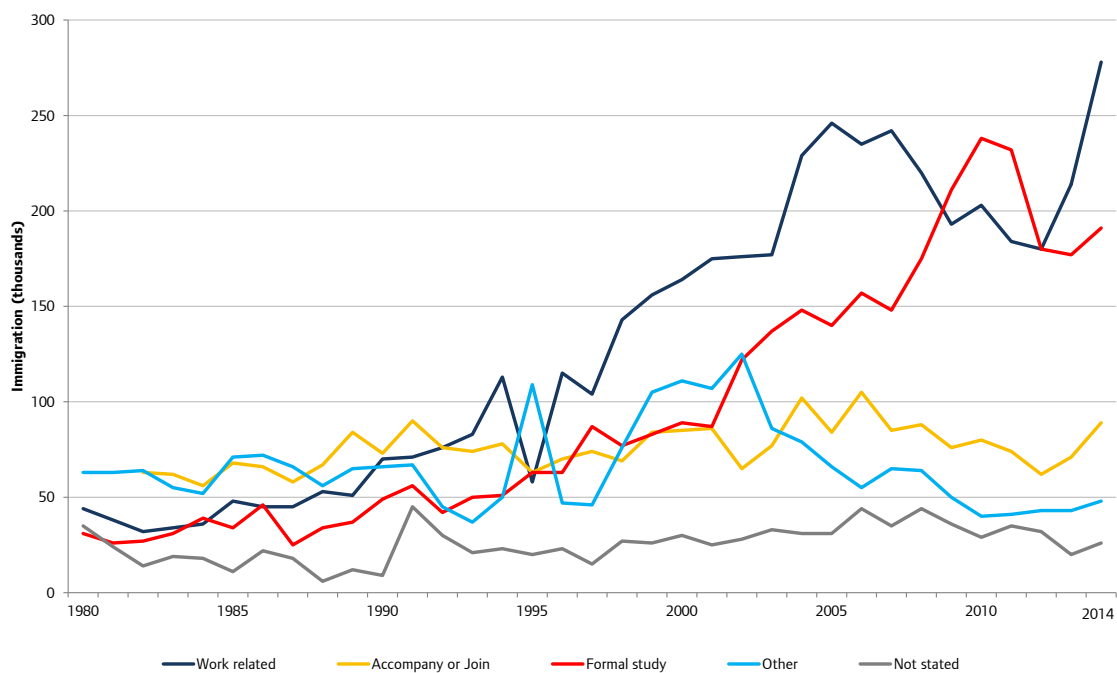
Since 1995, the numbers of migrants moving to the UK each year for work increased dramatically in 1998 and again in 2004, followed by a drop in 2008/09 during the financial crisis and subsequent rapid increase in 2014 based on the latest estimates. Migration for work-related reasons therefore seems to 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 research³⁶ 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.

At the same time 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 temporary 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 UNESCO³⁷.

Figure 3.15: Main reason for immigration to the UK, 1980-2014



Source: ONS migration statistics quarterly report, August 2015.³⁸

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 research³⁹ 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 study⁴⁰. 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 basis⁴¹.

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 research⁴² 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.

Chapter 3 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 GLA Economics, "City ranking indices – handle with care", Current Issues Note 31.
- 7 Ibid.
- 8 A.T. Kearney, 2014, 'Global Cities Index and Emerging Cities Outlook'.
- 9 UN Habitat, 2012, 'State of the World's Cities 2012/2013'.
- 10 EY, 2014, 'European Attractiveness Survey, back in the game'.
- 11 The Economist Intelligence Unit, 2013, 'Hot spots 2025, benchmarking the future competitiveness of cities'. Citi.
- 12 Innovation Cities, 2014, 'Innovation Cities Index 2014'.
- 13 MasterCard, 2014, '2014 Global Destination Cities Index'.
- 14 ARCADIS, 2015, 'Sustainable Cities Index'.
- 15 The Mori Memorial Foundation, 2014, 'Global Power City Index 2014'.
- 16 Ericsson, 2014, 'Networked Society City Index'.
- 17 GaWC, 2012, 'The world according to GaWC 2012'.
- 18 IESE Business School, 2014, 'IESE Cities In Motion Index 2014'.
- 19 Z/Yen Group and Qatar Financial Centre, 2015, 'Global Financial Centres Index 18'.
- 20 See: <http://stats.oecd.org/Index.aspx?QueryId=64115#>
- 21 This survey was published in 2015.
- 22 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."
- 23 UBS, September 2015. 'Prices and earnings – Edition 2015: Do I earn enough for the life I want?'.
- 24 "The Economic Impact of London's International Students", London & Partners. (2015)
- 25 Imperial (8th), UCL (14th), LSE (23rd), King's College (27th), Queen Mary (98th)
- 26 UCL (7th), Imperial (8th), King's College (19th), LSE (35th)
- 27 Imperial (14th), UCL (17th), LSE (22nd), King's College (31st), London Business School (91st – 100th)
- 28 London Business School (24th), Cass Business School (54th)
- 29 London Business School (3rd), Cass Business School (41st), Imperial College Business School (49th)
- 30 MasterCard 2014 Global Destinations Cities Index.
- 31 Annual average exchange rate, Pound Sterling to US Dollar for 2014 was \$1.648:£1. Source: Bank of England.
- 32 HM Treasury, "GDP deflators at market prices, and money GDP".
- 33 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.
- 34 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/>
- 35 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/
- 36 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.
- 37 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>
- 38 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. 3) "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.
- 39 Home Office, 'Migrant Journey: fifth report', February 2015.
- 40 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.
- 41 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.
- 42 Home Office, 'The reason for migration and labour market characteristics of UK residents born abroad', September 2014