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**TITLE: MARIE CELESTE CITIES: LONDON'S OVERSEAS INVESTORS AND
PIED-A-TERRE URBANISM**

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ABSTRACT

INTRODUCTION

Since the 2008 economic crisis, global inequalities have generally widened. We see government-induced austerity and the rise of the Occupy movement counterposed with the boom in luxury real estate and the selling of citizenship to the highest bidders (Frank, 2014), all of which have stoked greater interest in the lives of the richest 1% and the coming of a globalized, “second gilded age” (Short, 2013: 27; Breau, 2014; Dorling, 2014). While the top of the income distribution is fixed -in the UK it presently includes all those households earning at least £160,000 – the proportion of total income that they earn varies widely, with the most unequal nations usually having a much richer 1%. In the United States, the top 1% now earn 20% of the national income; in the UK, they earn 15% (Dorling, 2014), and this proportion has been increasing since the 1980s when neoliberalized inequality began to rise relentlessly. Wealth is even more unequally distributed than income, and it is no surprise that the US and UK are increasingly out of step with other OECD nations. Simultaneously, the number of high net worth individuals (HNWI, with financial assets over \$1million) and ultra-high net worth individuals (UHNWI, with financial assets over \$30 million), have grown substantially across the globe, especially and surprisingly during the post-2008 period (Hay, 2013: 4).

And yet, research on the geographies of this group – despite repeated calls to study those deemed the ‘super-rich’ (Beaverstock et al, 2004; Ley, 2010; Pow, 2011; Hay, 2013) – remains empirically thin, conceptually undeveloped and statistically unreliable. As Pow (2011: 392) suggested, there is a “...need for...research to critically explore how transnational practices of global elites are spatialized in and through the urban built environment to produce new geographies of wealth, privilege and exclusion”. Addressing this dearth is especially urgent given the mutations in the wake of the post-2008 financial crisis period, during which time safe-haven investments have led to a conspicuous explosion of high-end, luxury real estate in highly-desirable, globally connected sites. Increasingly then, the 1% and their geographical effects are not just homegrown and place-bound, but thoroughly mobile, importing and exporting wealth quickly: “the biggest difference in the luxury market between now and a decade ago is that the world is smaller...[and it’s] easier to scout – and travel- the world to do so” (Logan, 2014).

This ‘bolt hole’ version of flight capital has been pouring in to certain global cities, from Miami (Pristin, 2013) to New York (Barrionuevo, 2012; NYT, 2015), Singapore (Pow, 2011), Los Angeles (Haldeman, 2014), Paris (Kuper, 2011) and Hong Kong (Knight Frank, 2014). However, London stands apart, apparently the world’s most luxurious market (Christie’s, 2015), containing the most UHNWIs of any global city (Knight Frank, 2014). Dorling (2014: 90) noted that “London has become home to more UNHWIs than any other city on the planet. With somewhat spurious precision, the estate agent Frank Wright recently reported that there were now some 4,224 UNHWI families living in London alone in 2014”. The most recent *Sunday Times* ‘super-rich list’ identified London as having more billionaires (n=72) than any other city in the world, more than a few of which spend precious little time in the capital (Arlidge, 2014). In 2011, £5.2 billion was spent by overseas investors on London housing, “more than total

Government investment in the Affordable Housing Programme for the whole of England”! (Heywood, 2012: 3).

In this paper, we focus on one *emerging geography* strongly associated with a key subgroup of the super-rich/1% - the colonization by *overseas investors* of traditionally elite areas of global cities, and with what impacts upon the social geographies and built environment, using Inner London as a case study. USE LEY TO DEFINE OVERSEAS INVESTORS HERE *** While Ley (2010) pursued a similar tact in examining overseas investors in elite areas of Vancouver, the London case study presents a vastly larger and more complex example, set within a context of a post-2008 *generalized* global scanning of safe havens rather than a specific focus on Hong Kong investors. This focus will seek to flesh out Hay’s suggestion (2013: 11) that “the super-rich can transform places substantially...they are reordering inner parts of cities”, going beyond the rather superficial case-study approach heavily reliant on think-tank studies and secondary data (Paris, 2013) with more in-depth mixed methods. In so doing, we make the following contributions. Methodologically, we attempt to spatially estimate transnational elites using routine administrative data within Inner London, which is urgent given overall lack of quantification of this phenomenon, but at the same time contributing to the literature on London’s class geography and longstanding debates around class displacement and replacement. Conceptually, we approach the overseas investor by combining the ‘super-rich’ and ‘1%’ literatures – the former more empirically-grounded yet seemingly dazzled by all the wealth, the latter far more critical and relational – to foreground the overseas investor phenomenon in London. The intra-urban geographies of overseas investors have empirical implications as well, in terms of social geography and the built environment, which will be discussed in the results. The paper ends with a consideration of the emerging geographies produced by overseas investors, which we term ‘pied-a-terre’ urbanism, and how they fit into existing class geographies in London.

CONCEPTUALIZING THE EMERGING GEOGRAPHIES OF THE OVERSEAS INVESTOR

In order to foreground the geographies of the overseas investor, we deploy and relate two key literatures. The first is that of the geographies of the ‘super-rich’. Beaverstock et al (2004) were among the first geographers to seriously consider the geographies of the super-rich, a group they equated with the highest net worth individuals. They insisted that this group was necessarily transnational in nature, with a global orientation and cosmopolitan disposition and occupying, seemingly at will, the “fast spaces” of globalization (2004: 405). Hay (2013) noted that this fast space can take two forms: a sequestered, walled compound model (Pow, 2011), or the more visible influx to pre-existing areas of wealth, usually in (global) cities, that threaten to reshape the social and built fabrics – our case study of London will delve into this second scenario. This points to the highly mobile, if not spatially detached, nature of the super-rich over the past decade; but this does not mean that they are free floating. Pow (2011: 385) talks about “far from being freewheeling global agents that rarely touch down on earth, these global elites...do require specific spatialities in global cities to reproduce their supposedly cosmopolitan interests, lifestyles and practices...”. And in his own consideration of

transnational elites, Ley (2004: 151) cautions us that even the most powerful global subjects face “circumscribed everyday lives” bound by local particularities and constraints, never entirely driven by economic motivations.

While we take these latter points, there can be no doubt that current overseas investors in places like London are overwhelmingly driven by economic concerns, that they represent a clear case of globalization ‘from above’, have been largely given free rein to shape the local real estate market in elite areas, and also underline the relatively unfettered ability of the super-rich to obtain other resources necessary for their increasingly transnational lives: passports through the selling of citizenship to the highest bidders (Ong 1999; Frank, 2014), and of course second- and third-homes, usually in global cities (Heywood, 2012). These investments are intimately related to the notion of excess capital sloshing around the globe, seeking the best opportunities within the uncertainties of the post-2008 capitalist order. Indeed, if even a small amount of ‘missing’ private financial wealth (Henry, 2012), estimated in 2010 between \$21 and \$32 *trillion* and protected from taxes by an entire global offshore industry, were spent on overseas real estate, it would have enormous impacts on particular cities, neighborhoods and developments.

Hay (2013) makes the important point that there is nothing frivolous about studying the super-rich – one cannot possibly understand inequality without considering the top earners, as their fates are tied up with those at the very bottom (see also Massey, 2007). This relational perspective brings us to the second literature on the 1%, which clearly overlaps with work on the super-rich but offers a more critical edge, albeit lacking much empirical grounding. This is because the top-end are presented more as a problematic and corrosive group (Dorling, 2014; Sayer, 2014) than just an object of academic curiosity. In *Inequality and the 1%* (2014), Dorling argues that by grabbing more and more income and wealth, the 1% “have become increasingly insulated, a drain on society, and damaging to social unity, social policies and social priorities, leading to social corrosiveness, strife and protests; in other words, they extract more than they create, and this has pernicious economic, social and political effects” (DeVerteuil, 2015). Dorling argues that the 1% actually foster further inequality by promoting elitism, blocking social mobility, and calling for greater austerity via their disproportionate influence on politics. An advantage to Dorling’s approach more specifically, and the literature on the 1% more generally, is that it firmly embeds their fortunes onto the most recent global economic crisis: “since 2008, after the initial shock of the drop in the value of their stock holdings, the rich in both the US and the UK maneuvered to become much richer” (2014: 3). MORE?

By taking insights from the literatures on the super-rich (their transnational nature and global reach, although not entirely unfettered) and the 1% (its relational and critical focus on class antagonisms and class politics), we can frame our approach to the understudied geographies of overseas investors in several ways. First, overseas investors are opportunistic and relatively unfettered in their search for safe-haven investments. Second, the post-2008 context has accelerated this global search, with traditional destinations becoming even more sought-after. Third, ***ADD ONE MORE**

What we lack, however, is systematic knowledge of the impacts of overseas investors on traditional elite areas, and we lack an in-depth approach that combines the on-the-ground experiences of change with more quantitative mappings of their spatial imprint. But we also lack understanding of how the overseas investor fits both socially and spatially into the existing class cleavages of London, a crucible for understanding the dynamics of class geographies and long marked by important substantive (and even methodological) debates over the nature of the post-industrial city. Watt (2013) outlined a series of debates around London's recent transition to an increasingly fragmented class landscape. On the one hand, there is the *replacement* thesis, in which deindustrialization and professionalization have led to the upgrading of former working-class areas as the working class are themselves replaced (Hamnett, 2015). Butler et al (2008) measured class upgrading across London between 1981 and 2001, itself centered in Inner London and associated with professionalization and gentrification, using descriptive statistics at the borough level. On the other hand, there is the *displacement* thesis, whereby class upgrading is actually a far more conflicted, polarized and forceful process, a reminder that class antagonisms have not disappeared in the post-industrial, 'creative class' city. Davidson and Wyly's (2012) classical urban ecology of London used factor analysis (2001 census data) at the output area level to ask the question, "has the complex, rich topography of Fordist, industrial, working-class London been replaced by a more generalized pattern of middle-class professionalization? Are there any working-class areas left?" (2012: 406). The authors found that class divides are alive and well in London, including a "Rich Ricci index" of white-collar professionals living in places "most reliant on the intricate web of turbocharged multiplier effects flowing out of the City..." (2012: 414-415). If we take these results seriously, we can see that London has effectively polarized (Sassen, 2001; May et al, 2007).

We want to see how these theses work in concert with the increasingly transnational, uncoupled nature of overseas investment to Inner London, propped up by lax tax laws, a relatively weak pound and the deliberate policy of allowing foreigners to be 'domiciled' in the UK, thus freeing them from being residents that would have to pay tax on (foreign) income, capital gains tax and inheritance tax (Lanchester, 2012). The state's role in enticing the stateless 1% translates into a market where a full 85% of buyers in the super-prime market (over \$15.9 million) were foreigners, topped only by Monaco (100%) and Paris (95%) (Powley & Warwick-Ching, 2012). In the next section, we outline our methodological approach and challenges to understanding the imprint of the overseas investor for London.

METHODS

We are not the first to study overseas investors in London (see also Heywood, 2012; Paris, 2013), but we are the first to propose a mixed methodological approach: part quantitative, in terms of using geo-statistics to identify areas of strong overseas investment, and part qualitative, in terms of interviews (n=18), not with the 1% themselves but with those who cater to their needs. Our *quantitative* approach positions itself within a debate around definitions of class, analytical strategies to best map class geographies in what is a many-layered and complex urban landscape (Butler et al, 2008; Manley & Johnson, 2014; Hamnett, 2015; Davidson & Wyly, 2015). And yet within the

context of these works, our focus on a largely non-resident, overseas transnational elites sets our analysis apart. To identify areas in which the overseas investors were likely to be found we identified a set of key variables measured in the 2011 UK Census. Here, the comprehensive nature of the Census is important, providing enumeration data for the full population rather than survey data where only a small proportion of each London Borough would be likely to be captured. The scale of enquiry is important when using administrative data to identify likely areas of interest. We chose the lowest level of aggregation for the UK Census – Output Areas (OAs), containing around 100 households on average – for two reasons. Firstly, we are likely to be looking for fairly localized concentrations of investors and therefore the most local level will provide the greatest resolution of neighbourhood difference. Secondly, the OAs were designed to maximize tenure homogeneity and as we are explicitly interested in information relating to housing similarity of properties was deemed to be a useful characteristic. We identified that the overseas investors and their properties could be characterized by 5 indicators: on the individual side the investors would be expected to be individuals with high status employment, with high levels of education and likely to have overseas passports. Thus, we recorded the area proportion of individuals with Level 4 (that is degree or equivalent) or better education, employed in the Higher and Professional classes according to the NS-SEC categories and to have non UK or EU passports. Because of the nature of census data we use the aggregate OA proportion of people with these characteristics. The properties that were accessed could be identified as being non primary residence (so a second home in effect) and without having a resident household: in other words a vacant property. Again as the Census data is only released at an aggregate level, the proportion of properties in the area was used. These variables were combined in a single dataset and each one modelled using linear regression. The residuals were identified and those OAs with significant positive residuals for each variable are highlighted as being potentially outside the expected distribution. We code those areas as being potentially of interest for the investigation: where models for all 5 of the variables provided positive and significant OA residuals we conclude the areas are overseas investor neighbourhoods.

For the *qualitative* component, we interviewed a total of 18 services that would cater to the overseas investors. These ‘valet’ services were sampled based on the overseas investor territories identified by the quantitative approach: ENSURE SAME AS WHAT DAVID FOUND Chelsea, Kensington, Knightsbridge, and Mayfair that covered the following activities: high-end real estate agents; research foundations on real estate activity in London; nanny services; locksmiths; and buy-to-let landlords. Over 100 agencies were contacted in the Summer of 2013, with the majority of responses clustered in the real estate sector, both agents and researchers (all but 3). The open-ended interviews focused on questions about recent trends in the location’s real estate and its relationship to overseas investors, the nature of the overseas investors themselves (provenance, income, motivations), the special attraction of London (and particularly Inner London) as a global city, and future trends. If at all possible, those with long-term knowledge of the study areas were selected for interviewing. The key drawback to this approach was the lack of success in talking directly to the overseas investors themselves, for the most part. The main barrier was the difficulty in transcending well-known issues of “gaining access to the field, negotiating the unequal status between researchers and

their elite respondents; mediating the ‘relational effects of power’ as well as the ‘self positioning’ of the researcher in order to manage the gap between elites and researchers” (Pow, 2011: 383). Short (2013:26) notes that “the rich inhabit spaces not easily accessible to researchers”. In these respects, *** ONLY ONE WAS INTERVIEWED?? OR NOT REALLY THE FOCUS ANYWAY??

QUANITATIVE RESULTS

Figure 1 outlines those neighbourhoods identified as potential overseas investor neighbourhoods. The concentrations of OAs is north of the River Thames starting in the Borough of Kensington and Chelsea not surprisingly focused around the Hyde Park area and the spacious terraces and garden areas in the western edges of the borough. The concentration then moving eastwards to include Westminster, Stretching from The Mall to Covent Garden and into the City of the London focusing on a triangle around St Paul’s, the Bank of England and Cannon Street Station. From here it continues eastwards tightly following the London Docklands Light Railway into Tower Hamlets and down to the river in the water front developments around Canary Wharf. There are also smaller concentrations extending northwards into Camden and along a corridor into Hounslow where Heathrow airport is located. Whilst there are occasional OAs highlighted south of the river these tend to be single OAs rather than clusters and as such we do not see them as comprising part of the larger group of overseas investor areas.

Figure 1: Overseas investor neighbourhoods



The quantitative results have confirmed the Smith Institute report (Heywood, 2012) that focused on two Inner London boroughs (the City of Westminster and Kensington and Chelsea). Combined, the two boroughs had more overseas investment than the next eight most popular boroughs in Inner London. Unsurprisingly, the two boroughs experience the greatest increases in the 2007-2013 period (which roughly encapsulates the height of the pre-crisis market and the crisis itself), with Westminster rising 43% and Kensington and Chelsea 42%, compared to 12% for London overall and a decline of 9% for England and Wales (Helm, 2013).

QUALITATIVE RESULTS

Several main themes emerged from the qualitative interviews: the scale and scope of the recent flood of overseas investors; the characteristics of the overseas investors and their motivations; the transnational nature of the investors and their loose ties to Inner London; the role of the state in abetting overseas investors; and future trends. MORE?
DO I NEED TO GIVE BACKGROUND OF EVERY QUOTE??

The recent flood of overseas investors

Secondary and interview material pointed strongly to the growth and dominance of overseas investors, not despite *but* because of recent global instability that spurred the seeking of safe haven investments. In this way, London's elite real estate markets actually strengthened while most of the rest of the UK's housing values fell (Heywood, 2012). As Paris (2013: 105) argued, "turmoil in many countries during the 'Arab Spring' of 2011, plus mounting unrest and fear of fiscal collapse in euro-zone Portugal, Italy, Ireland, Greece and Spain, added to the attraction of London as a safe haven for mobile affluent families". In the first half of 2011, the Smith Institute estimated that 60% of homes in the study area were bought by overseas investors (Johnson, 2012); for all of 2011, over £4 billion was invested by foreigners (Neate, 2011). For 2011 and 2012, 59% of the highest-end sales went to foreigners (Lyll, 2013). And from April 2012 to April 2013, foreign investors overtook the number of Britons buying London properties over £2 million (Neate, 2013), most of which are again in the study area and fueling a 57% price increase in prime properties between 2009 and 2013.

The interview material confirmed and reinforced these secondary findings. There had been a dramatic rise in foreign buyers since the 2008 crash, with many spending only a few weeks of the year in their investments and not even bothering to rent them out for the rest of the year. As one real estate agent said, the investors were "more international, more affluent, more exclusive. Less affordable/narrow social demographic. The flipside is that London's position as hub for global elite has become more pronounced". Similarly, in the words of a researcher:

Property as tangible asset – bricks and mortar in prime areas attractive. 12% return – tangible. Banking crisis/debt crisis of highly packaged/unclear financial instruments. House is the opposite. The main purchasers in prime central London market are European – troubled Euro parts like Greece, Cyprus, Italy, France, Germany. Also Kazakhstan, Russia in the end. India, Pakistan and recently due to cheap pound – Singapore, Hong Kong, China, Malaysia, with 65% purely as investment. 35% - 8-12 weeks a year.

As an investor himself said,

There has been a massive increase in investment from the far east – China and Hong Kong – and from India, and substantial sums coming from Russia and the middle east and investors spooked by Euro-zone losses who have relocated assets from home countries – especially Greece and Italy... Their immigrant status will, I imagine, be largely determined by the size of their investments, by which I mean that the larger your investment package the fewer hoops the government makes you jump through. There is definitely a form of economic apartheid when it comes to immigration into the UK from outside the EU (and it would have prevented me from coming here from India were the current rules applied to me back then).

Characteristics and motivations of overseas investors

As these quotes show, the characteristics of overseas investors are largely driven by their desire to park money in Inner London real estate. High-end real estate agents confirmed the following:

London's always been a strong global city and will stay like this – at the centre of the world in terms of timezone. Stable economy. But also – places like Harrods a draw.

[They are] from difficult areas of the world – looking for prime central London as a safe haven. London is the ultimate trophy.

Underpinning everything is investment – long term investment. Beyond that, London as a business centre to work/raise finance/work on connections. Education a big driver – be in London when children are here. Lifestyle. Safe haven – people like to have money outside their home country – no fear of govt. intervention, more control. E.g. China – not democratic. Buyers like these clear rules. Property – know your rights – no one will change the rules suddenly.

These statements only confirmed the safe-haven seeking nature of the investment, especially since not only the crisis in the Eurozone but other zones of instability across the world that were sending investment toward Inner London:

Think they will carry on as long as there is financial uncertainty in Europe, political unrest in emerging countries of wealth – people will look to safe havens and political/economic security. These points will be important to a lot of people for a long time – people who have worked hard to make money, want to put it somewhere that's safe but they can also perhaps enjoy it. (Real Estate researcher)

? KEEP? (15) “Last five years or less people realising that residential property is an asset class (we've been about this and saying this for many years before). People are looking away from more traditional investments like commercial property. Safe haven. Also children might want to come to school here. Investors know London – English speaking, centre of things.”

In parallel with the quantitative results, the focus of overseas investment is very much on Inner London, and then just in a few super-prime areas of Westminster and Kensington and Chelsea. As a real estate agent for *** noted, the investment is

only in the central parts, as a perfect stop-off point. London is a brand. Harrods, London Eye. Cultural thing – British, history of London. Stands out. Capital of Europe. GMT and trading etc. investments. Whole number of things draw people in, not just property prices. World Highest cost per square foot. Low yield but pushed by high demand/investment. It's a stable haven for assets – much more interest than banks...as long as it continues to be a financial centre – Kensington/Chelsea continues to be desirable. Only a certain area and so many people want to buy. London continues to lead, certainly in Europe.

Transnational nature of overseas investors

The real estate agents, researchers and other service providers could not help but notice the transient and transnational nature of the investors. As one real estate agent put it,

They own four to five properties and move between them. Maybe only in London for May/June. No longer from anywhere, and I can't categorise as a national of a country anymore. There's a London season.

TAKE FROM PAT SECTION?

Another real estate agent explained that:

London is always reasonably safe – still people buying regardless of the market. Same as banking in Switzerland – never 100% but reasonably safe haven – odds in your favour. Some would rather live in London than Moscow – European lifestyle. I also deal with Arab clients. Too hot in summer in middle East. VIP families – easy to come and go where they like.

The sheer amount of investors from overseas had created an entirely new dynamic to the real estate market in London, prompting many to sell off their properties to foreigners in order to reap the benefits of the boom:

Overseas investors have dramatically changed the London property market and lots of existing residents (both British and foreign) have sold to take advantage of the Gold Rush that is occurring in what the estate agents used to call 'Prime Central London' (that is, Mayfair, Belgravia, Knightsbridge, Kensington, Chelsea), and which is now 'Ultra Prime Central London' or some such marketing rubbish, with 'Prime Central London' now encompassing vast swathes of inner London – Notting Hill, Holland Park and Earl's Court in this borough, and Maida Vale, St John's Wood, Primrose Hill, Clerkenwell, Islington, Highbury, Clapham, Wandsworth, parts of Southwark. (transnational investor in Chelsea)

Role of the state

Dorling (2014) argued that gross inequality is artificially sustained by the state, in that taxation policies can always be set to soak the super-rich and bridge the gap, or not; equally, Ley (2010) reminded us in his case study of Vancouver that the national state has profound control over overseas investment, in terms of taxation/non-taxation and immigration laws. We can argue that the overseas investment binge is also artificially sustained. The following quotes from real estate agents and real estate researchers point to this artificially-sustained state of affairs:

No question the state encourages through tax exemptions for the first year here. Lack of a mansion tax.

Government leaves the market alone – London a place for millionaires/billionaires. If govt. introduces Hollande-style policies (Lib Dems) – similar collapse as in France. Dire economic consequences as seen in France. All comes down to policy – these people spend money.

State has a huge role to play in encouraging/discouraging. Taxes play a huge part.

Lack of mansion tax makes a difference *at the moment* but not *hugely*. We're not dealing with the average buyer – this area is least affected when the market is affected. Money-centric. Very very rich...

Government could crucify the sector but if not all other factors shouldn't change and the sector will continue to do well, especially as gold suffers and commercial property is less popular as an investment..

***ADD MORE**

Future trends

When asked about future trends regarding overseas investment, the interviewees were confident that if present interest continued, there would be overspill into adjoining boroughs beyond Westminster and Kensington and Chelsea as prices continue to increase, predicated on continuous instability-fueled demand. INTRODUCE THIS QUOTE**

“Continue to grow on sales and lettings. Boundaries will expand into new areas – south of the river (Battersea, Fulham, Putney) and further north – fringes. Will become part of prime central network – so much money being pumped in. Difficult for domestic buyers – upsizing a little further out. Little Venice, Maida Vale. Next areas of focus for domestic but may spill to international if they get priced out by the richest.”

As one transnational investor noted,

Overall, I imagine the short term is an increasing polarisation between the rich, the squeezed middle and the poor – assuming they haven't all been shipped off to vacant

housing in unemployment blackspots – leading to eventual crisis and some attempt to repair the damage. But probably too little too late. I don't know anyone who wants London to resemble high rise horrors such as Dubai or Shanghai, or a sort of Paris-on-Thames in which only the super-rich can afford to live in the city. What happens to art, culture, music, the vibrant buzz and adrenalin that brought us to live here in the first place? What about young people – who are so often at the forefront of developments in the arts? Are they to be shut out by the foreign rich?"

This quote acts as a transition to the next section, in which we discuss some of the drawbacks to the emerging geographies produced by overseas investors and hinted at in this quote, and how they fit into pre-existing class geographies in London.

OVERSEAS INVESTORS AND THE EMERGENCE OF PIED-A-TERRE URBANISM: NEW CLASS GEOGRAPHIES FOR LONDON

The first point of analysis stemming from the quantitative and qualitative results is the immediate pressure put on Inner London real estate, pricing out an increasing number of potential buyers. But overseas investors do more than just price out more people through knock-on effects – they create a different kind of city, what we will call 'pied-a-terre' urbanism, which goes against traditional ideas of the gregarious city (i.e. Jane Jacobs) and replaces it with un-occupation, dullness, emptiness, anonymity, urban space as pure exchange value, and convenience for the transient few at the expense of day-to-day uses and permanent citizens. One transnational investor had this to say about Chelsea:

There has been a marked increase in the number of large properties bought for investment purposes by owners residing overseas for investment and which are mostly un(der)occupied. There are parts of the borough – especially those toward Knightsbridge and Belgravia - that feel very un-lived in. This has an impact on the kinds of local amenities and facilities which one associates with living in the inner city – i.e. access to local restaurants, pubs, shops etc. Many of these prove unsustainable if there are no longer enough local residents to support them...and if you really want to see how often these places are used my advice is to walk the streets at night. In certain parts of the borough it really does feel like a ghost town!

Analyzing this kind of transient urbanism responds to the calls made by Beaverstock et al (2004: 405), who argued that "geographers have rarely questioned the immense claim that the super-rich make on the landscapes of contemporary cities". Pied-a-terre urbanism involves virtually no day-to-day attachment and involvement with city space, making even fewer demands on overseas investors than expatriates (Beaverstock, 2002; Larner, 2007), sojourners, and Ley's (2010: 124) "capitalists *sans frontières*". Indeed, the sporadic nature of overseas investors and their limited time in London equals limited trickle-down economic impact, but with the negatives far outweighing the positives. Perhaps it is not surprising that global cities, as part of their strategic seeking of talented and monied outsiders, demand but limited commitment, such that the transnational elite "participates in a kind of dysfunctional marriage with the host city that suspends norms of permanent belonging" (Ong, 2007: 83)

For the social geography of London, pied-a-terre urbanism leads to the overvaluing of the transient rather than permanent residents, alongside increased class polarization (Sassen, 2001) as the upper grows at the expense of the 'squeezed middle', while the urban poor become entrapped *in situ* or get displaced. London's popularity has led to its undoing, *** CHELSEA RESIDENT?

A lot of people want to be able to walk out of their front door and feel that they are in London. The sort of feeling you get in New York where you think, yep, this in Manhattan, I've made it. The trouble is, with increasing numbers of absentee owners, the very thing that attracts them in the first place is being diminished. I think lots of Londoners – not all native born by any means – are frustrated that their city is being flogged off to foreign investors or sovereign wealth funds. I think that if the authorities were serious they would consider using the tax system to extract money from the super-rich and non-domiciled property owners to fund affordable housing that is offered to resident workers, and not foreign investors.

As for the built environment, the picture is more muddled. On the one hand, it is very difficult to tear down the properties that overseas investors have bought in order to build larger versions, akin to what happens in Vancouver with the so-called 'monster homes' (Ley, 2010) or on the wealthy Westside and beach communities of Los Angeles (***). On the other hand, there are few legal barriers in place to stop renovation and vertical expansion (rooftop and basement). As one local resident in Chelsea described,

There is a gold rush taking place with people desperately adding square footage to their already sizable properties in order to maximise their return. This is either foreign investors doing so having just bought, or existing residents confident that the one year of renovations necessary to increase space by 40% through the use of basement excavations – a bloody menace! – will be more than returned once the property hits the market. There is an element in which a lot of people don't really care about anything beyond themselves and their investment and/or short-term profits. But I think that's quite short-sighted. And it has detrimental impacts on those of us that actually live here. The impact that their actions have on others are rarely considered – at one point this summer, if I stood on the end of my road there were five houses within 50 yards of one-another all behind hoardings, with dust and noise and machinery everywhere. It's like the Wild West. We have a joke that you can tell which houses are going to be next because they have net curtains and this signifies some old dear is still in residence and when she dies it'll be a gut job. It always is. Obviously, this alters the balance of the neighbourhood as people who have been long term residents are replaced by a more transient population.

This 'lights-out' London represents a fraying of community relations. The social damage of this heightened polarization and devaluation of the everyday will be immense. The poor, those living in overcrowded conditions (DeVerteuil, 2011), social renters (and those on the decade-long waiting lists) and the growing army of the homeless will scramble to live day to day in the shadows of those who treat London purely as an asset and a global reserve currency, a city divided between those in social housing being fined for having

empty bedrooms (i.e. the so-called Bedroom Tax) to those who hold on to empty houses almost year-round with impunity. As a recent article in *** reported, “Kensington and Chelsea was found to have had a 40% annual increase in empty properties...the idea of the most expensive homes sitting empty is provocative in a city where any kind of property ownership is increasingly out of reach” (Cumming, 2015). ETC.) and actually lost population between 2001 and 2011, the only Borough to do so (Dorling, 2014)

As a more recent phenomenon, how does this pied-a-terre urbanism fit in with longstanding class dynamics and cleavages across the spaces of London? If one ascribes to the replacement thesis, then *** BEGIN WITH THE REPLACEMENT THESIS – NO PRESENCE, SO NO REPLACEMENT, BUT THERE ARE KNOCK-ON EFFECTS? TAKE FROM MATERIAL BELOW?

But if one ascribes to the displacement thesis, then pied-a-terre urbanism is not the same as gentrification, commonly seen as the dominant framework for understanding class change in London (Beaverstock et al, 2004: 405). That being said, there are some overlaps with what Lees et al (2008:158) identified as the four ‘core elements’ of gentrification – reinvestment of capital, the social upgrading of locale by incoming high-income groups, landscape change and direct or indirect displacement of low-income groups. In effect, Lees et al (2015) argued that for gentrification to exist, it must involve class polarization, a noticeable increase in investment, and provoke displacement in its various guises – direct, but also indirect and exclusionary, and as such that gentrification is a privileged way to understand urban inequality and neoliberal urbanism writ large. Pied-a-terre urbanism certainly leads to exclusionary displacement, in that second-tier areas that once attracted potential gentrifiers may now be out of reach, pushing them out to more eastern, northern and southern fringes of Inner London and beyond, and leading to greater polarization as gentrification moves into more marginal neighborhoods and formerly aspirational areas such as Chelsea and Mayfair become off-limits to all but the richest. A real estate agent in Sloane Square noted the knock-on effects on London real estate:

Because of the vertiginous rise in prices – a consequence of London property being seen as a safe investment - the pressure has come down the chain to smaller flats and apartments with overseas investors desperate to claim ownership of what is amongst the most valuable real estate in the world...As well as pressure coming down the housing chain within somewhere like Kensington and Chelsea is has also rippled out – although swept out might be a more apt phrase – to adjoining boroughs like Hammersmith and Fulham and Wandsworth. And this of course causes its own ripple effects, and these are being felt across the whole of London and outward into commuter country.

Pied-a-terre urbanism certainly involves a more affluent incoming group – although as we will argue, the gap is not particularly large when compared to gentrifying areas – and there is some landscape change, as noted previously with *in situ* expansion.

And yet despite gentrification's forays into global city theory (Butler & Lees, 2006), globalization and transnationalism (Bridge, 2007; Krijnen & De Beukelaer, 2015), cosmopolitanism (Rofe, 2003; Atkinson & Bridge, 2005) and comparative urbanism (Lees, 2012; Lees et al, 2015), that "gentrification has gone global and is intertwined with processes of globalization...no longer confined to the inner city or to the First World metropolises" (Lees et al, 2008: xvii), we find gentrification rather inadequate as a way to frame pied-a-terre urbanism, unsuited to the sheer scale and scope of globalized and systematically transnational urban transformation currently at hand in places such as London. When faced with the magnitude of inequality and the speed of change, gentrification theory seems tired and outdated, which in turn connects to critiques that gentrification is over stretching, both empirically and conceptually (Bourdin, 2012; Maloutas, 2012; Ley & Teo, 2014). But to be more precise, there are at least four reasons for why pied-a-terre urbanism is not gentrification. First, the rent gap is virtually absent, since none of the Inner London _____ have ever suffered disinvestment, and only the super-rich would find their super-prime real estate a 'good deal'! Rather, areas like Mayfair and Belgravia have always maintained their value and prestige, so pied-a-terre urbanism is about investing somewhere safe and not because it is a local (or even international) bargain. Second, overseas investors are not gentrifiers or even super-gentrifiers, as Butler and Lees (2006) acknowledge; the former are not homegrown, do not actually work in London, do not create a specific habitat or habitus, and are not gentrifying already-gentrified areas such as Barnsbury – they prefer established elite areas and superimpose there. Third, pied-a-terre urbanism is thoroughly transnational, and lacks the grounded, the localized, even parochial nature of gentrification which largely ignores the 1%, the super-rich, the transnational elite and the overseas investor. Moreover, the localized and exclusionary displacement that does occur is certainly not an example of 'social cleansing', of the lamentable case of the poor being evicted from their longstanding abodes but rather the rich being outcompeted by an even richer outsider group; neither group attracts much sympathy from critical geographers! Fourth and crucially, pied-a-terre urbanism is entirely independent of gentrification, as it operates through different circuits of capital entirely – but as previously noted, patterns of gentrification are impacted by the exclusionary displacements concentrated overseas investment. As a real estate agent in Knightsbridge explained,

Overseas investors focus on wealthy area, historically. Very central/convenient. Couldn't see Russians buying in Brixton even if there are some expensive houses.

So to conclude, gentrification is not the only game in town, and hardly the only reason for displacement either. Just as there is gentrification without displacement (Newman & Wyly, 2006; DeVerteuil, 2012; 2015), there can also be displacement without gentrification (Sims, forthcoming), in the form of pied-a-terre urbanism but also austerity-driven housing current benefits caps and welfare cuts (DeVerteuil, 2015). ADD MORE FOR TRANSITION **

LAST ONE OUT, TURN OFF THE LIGHTS: MARIE CÉLESTE CITIES

When one thinks of cities that are ghost-towns – the legend of the *Marie Celeste* ghost ship is invoked here – one thinks of places like Detroit, places that have become moribund through a series of failures. But one rarely thinks of successful cities like London, or at least the most glamorous parts of London, as suffering from the same malaise. This paper has outlined how just such a scenario has occurred, of how parts of London have become too popular for their own good. London's social geography may well be approaching that of Paris – an increasingly off-limits and depopulating centre with residual middle and working classes, versus growing yet disconnected suburbs, what Clerval (2013) called “*Paris sans le peuple*” (Paris without the people).

In this paper, we have ** SUMMARIZE KEY POINTS AGAIN
These points link to Harvey (1987), who argued that while affluent groups possess exchange values with which to sustain life, they are in no way dependent upon community-provided use values for survival. Rather, their construction of community is geared to enhancement of exchange values and “the symbolic and cultural capital that goes with possession of a certain kind of ‘valued’ built environment” (271)...’interpersonal relations are unnecessary at the street level’ (271) and so command over space does not have to be assured through continuous appropriation

IMPORTANCE OF THE GLOBAL CITY: **new and uprooted class geographies increasingly particular to the global city, *** Ley (2010: 150) “as economic and demographic pressures move around the world, global cities and their property markets can be expected to be particularly sensitive to these ebbs and flows”

TRANSNATIONALISM: Vertovec (2009: 3) talks about transnationalism as a “condition in which, despite great distances and notwithstanding the presence of international borders... certain kinds of relationships have been globally intensified and now take place paradoxically in a planet-spanning yet common...arena of activity”. In this context, pied-a-terre urbanism represents a distinctly convenient and predatory version, a bolt-hole for uncertain times rather than a carefully cultivated or forged one. Nonetheless, it also encapsulates strong notions of economic agency, ingenuity and, dare I say, flexibility within a context of actively courting overseas investment in a system of “graduated sovereignty” (Ong, 1999: 7; Ley, 2004).

There is much future research *** FUTURE RESEARCH:
SEE GUARDIAN ARTICLE: <http://www.theguardian.com/uk-news/2015/jun/28/london-the-city-that-ate-itself-rowan-moore>
SPEAK DIRECTLY TO THE OVERSEAS INVESTORS?

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