Spatial Diffusion of Overseas Corporate Owned Properties in Greater London from 2008 to 2019

Corresponding Author: Matthew Klovski Email: klovskim@gmail.com

Phone Number: (+1)-517-944-0338

Present Address:

1441 S. Mole Street,

Philadelphia PA 19146

Affiliation Address:

The Bartlett Centre for Advanced Spatial Analysis, University College London

90 Tottenham Court Rd, Bloomsbury,

London W1T 4TJ,

United Kingdom

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Abstract

Since the 2008 financial crisis, the numbers of Greater London properties owned by foreign LLCs have dramatically increased. Determining the geographic extent and concentration of these properties was made quite difficult by the lack of open owner- ship registration data within the United Kingdom. This changed in 2017 when HM Land Registry released the Overseas Corpo-rate Ownership dataset, opening up new analysis possibilities. By joining this dataset to postcode geographies, this paper ex-amines the geographic diffusion and countries of registration of these Greater London properties from 2008 until June 2019. In tandem with this goal, the paper discusses incomplete and in-consistent information within the Overseas Corporate Owner- ship dataset that act as a hindrance towards further analysis. PostgreSQL and PostGIS were used to create a database of these properties usable for further spatial analysis in QGIS.

This paper finds that while the growth rate of this type of ownership has decreased from 2017 to to June 2019, the actual count

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Introduction

The way that land ownership accumulates capital, primarily for the aristocratic class, has long been a topic of investigation within the UK (Shrubsole, 2019). Consequently, there have been many attempts at land reform that attempted to redistribute this limited resource more equitably. While many countries use a cadastral system based on French Napoleonic land code, (Grover 2008), the United Kingdom distinctively maintains a method of land registration using leasehold and freehold land ownership. This complex form of land division makes ascertaining the true owner of a property or “parcel” difficult. To compound this, the United Kingdom does not maintain a public land title record.

Much of the freehold land is owned by the aforementioned aristocratic class, of which Shrubsole (2019) estimates to own roughly 30% of all freehold within the United Kingdom. While much of this is large rural tracts of land, sizable clusters of aristocratic ownership exist within Greater London. The Duke of Westminster–who currently, at the age of 29, holds a 9.5 billion

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by foreign buyers (Badarinza & Ramadorai, 2018).

means or those looking for a potential safe haven, is highly attractive (Butlerand Lees, 2006).

While property ownership in Greater London had already been a attractive proposition for wealthy foreign buyers, it became even more accessible in the years following the 2008 Great Recession (Greater London Authority, 2008).The recession and its accompanying reduction of land value provide a naturalstarting point for this paper. The result of increased accessibility as of 2019 isthat of the 90,000 foreign-owned properties in the UK, roughly one-third arelocated in Greater London–far disproportionate to the 13% of the UK pop- ulation that lives there (HM Land Registry, 2019) (Trust for London, 2019). Within Greater London, there is a further spatial divide as to where these properties are located. Thirty-six percent of all home sales in 2017 within the central boroughs of the City of London, Westminster, and Kensington &Chelsea were transfers to foreign registered owners. The estimated previously inaccessible ownership information, it does not contain geographic information other than inconsistently recorded addresses and postcodes. The UK INSPIRE polygons released in 2018 by the European Union to define a common cadastral system across the European Union (HM Land Registry, 2019) contain only a polygon ID field, distinct from the owner ID field also maintained by HM Land Registry. The only way to have both of these combined currently for a property is to pay the three pounds per owner title. To determine the true ownership of the roughly 90,000 overseas corporate-owned properties within the United Kingdom would cost roughly 270,000 pounds using this method, an unrealistic sum for most.

Additionally, the ownership information within the Overseas Corporate Ownership dataset does not provide an accurate picture of land ownership within the United Kingdom. Within both datasets, anonymized land holding LLCs located in tax havens are the listed owners for many properties (HM Land Registry, 2019). While work by organizations like Private Eye and Trans- parency International has investigated the true owners behind these shell companies (Brooks freehold (Brooks & Eriksson, 2016). The ownership of Sova Real Estate LLC was ultimately traced to Russian Deputy Prime Minister Igor Shuvalov, who had paid 11.44 million pounds in total for the two units. As his official salary at the time was roughly 112,000 pounds, this led to questions of how the two flats were obtained in the first place (Transparency International, 2018). This example provides a useful overview of how aristocratic land ownership, LLC registration, and foreign land ownership are often deeply intertwined.

Methodology and Data

Before detailing further methodology, an important clarification is needed regarding the status of properties that are sold from one foreign owner to another foreign owner within the Overseas Companies Ownership dataset. When the ownership and possibly country of origin associated with.0146 Tc[hi)]TJETQq0.00000912 0 612 792 reW*nBT/F2 12 Tf1.042 reW*nBT/F2 12 Tf1.04550.

htd nG0.0000i]TJETQq0.00000912 0 612 792 reW*nBT/F2 12 Tf1.041.042 reW*11q0.00000912 q0.iss[ ) w q Gn(al)3

Field name	Mandatory?	Description
Title number	Yes	Unique Register Number
Tenure	Yes	Freehold or Leasehold.
Property Address	Yes	Property Address
District	Yes	District Name
County	Yes	County
Region	Yes	Region Name
Postcode	No	Postcode
Multiple address Indicator	Yes	Multiple Addresses
Price Paid	No	Transfer Deed Sale Price
Proprietor name (1)	Yes	Non-Private Individual Name
Company Registration (1) No.	No	Company Registration Number
Proprietorship Category (1)	Yes	Proprietor Type
Country Incorporated (1)	Yes	Country of Incorporation Name
Proprietor (1) address (1)	Yes	Register Address
Proprietor (1) address (2)	No	Register Address
Proprietor (1) address (3)	No	Register Address
Date Proprietor added	No	Date Registered
Additional Proprietor Indicator	Yes	Indicates Other Non-Overseas Proprietors

Table 1: Overseas Owner Dataset Field Descriptions

Within the ownership tables, there is no geometry column or other spatial col-

umn for the physical location of the properp1.0455 0 0 1 253.y31612 79y.73 24.36 reW*n1.0455 0 0 erty change, the property would subsequently be double-counted when considering the total number of properties in Greater London. To avoid this issue when calculating summary statistics for duplicate properties, only the one with the most recent property acquisition date was kept. However, for calculations other than total numbers, the duplicates were kept, as a sale from a foretgotal tial homes within Greater London were held by overseas owners. Using Land Registry Price Paid information from April 1st, 2014 to March 31st, 2016, the Title was purchased for 8,000 properties from a potential sample poolof 28,026 properties. These were split across four groupings of London bor- oughs, with those groupings displayed in the following Figure 1.

Figure 1: Centre for Housing Policy Report London Borough Groups (Wal- lace et al. 2017

Of these 8,000 properties, 57.5% of the sampled properties were occupied by the same individual who owned the home. However, this figure dropped to just 34.3% within the “Prime London” grouping, defined within the report asthe boroughs of Westminster, Kensington & Chelsea, and the City of London(Wallace et al. 2017). In total, report (Wallace et al. 2017).

While the broad scope of the University of York investigation is similar to this article, this article seeks to examine the spatial distribution of these properties at a more granular scale than by borough. A key reason for do- ing so is that while certain boroughs like Kensington & Chelsea are known for foreign investment, there exist stark socioeconomic differences within in- dividual boroughs (MacLeod, 2018); measuring at a borough level ignores spatial clusters within the borough itself.

The main issue with the Centre for Housing Policy report has nothing to do with the actual research, but rather the prohibitive cost of the data needed to conduct the research in the first place. The cost of obtaining the number of Titles needed by the Centre was estimated to be 24,000 pounds, whichis a prohibitive cost for many individuals and perhaps institutional entities as well. The fact that this information needed to be obtained at a cost for academic research is of itself problematic. If the most relevant dataset on this topic continues to be paywalled, it is difficult to imagine a wide range ofscholastic work taking place on this topic.

A useful sociological examination of foreign ownership within Greater Lon- don in 2016 was conducted by Dr. Luna Glucksberg in *A view from the top: Unpacking capital flows and foreign investment in prime London* (Glucks- berg, 2016). This investigation, alluded through anecdotal evidence and interviews, a high degree of spatial concentration of foreign ownership in

Greater London, mostly centered around the two boroughs of Westminsterand Kensington & Chelsea in this investigation as well.

Calculation

Throughout this article the primary data cleaning and data manipulation toolused was a PostgreSQL database equipped with PostGIS (PostGIS, 2020). PostGIS is a library for PostgreSQL that allows for SQL-based spatial quiigd(12 T1ID 3/Lang (en-US)>>BDC q0.00000912 0 612 792 reW*nBT/F2 12 0 0 1 60.84 51

Summary Statistics and Grid Map Creation

Most summary statistics for the dataset were created using various PostGIS and PostgreSQL queries. The charts and graphs indicating the number of properties associated with a specific borough or owner were created using Python, using the *pandas* library (McKinney, 2007). The figures were created using the *matplotlib* (Hunter, 2007) and *seaborn* libraries (Waskom et. al. 2017) within Python as well. The properties were grouped by acquisition date into yearly tables from 2008 to 2019. To visualize these, a vector grid was created over the extent of Greater London, with each square's size in the grid as 500 by 500 meters. This was a small enough boundary to allow for granularity in display, and large enough to remain legible. This method was heavily inspired by the work of Dr. Duncan Smith in Polycentricity and Sustainable Urban Form (Smith, 2011). After creating this grid, each year of properties was visualized on the map by using a graduated color scheme for the number of properties located within a given square on the grid. The scheme uses five categories using Jenks natural breaks of the initial 2008 property counts, allowing for cross-year comparison between the five natural classes.

Results and Discussion

Summary Statistics

As of June 2019, there are 30,775 Overseas Owned Properties within Greater London, with the number of properties associated with individual boroughs located in Table Two and Figure Two.

District	Borough Count
CITY OF WESTMINSTER	5243

Table 2: Number of Overseas Owned Properties Per Borough

at what scale, Figure Three indicates in each given year, the five boroughs with the largest numbers of foreign-owned properties. The reason that this is limited to the five in a given year is that, as visible in the previous figure, there is a sharp decrease from the leading boroughs, and thus makes visualisation difficult.

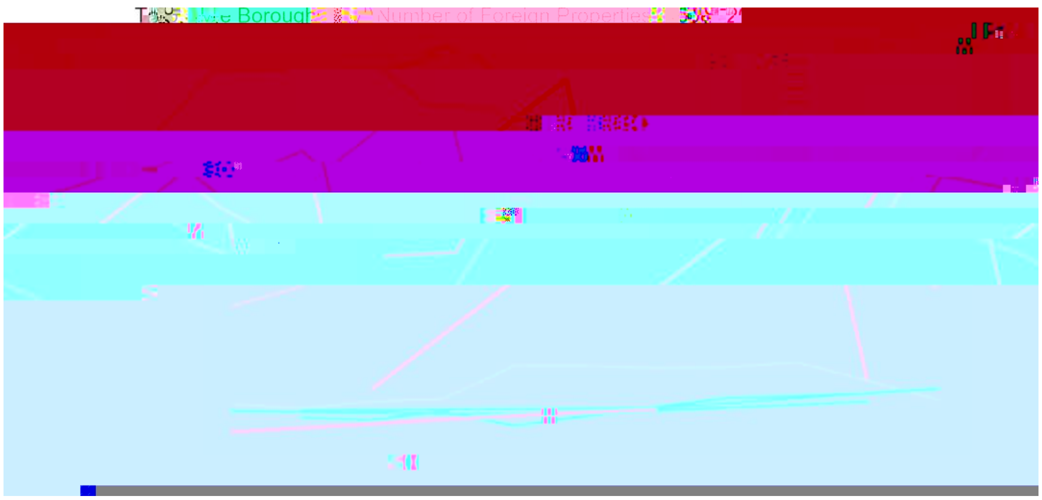

Figure 3: Top Five Boroughs by Number of Properties Acquired by Overseas Owners 2008-2018

From 2008-2018, with the exception of 2016, Westminster has the highest concentration of foreign corporate ownership within Greater London by a wide margin. Even though boroughs like Southwark and Islington are in the top five in some years, they pale in comparision to Westminster and the other leading boroughs of Kensington & Chelsea, Camden, and Lambeth.

Country of Incorporation	Count
BRITISH VIRGIN ISLANDS	10626
JERSEY	4514
ISLE OF MAN	2974
GUERNSEY	2725
PANAMA	869
NETHERLANDS	783
CYPRUS	642
SEYCHELLES	623
GIBRALTAR	604
BAHAMAS	588
HONG KONG	458
LUXEMBOURG	399
IRELAND	361
CAYMAN ISLANDS	347
MAURITIUS	262
LIBERIA	260
LIECHTENSTEIN	184
GERMANY	184
SWITZERLAND	177
ITALY	176
BELIZE	172
SINGAPORE	160
JAPAN	145
DELAWARE, U.S.A.	140
MARSHALL ISLANDS	140

Table 3: Overseas Owner Country Counts 2019

There is a large number of owners headquartered within the British Virgin Islands, Jersey, the Isle of Man, and Guernsey, as two thirds of all foreign owned properties are registered in these places. These four offshore territories have, since the 1970s, allowed tax havens and shelters to headquarter

Figure 4: Top Five Countries by Number of Properties Acquired by Overseas Owners 2008-2018

Much like the central London boroughs in the other figures, the UK Virgin Islands and other UK Territories dominate this chart. Even compared to other UK Overseas Territories, the UK Virgin Islands in some years have more properties registered to them than the other top five combined.

Spatial Distribution by Postcode

When examining the data at the postcode level, it becomes clear that there isa high degree of spatial concentration, even at the sub-borough level. While the mean and median number of properties per postcode are 2.21 and 1 re- spectively, there are six postcodes that each contain more than 50 properties owned by foreign owners. In particular, two postcodes, SE1 7UT and SW71RH stand out, as they each have 625 and 132 properties within them respectively. The following Figure 8 indicates the geographic location of these two postcodes.

Figure 5: SE1 7UT *left* and SW7 1RH *right* Postcode Locations

Of the 625 properties in SE1 7UT, every property is an apartment located within the Park Plaza building located on Westminster Bridge Road. As of2019, these apartments account for more than half of all foreign propertieswithin the borough of Lambeth. 509 of these are held by the same owner, an entity named ”WESTMINSTER BRIDGE LONDON (REAL ESTATE)
BV.”, a company registered at ”Claude

separate apartments appear to be attempts to split th

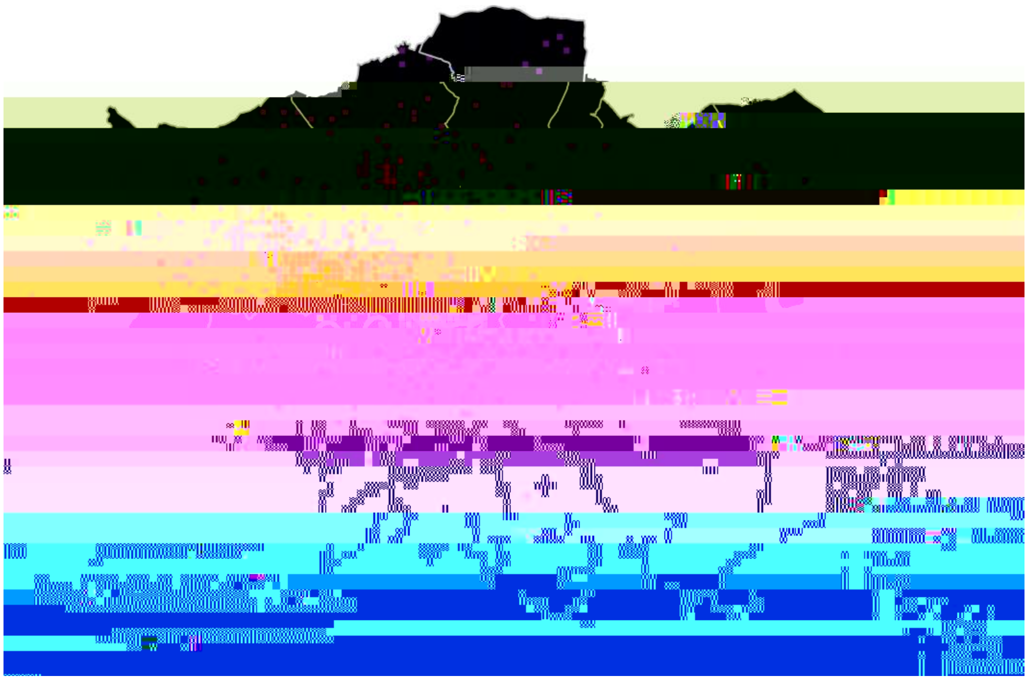

Figure 6: 2019 Grid Map of Properties with Missing Proprietor Addresses

As visible from the above figure, there is a high concentration of these properties within Knightsbridge and along the southeastern edge of Hyde Park (the dark three squares in the middle of west-central London). The follow-ing table indicates the ten owners who own the most of these improperly registered properties.

”proprietor _ _

Figure 7: 2019 Grid Map of Properties Registered in UK Overseas TerET/eistered

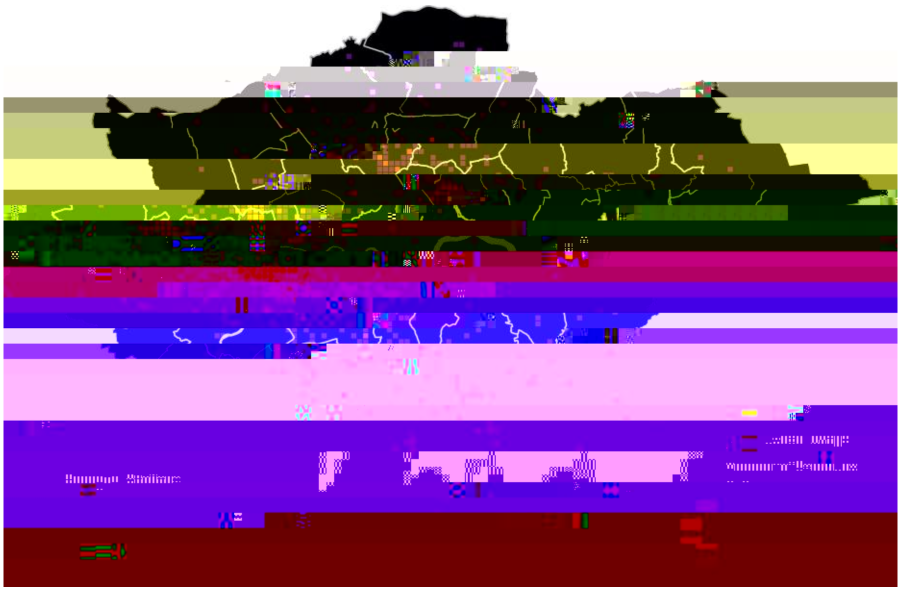

Figure 9: Grid Map of Overseas Owned Properties in 2008

Figure 10: Grid Map of Overseas Owned Properties in 2009

Figure 11: Grid Map of Overseas Owned Properties in 2010

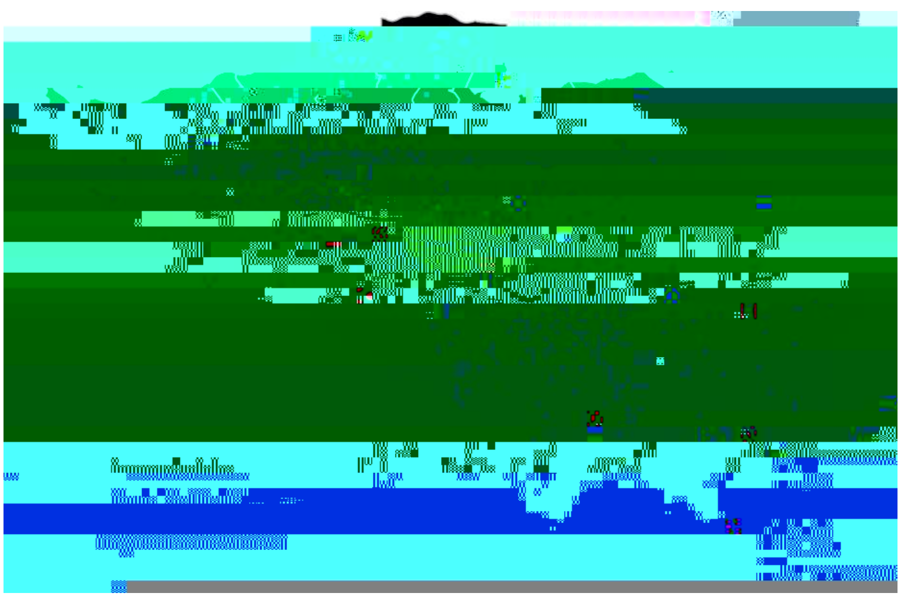

Figure 12: Grid Map of Overseas Owned Properties in 2011

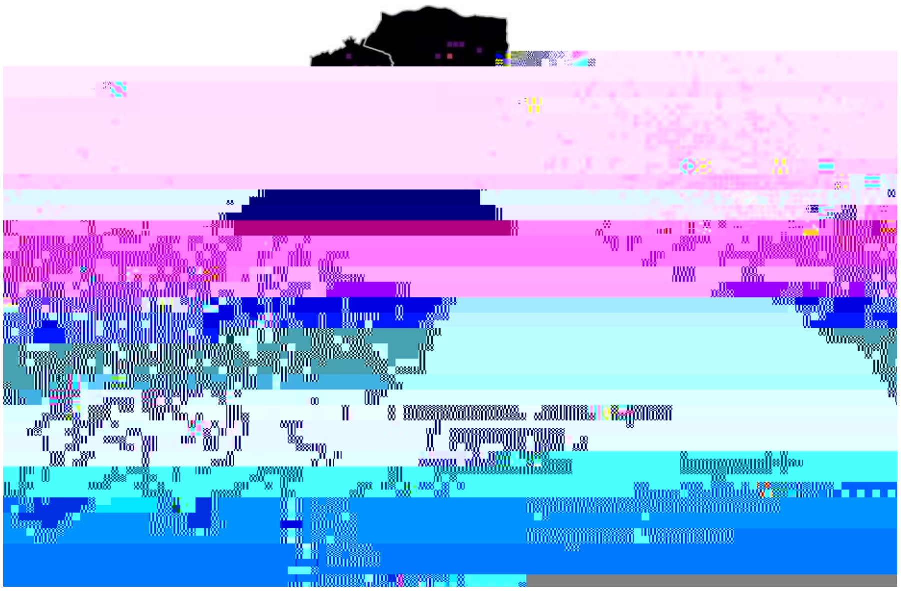

Figure 13: Grid Map of Overseas Owned Properties in 2012

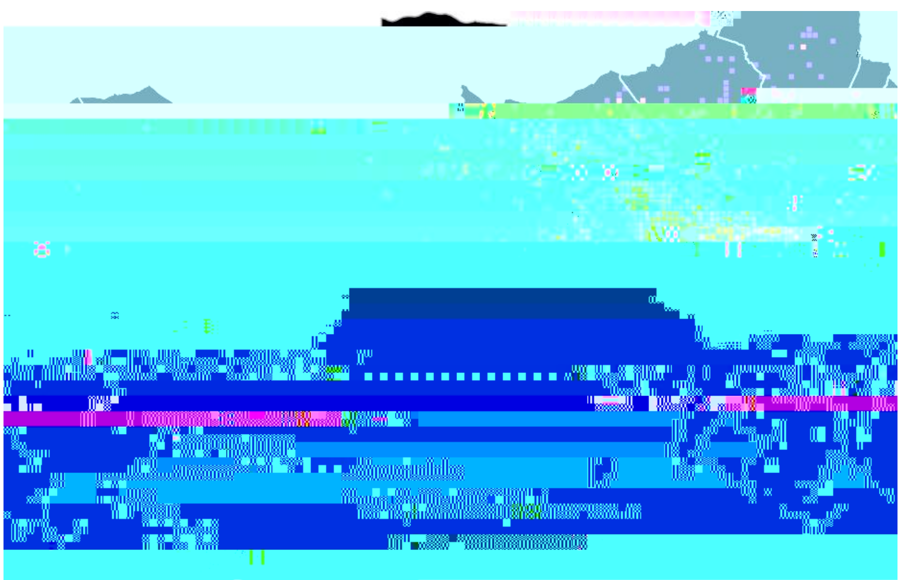

Figure 14: Grid Map of Overseas Owned Properties in 2013

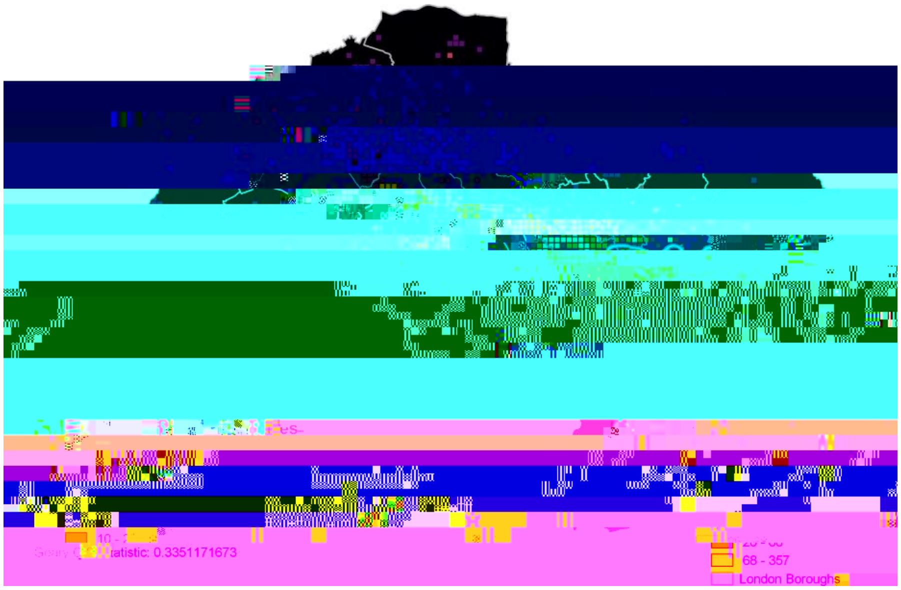

Figure 15: Grid Map of Overseas Owned Properties in 2014

Figure 16: Grid Map of Overseas Owned Properties in 2015

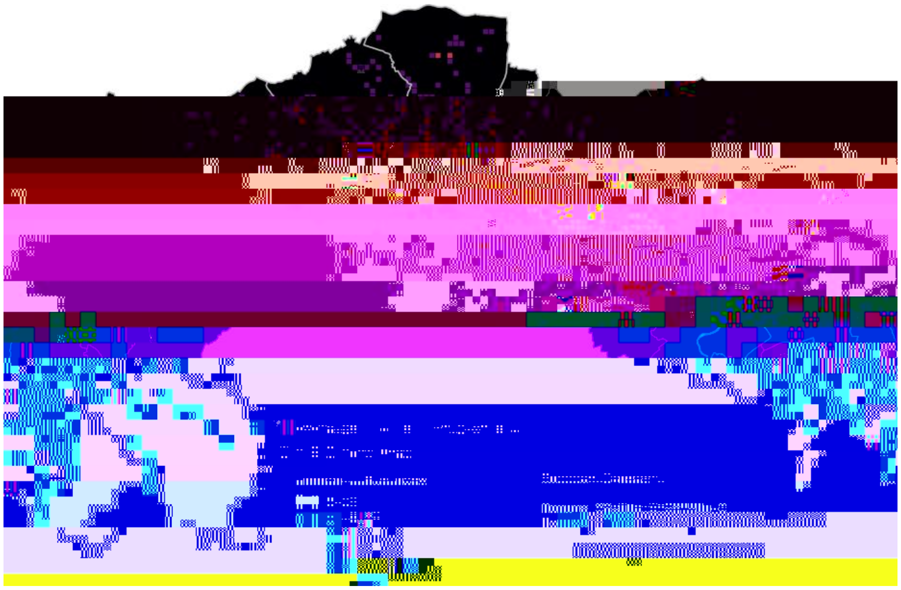

Figure 17: Grid Map of Overseas Owned Properties in 2016

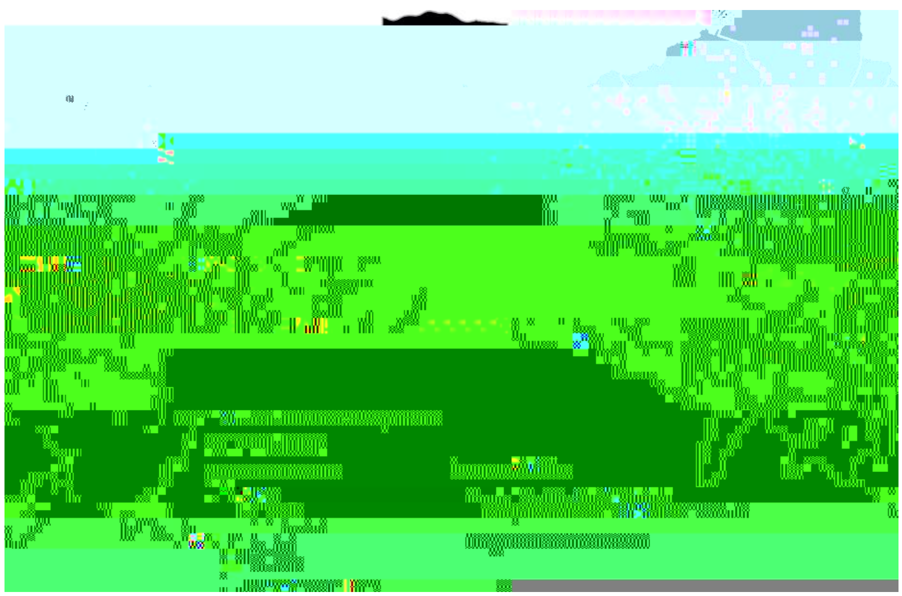

Figure 18: Grid Map of Overseas Owned Properties in 2017

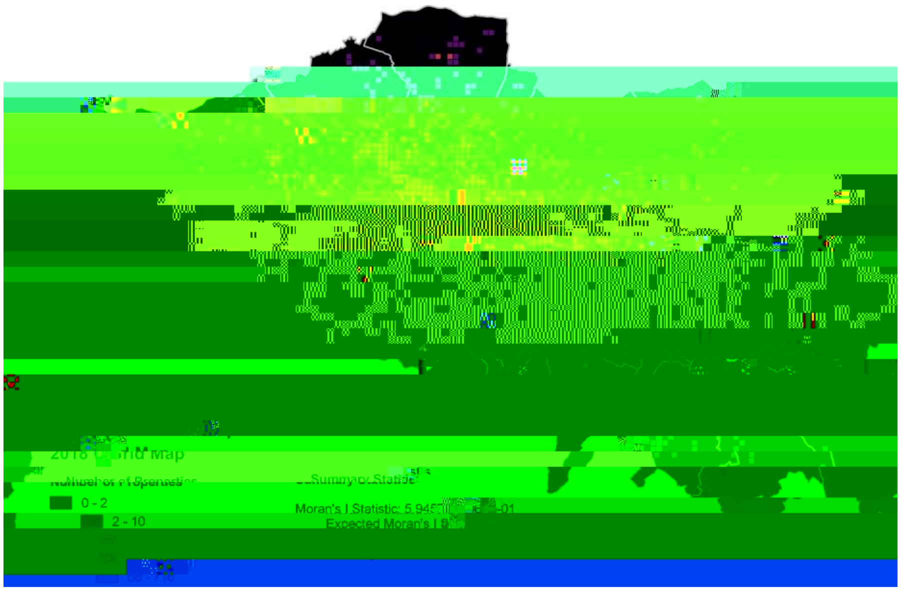

Figure 19: Grid Map of Overseas Owned Properties in 2018

Figure 20: Grid Map of Overseas Owned Properties in June 2019

These maps indicate a consistent pattern of spatial expansion and raw num-ber increase of foreign owned properties within London. The main avenues of spatial expansion within London appear to be a north-northwest axis extend- ing up from Westminster to Hampstead, a western axis extending towards Heathrow through Southall, and a southern axis with a concentration in Croydon extending from Westminster. This may seem to run contrary to the earlier figures showing a decrease over time in the number of foreignowned properties purchased each year. The distinction here is that while the number of properties purchased in a given year is lower, the total number of properties owned continues to increase. To measure the relative concentra- tion of the properties as time goes on, Moran’s I and Geary’s C measures of spatial centrality were used for each iteration of the grid maps. The s 551.62912 (tia)-3(l)]TJETQq0.00000912 0 612 792 reW*nBT/F2 12 Tf1

oughs, the areas with large numbers of properties almost resemble tendrilsextending out from this central core–each subsequent year the core becomes larger and larger while the tendrils extend outwards. Additionally there is not a substantial difference in the distribution of properties owned by UK Territories and non UK Territories between Central and Outer London. Fu- ture investigation of this topic may find the use of an agent-based model tosimulate this growth beneficial, due to the seemingly ”organic”

In order to conduct any comprehensive analysis

Glossary

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