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Overseas investment into London: Imprint, impact and pied-a`-terre urbanism

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Abstract

This paper focuses on the spatial imprint and social impacts of the emerging geographies of concentrated overseas investment into London's high-end real estate market, particularly the boroughs of Westminster and Kensington and Chelsea. Framed by literatures on the 1% and the super-rich, and based on a mixed methodological approach of qualitative interviews with intermediaries and a quantitative mapping of overseas investors using 2011 census data, the results speak to the pervasive nature of ''safe-haven'' seeking in London real estate and its attendant transnational provenance set within a laissez-faire regulatory framework. In so doing, it makes an important contribution to the geographies of the super-rich, the class geographies of London, and the broader sense that overseas investors are producing what we call ''pied-a`-terre'' urbanism which builds on a conventional gentrification framework (exclusionary displacement and a more affluent incoming group) but also exceeds it in several ways, leading to an increasingly socially attenuated landscape. This exceeding relates to: a different kind of rent gap, in that it is not speculative but safe-haven seeking, a guaranteed return on investment, and occurs without previous disinvestment; the agents are not traditional gentrifiers; the transnational nature of the process, with no attachment to particular places like in the traditional gentrification model; and a process focused on super-prime areas and completely independent of the existing gentrification narrative in London.

Keywords

Super-rich, London, overseas investment, the 1%, pied-a`-terre urbanism

Introduction

Since the 2008 economic crisis, global inequalities have further widened, with widespread government-induced austerity counterposed with the boom in luxury real estate and the selling of citizenship to the highest bidders. These trends have stoked greater interest in the lives of the richest 1% and the coming of a ‘‘second gilded age’’ (Breau, 2014; Dorling, 2014; Short, 2013: 27). 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. Simultaneously, the number of high net worth individuals (HNWI, with financial assets over $1 m) and ultra-high net worth individuals (UHNWI, with financial assets over $30 m) has grown substantially during this crisis period, resulting in a more pervasive scanning of ‘‘safe haven’’ investment opportunities (Hay, 2013: 4).

Yet despite repeated calls to study the ‘‘super-rich’’ (Beaverstock et al., 2004; Hay, 2013; Ley, 2010; Pow, 2011), research on the geographies of this group 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 safehaven investments by the super-rich have led to a conspicuous explosion of high-end, luxury real estate in highly-desirable, globally-connected sites, resulting in conspicuous yet little-studied transnational transfers of wealth. Increasingly then, the super-rich and their geographical impacts are not just homegrown and place-bound, but increasingly 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) since 2008. This ‘‘bolt hole’’ version of flight capital has been pouring into global cities from Miami (Pristin, 2013) to New York (Barrionuevo, 2012), Singapore (Pow, 2011), Los Angeles (Halderman, 2014), Paris (Kuper, 2011) and Hong Kong (Knight Frank, 2014). Across this global hedging, however, London stands apart – it was the world’s most luxurious market in 2014, and contained the most UHNWIs of any global city (Dorling, 2014; Knight Frank, 2014). The most recent Sunday Times ‘‘super-rich list’’ identified London as having more billionaires (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 the outcomes of one emerging geography strongly associated with the conspicuous housing geographies of a key subgroup of the super-rich – the residential colonization by overseas investors of traditionally elite areas of global cities, and specifically with what impacts upon London’s social geographies and built environment. Conceptually, this paper contributes to understanding how the 1% and super-rich literatures can usefully foreground the recent overseas investor phenomenon. Empirically, this paper contributes to understanding the imprint and impacts of overseas residential investment upon the class geographies of London, a longstanding crucible marked by sharp debates over the nature of the post-industrial city, class displacement and class replacement (e.g. Butler et al., 2008; Hamnett, 2015; Watt, 2013; Wyly and Davidson, 2012). Methodologically, we combined interviews of investors and their intermediaries (see Atkinson, 2016) with an ambitious attempt to estimate their spatial imprint using routine administrative data. The

paper ends with a broader consideration of the emerging geographies produced by overseas investors, which we term ‘‘pied-a` -terre’’ urbanism, and how they exceed the existing class geographies (and the traditional gentrification narrative) in London more specifically and current trends in global urbanism more generally.

The combination of the mixed method approach, the focus on post-2008 overseas investors, and engagement with debates over London class geographies also sets this paper apart from research by Atkinson (2016), whose work centered on the full breadth of London’s super-rich but only considered their (selective) encounters in public space, as well as Ley (2010), whose focus on overseas investors in Vancouver differed from the London case study, which presents a vastly larger and more complex example, set within a context of a post-2008 generalized global scanning of safe havens. Ultimately, we seek to flesh out Hay’s suggestion (2013: 11) that ‘‘the super-rich can transform places substantially . . . they are reordering inner parts of cities’’. By doing so, we avoid the sometimes superficial casestudy approach heavily reliant on think-tank studies (Paris, 2013) by favoring primary data and mixed methods.

Conceptualizing the emerging geographies of the overseas investor

In order to foreground the geographies of the overseas investor, we bring two key literatures into conversation. Beaverstock et al. (2004) were among the first 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. Hay (2013) noted that this fast space can take two forms: a sequestered, walled compound model (Pow, 2011), or the more visible influx to preexisting areas of wealth, usually in (global) cities, that threaten to reshape existing social

and built fabrics – our case study of London will delve into this second scenario. This confirms the highly mobile 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 cautions, there can be no doubt that current overseas investors – consisting of the super-rich looking to park their money in overseas real estate – are overwhelmingly driven by economic concerns, that they represent a clear case of globalization ‘‘from above’’, and have been given a certain rein to shape the local real estate market in existing elite areas via an indirectly abetting state (Beaverstock et al., 2004; Heywood, 2012). This also underlines the ability of the super-rich to obtain allied resources necessary for their increasingly transnational lives: passports through the selling of citizenship to the highest bidders (Frank, 2014; Ong, 1999), and of course second- and thirdhomes, usually in global cities (Heywood, 2012). These investments are intimately related to the notion of excess capital sloshing around the globe, seeking the guaranteed tangible returns that high-end property in established niches of global cities offer 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 urban development.

Hay (2013) made 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 up the second literature on the 1%, which offers a more critical take. This is because the top-end of society is presented more as a problematic and corrosive grouping (Dorling, 2014; Sayer, 2014) than as an intriguing empirical gap. In Dorling's Inequality and the 1% (2014), he argues that by grabbing more and more income and wealth, the 1% have become increasingly insulated, a drain on society, extracting more than they create, with pernicious economic, social and political effects. Dorling argues that the 1% actually deepen 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), partially via haven-seeking behavior that is the centerpiece of this article.

By taking insights from the literatures on the super-rich (their transnational nature and global reach, although never completely unfettered) and the 1% (its relational and critical focus on class antagonisms and class politics, especially since 2008), we can frame our approach to the under-studied geographies of overseas investors in several ways. First, overseas investors are opportunistic in their search for safe-haven investments when faced with uncertainty at home, including political instability, currency devaluation, more onerous taxation or capital restraints. Second, the post-2008 context has accelerated this global search, with traditional destinations becoming even more

sought-after. Third, overseas investors have important local impacts upon the social and built landscapes (Ley, 2010). To empirically verify these claims requires an approach that combines on-the-ground experiences of change with more quantitative mappings of the spatial imprint.

In so doing, we can better understand how the overseas investor fits into both socially and spatially into the existing cleavages of London. Watt (2013) outlined a series of debates around London's recent transition toward 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). For instance, 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, based on Census data from 2001 used factor analysis for small neighborhoods and found that class divides were alive and well in London. We want to see the purchase of these two theses in the early 2010s, 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 peripatetic super-rich investment translated in 2012 into a market where a full 85% of buyers in the superprime market (over $15.9 m) were foreigners, topped only by Monaco (100%) and Paris

(95%) (Powley and Warrick-Ching, 2012). In the next section, we outline our mixed methodological approach to understanding the imprint and impacts of the overseas investor within London.

Methods

We are not the first to study overseas investors in London (Heywood, 2012; Paris, 2013), but we are the first to propose a mixed methodological approach: part quantitative, in terms of using statistical inferences to identify potential areas of strong overseas investment, and part qualitative, in terms of convenience interviews (n¼18) with intermediaries of the super-rich. While not an expressed focus of this paper, it bears noting that the intermediary economy is crucial in enabling a smooth ride for the super-rich, particularly in overseas and expatriate contexts where investors may be unsure about the (local) rules of the game. As such, the interviewees were well-placed to appreciate the process of overseas investment, ranging from those who research local real estate markets, to those agents who work directly with sales of high-priced homes, to more modest go-betweens whose business revolves around catering to the super-rich, such as locksmiths and nannies (see Beaverstock, 2004, 2005 on the elite intermediary relationship in global cities). Our quantitative approach to identifying the spatial imprint of overseas investment positions itself within the debate around definitions of class, analytical strategies to best map class geographies in what is a many-layered urban landscape (Butler et al., 2008; Davidson and Wyly, 2015; Hamnett, 2015; Manley and Johnston, 2014). And yet our focus on a largely non-resident, overseas transnational elites sets our analysis apart but makes it all the more challenging.

To estimate likely areas in which the overseas investors were to be found, we require detailed data on the population. Geodemographic area profiles could provide a way into understanding neighborhoods, but here we are interested in a sub group of the population

that are at the extreme of the income and wealth distribution and so therefore do not appear in such classifications. As a result, we use key variables from the 2011 UK Census. It must be acknowledged that the data we outline below are imperfect – there is, for instance, no question in the Census that asks specially about income or wealth (and where estimates are made, the resolution of the estimate is too coarse to be practical for this analysis) – so we used a range of indicators which in combination can give a guide to the likely profile of residents. However, it is important to realize the nature of the Census data: although questions are asked at an individual level, the data are provided as ecological counts. Thus, the descriptions we provide relate to the composition of the area, not specific individuals and our statistic inference relies on ecological analysis. The comprehensive nature of the Census is important to underline, providing enumeration data for the full population rather than survey data where only a small proportion of each London Borough would likely be captured. 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 looking for localized concentrations of investors and therefore the most local level provides the greatest resolution of neighborhood difference. Secondly, OAs were designed to maximize tenure homogeneity, and as we are explicitly interested in residential consumption, similarity of properties was deemed a useful characteristic (Martin et al., 2001).

We propose that overseas investors and their properties could be characterized by five indicators: on the individual side, the investors would be expected to have (1) high status employment, (2) high levels of education and (3) overseas passports. Thus, we recorded the proportion of individuals with Level 4 (that is a degree or equivalent) or better education, employed in the Higher and Professional classes according to the NS-SEC categories, and holding non-UK, non-EU passports. Properties were identified as being (4) non-primary

residence (which in combination with the other characteristics is treated as evidence of second homes) and (5) without having a resident household: in other words, a vacant property. These variables were combined in a single dataset and each one modeled using linear regression. The residuals were identified and those OAs with significant positive residuals for each variable were highlighted as being potentially outside the expected distribution. We coded those areas as being potentially of interest for the investigation: where models for all five of the variables provided positive and significant OA residuals, we concluded the areas constitute concentrated oversea investor neighborhoods.

For the qualitative component, we interviewed 18 intermediaries, conveniently sampled within the strongest overseas investor territories identified by the quantitative approach (Figure 1): the boroughs of (1) Westminster and (2) Kensington and Chelsea. The services covered the following activities: high-end real estate agents; research foundations on real estate activity in London; nanny services; locksmiths; and one buy-to-let landlord (an owner who rents his property to overseas investors in Chelsea), as they were seen to be intimately knowledgeable in the trends, motivations and transnational tendencies of overseas investors. Over 100 agencies were contacted in the Summer of 2013, with the majority of responses clustered in the real estate sector, mainly agents but also those who research the London market. 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), and future trends. If at all possible, those with long-term knowledge of the study areas were selected for interviewing. Of course, the key drawback to this approach was the lack of success in talking directly to the overseas investors themselves. The main barrier was the difficulty in transcending well-known issues of ''gaining access to

Figure 1. Overseas investor neighborhoods.

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). To partly compensate, further secondary material on the geography of London overseas investment (e.g. Heywood, 2012; Johnson, 2012; Paris, 2013) was examined to further buttress the ''big picture'' of the quantitative results.

Quantitative results

Figure 1 estimates those concentrated overseas investor areas.

The concentrations of likely OAs are north of the River Thames, starting in Kensington and Chelsea, not surprisingly all the areas surrounding Hyde Park (e.g. Knightsbridge, Mayfair, Belgravia, Holland Park, Kensington) and the spacious terraces and garden areas in the western edges of the borough, namely Chelsea. The concentration then moves eastwards to include Westminster, stretching from The Mall to Covent Garden and into the lightly-populated City of the London, focusing on a triangle around St Paul's, the Bank of England and Cannon Street Station. From there it continues eastwards tightly following the London Docklands Light Railway into Tower Hamlets and down to the river in the waterfront developments around Canary Wharf. These quantitative results have confirmed the less statistically rigorous Smith Institute report (Heywood, 2012) that located high-end overseas investment across a swathe of Inner London boroughs, and especially Westminster and Kensington and Chelsea. As our study area, these two boroughs had more overseas investment than the next eight most popular boroughs for overseas investment in Inner London (Heywood, 2012). Unsurprisingly, the two boroughs experienced the greatest price 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 an overall decline of 9% for England and Wales (Helm, 2013).

Qualitative results

Related to the imprints and impacts of overseas investment in the study areas, several themes emerged from the qualitative interviews: the accelerated scale and scope of the recent flood of overseas investors; the peculiar characteristics of the overseas investors and their motivations; the thoroughly transnational nature of the investors and their loose ties to Inner London; and the subtle role of the state in abetting the process along.

The recent flood of overseas investors

Interview and secondary 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. 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 (Lyall, 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 were again in the study area, and fueling a 57% price increase in prime properties between 2009 and 2013. While London has certainly seen waves of overseas investors in the past, and from a variety of nations, the post-2008 period is different in terms of the accelerated and globalized uncertainty resulting from the global meltdown.

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 remainder. As one real estate agent in Sloane Square (Westminster) offered, 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 real estate researcher:

Property as tangible asset – bricks and mortar in prime areas as attractive, the opposite of the banking crisis/debt crisis of highly packaged/unclear financial instruments. The main purchasers

in prime central London market are European – troubled Euro parts like Greece, Cyprus, Italy,

France, Germany. But also Kazakhstan, Russia in the end. India, Pakistan and recently due to cheap Pound – Singapore, Hong Kong, China, Malaysia, with 65% purely as investment.

As the but-to-let landlord in Chelsea explained,

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).

Overall then, the study areas were experiencing concentrated overseas investors, recognized both by the press and by on-the-ground actors. But who are the investors, and why have they targeted London?

Characteristics and motivations of overseas investors

The characteristics of overseas investors are largely driven by their desire to safely park money in Inner London real estate. Three high-end real estate agents in the borough of Kensington and Chelsea 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 time-zone. 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 government intervention or more control, such as China which is not democratic. Buyers like these clear rules. With property, no one will change the rules suddenly.

These statements confirmed the safe-haven seeking nature of the investment, especially since the crisis in the Eurozone but especially other zones of instability across the world. In the words of a real estate researcher:

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.

In parallel with the quantitative results, the spatial focus of overseas investment is very much on just in a few super-prime areas of the boroughs of Westminster and Kensington and Chelsea. As a top-end real estate agent in Chelsea 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. Capital of Europe. GMT and trading investments. Whole number of things draw people in, not just property prices. World highest cost per square foot. 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.

These quotes point to the strong relationship between the conspicuous lifestyles of the superrich combined with London's embrace of the cosmopolitan and the overseas investor. Now that the characteristics and motivations of overseas investment are clearer, we need to show their transnational links in more detail.

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, aligning with Vertovec's (2009: 3) 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''. The common arena of activity was high-end real estate, as one agent in Knightsbridge put it:

They own four to five properties and move between them. Maybe only in London for May/

June . . . There’s a London season.

Another real estate agent in Belgravia explained that:

London is always reasonably safe – 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 groom and sell off their properties to foreigners in order to reap the benefits of the boom, according to the buy-to-landlord in Chelsea:

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.

It would be tempting to see all of this transnationalism as individualistic and to a point unfettered, but it is more realistic to say that the state (nationally, and at the borough level) has quietly abetted the ‘‘Gold Rush’’, to be discussed in the next subsection.

Role of the state

Dorling (2014) argued that gross inequality is artificially sustained by the state through nontaxation or low taxation; conversely, taxation policies can always be set to soak the superrich and bridge the gap. Equally, Ley (2010) reminded us in Vancouver that the national state has profound control over overseas investment, in terms of taxation/non-taxation and immigration laws. The following quotes from real estate agents and real estate researchers point to this artificially-sustained state of affairs in London:

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 government introduces Hollande-style policies, there would be a 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 and discouraging. Taxes play a huge part.

And so the state – in its local, regional and national guises – employs a hands-off set of policies that indirectly supports the current glut – yet still retains the power to completely gut the sector. A more negative scenario – one envisioned by more than a few of the interviewees, and currently contemplated by the new Mayor of London – would be greater taxation and disclosure to stem the flow. These emerge out of the myriad drawbacks produced by overseas investors and hinted at in the next quote; in the next section we see how they fit into pre-existing class geographies in London. As the sole buy-to-let landlord 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?

Overseas investment, pied-a`-terre urbanism and existing class geographies of London

Following up on the last quote, we first contemplate the impacts of overseas investors on the social geography and built environment of Inner London. This is followed by how the insertion of overseas investors muddles existing class geographies of London, inadvertently creating the skeins of a new, yet decidedly attenuated, social contract.

This reflects the sense that overseas investors do more than just price out certain people through knock-on effects – they create a different kind of city, characterized by 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-today uses and permanent citizens. Our buy-to-let landlord 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’’. Overseas investment involves virtually no day-to-day attachment to and engagement with city space, even less again than expatriates (Beaverstock, 2002), sojourners, and Ley’s (2010: 124) ‘‘capitalists sans frontie`res’’. Perhaps it is not surprising that global cities, as part of their strategic seeking of monied outsiders, demand but limited commitment, 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, overseas investment leads to the overvaluing of sporadic rather than permanent residents, alongside increased class polarization as the upper grows at the expense of the ‘‘squeezed middle’’, while the urban poor become entrapped in situ or become displaced. London’s popularity has led to its undoing, according to an agent in Chelsea:

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.

Impacts upon the built environment are more ambiguous. On the one hand, it is very difficult

to tear down 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 the buy-to-let landlord 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 shortterm profits. But it has detrimental impacts on those of us that actually live here. 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 neighborhood 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 and the social contract. 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 year-round with impunity. A recent article reported that ‘‘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), and it actually lost population between 2001 and 2011, the only London Borough to do so (Dorling, 2014).

As the second part of the analysis, how does this pied-a` -terre urbanism fit with longstanding class cleavages and complex class dynamics across London? If one ascribes to the replacement thesis, then this new urbanism is more about in situ upgrading and the erasure of previous elites claims, as overseas investors are only interested in areas of wellestablished wealth. But if one ascribes to the displacement thesis, the process of pied-a` -terre urbanism is potentially profound in terms of producing class antagonisms and perhaps displacement. By producing new spaces for the even more affluent, at first glance overseas investment looks like a hyperactive version of gentrification, itself invariably deployed as the dominant framework for understanding class change in London (Beaverstock et al., 2004: 405). First, pied-a` -terre urbanism certainly involves a more affluent incoming group – although as we have argued, the gap is not particularly large when compared to the gap found in gentrifying areas between the incoming and existing residents – and there is some landscape change, as noted previously with in situ expansion of the built environment. Second, pied-a` -terre urbanism leads to exclusionary displacement, in that top-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 as 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 . . . 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.

But a deeper analysis into overseas investment reveals processes that clearly exceed gentrification's framework, which is why we propose pied-a` -terre urbanism as a useful theoretical counterpoint and contribution. Despite gentrification's forays into global city theory (Butler and Lees, 2006), globalization and transnationalism (Bridge, 2007), cosmopolitanism (Atkinson and Bridge, 2005; Rofe, 2003) and comparative urbanism (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 substantial overseas investment, unsuited to the sheer scale, speed and scope of globalized and systematically transnational urban transformation.

To be more precise, there are at least four reasons for why the process of pied-a` -terre urbanism exceeds the traditional gentrification narrative. First, the rent gap differs from the typical gentrification scenario, since neither of the boroughs have ever suffered disinvestment and the structural violence against working-class people that accompanies it, 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 necessarily because it is a local (or even international) bargain – the polar opposite of the speculative nature of exploiting rent gaps in disinvested and poor neighborhoods. Second, overseas investors are not gentrifiers or even super-gentrifiers, as Butler and Lees (2006) acknowledge (but that Rofe, 2003 conflates); 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, localized, even parochial nature of gentrification and its close links to the built environment and place-based attachments, the literature on which largely ignores the 1%, the super-rich, the transnational elite and the overseas investor. Moreover, the exclusionary displacement that follows in the wake of overseas investment is certainly not an example of ‘‘social cleansing’’, of the lamentable case of the poor being evicted from their longstanding abodes, but rather the already well-off being outcompeted by an even richer outsider group. Fourth and crucially, pied-a` -terre urbanism is entirely independent of homegrown gentrification, as it operates through different circuits of capital entirely and impacts different areas. As a real estate agent in Knightsbridge explained,

Overseas investors focus on [central] wealthy area, historically. Very central/convenient. Couldn’t see Russians buying in Brixton [more peripheral, not an established area of wealth] even if there are some expensive houses.

So gentrification is not the only game in London, and hardly the only reason for displacement either, which can also include austerity-driven housing current benefits caps and welfare cuts (DeVerteuil, 2013, 2015). These alternative explanations counter Lees et al. (2016: 110) and their simplistic specification of a transnational hyper-gentrification by superrich elites. In the last section, we ponder the implications of certain cities being victims of their own success.

Conclusions: Marie Ce´leste cities?

In this paper, we have used an innovative mixed method approach and the concept of pied-a`

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terre urbanism to understand the imprints and impacts of overseas investment on Inner-London social geographies and built environments, but also how it has inserted itself into London's complex class geographies, the logical endgame of which is a more transient, less vibrant and increasingly denuded Inner London. Indeed, when one thinks of cities that are ghost-towns – the legend of the Marie Ce´leste ghost ship is invoked here – one thinks of places like Detroit. But one rarely thinks of wildly successful cities like London, or at least the most glamorous parts of London, as suffering from the same malaise. This paper has outlined how such a scenario could be occurring, 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 center with residual middle and working classes, what Clerval (2013) called ''Paris sans le peuple'' (Paris without the people). These points echo 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'' such that ''interpersonal relations are unnecessary at the street level'' (271; see also Atkinson, 2016).

Moving beyond London and pied-a` -terre urbanism, we argue that these uprooted class geographies are intrinsic to the global city: Ley (2010: 150) similarly contended that ''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''.

In this context, pied-a` -terre urbanism represents a distinctly convenient and predatory version of transnationalism, a bolt-hole for uncertain times rather than a carefully cultivated one, or even one orthogonal to state power (Mitchell, 1997; Ong, 1999). Nonetheless, it also encapsulates strong notions of economic agency, ingenuity and, dare

we say, flexibility within a context of actively courting overseas investment in a system of ‘‘graduated sovereignty’’ (Ong, 1999: 7). Future research must not only engage more directly with the overseas investors themselves (Atkinson, 2016) but also those in the medium and lower rungs of property investment and its new-build, off-plan nature, in terms of their motivations and experiences. Moreover, research ought to focus on populations affected by overseas investment, particular those marooned in super-prime areas, who bought long ago in elite areas and have seen their property values change drastically. Finally, the flow into cities can disappear as quickly as it appears, which behooves researchers to delve more deeply into the impacts of currency rate flux, political in/stability, election results and tax changes. The recent case of Brexit (June 2016) is a case in point: it may make London less secure as a safe haven – certainly for EU investments – or might generate even more demand, as London becomes a cheaper locale and the post-Brexit period produces even more uncertainty upon which overseas investment feeds.

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