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@TheIFS

# Local opportunities and youth migration



Economic and Social Research Council



# Why study migration?

## 1. To understand sources of regional inequalities

- 90% of spatial variation in average wages accounted for by ‘sorting’ (Overman and Xu, 2024)
  - High-skilled workers are geographically concentrated (64%)
  - ...And live in high-paying places (26%)
- Understanding why skills differ across places matters for policy
  - Local educational attainment → regional skills (supply-side)
  - Migration → local opportunities (demand-side)

## 2. To understand sources of individual inequalities

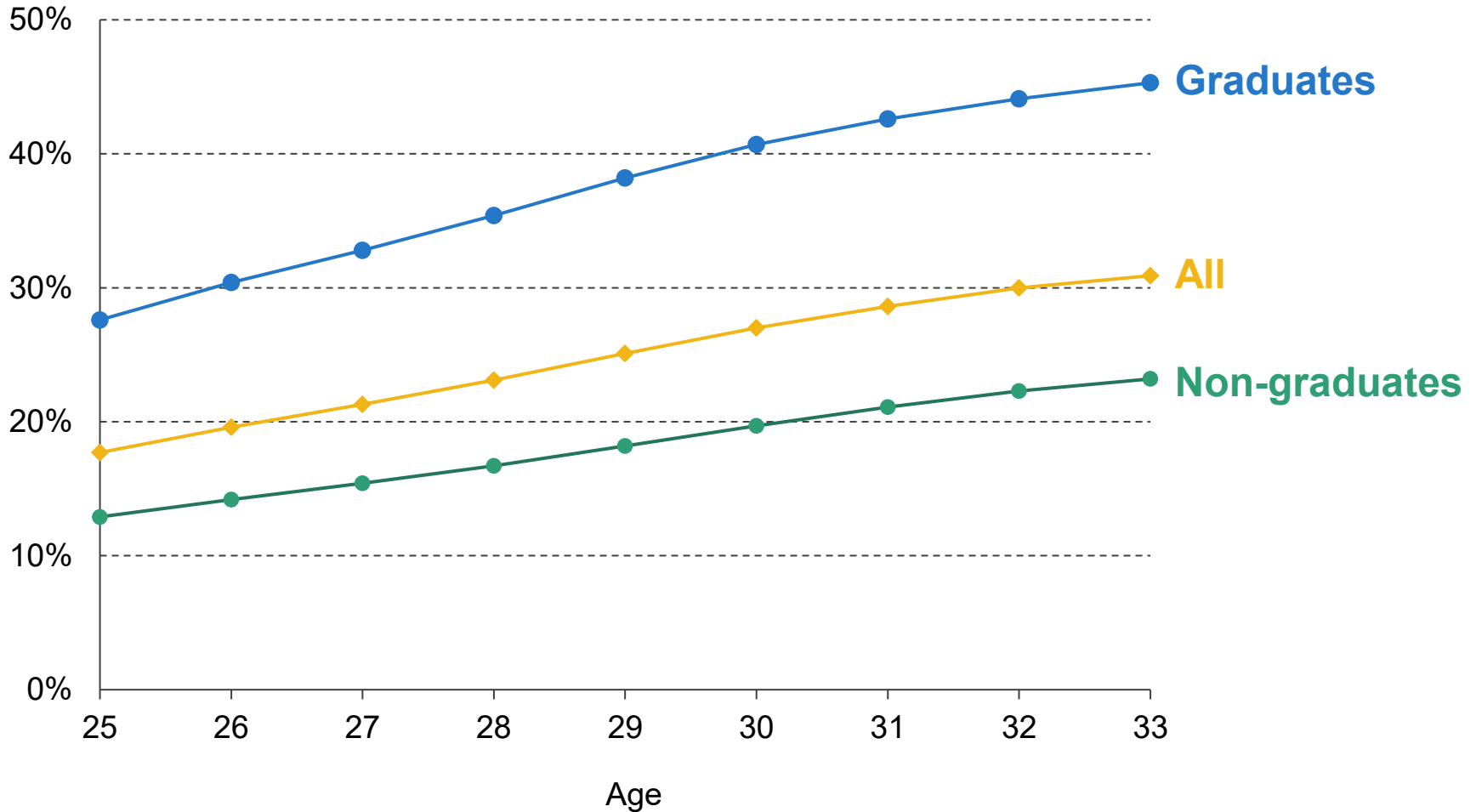
- By place of origin, education, socio-economic background

# This paper

- Linked education and tax data (Longitudinal Education Outcomes) from 2012 to 2019
- Migration across local labour markets (Travel-to-Work Areas)
- Focus on workers born in 1986 and 1987
  1. Start of careers: age 16 to 27
  2. Settling down: age 27 to 32
- Measure local opportunities using **local earnings premium**
  - How much given individual would expect to earn in one area, compared to average area

# Young workers in England are very mobile

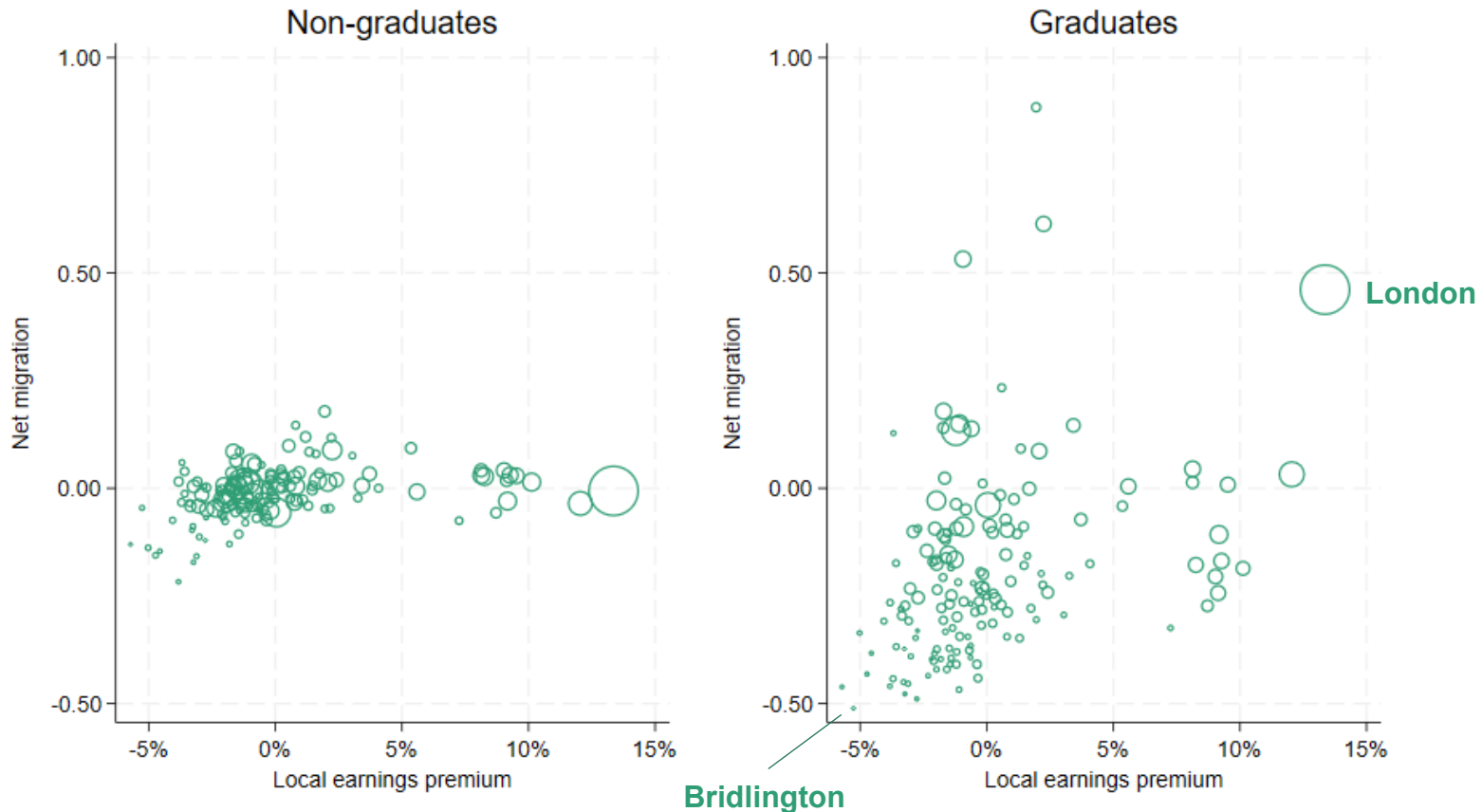
## Share living outside area of origin, by age



Note: Area of origin is defined as TTWA at age 16.

# Graduates move to high-paying cities at the start of their careers

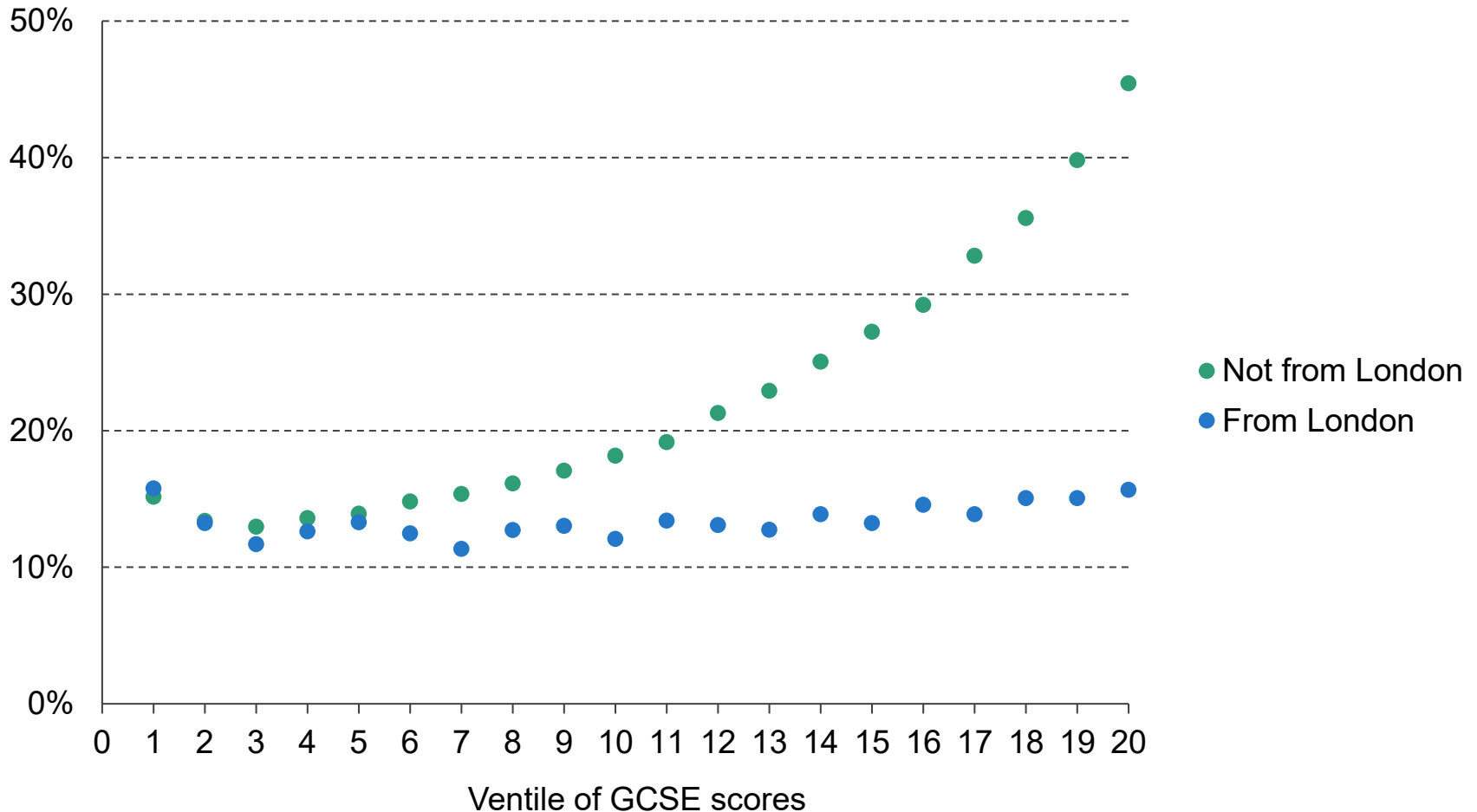
Net migration (vertical axis) by local earnings premiums, age 16 to 27



Note: Local earnings premium is centred around national mean. Size of bubbles represents number of residents at age 16.

# Top achievers from outside London are more likely to move

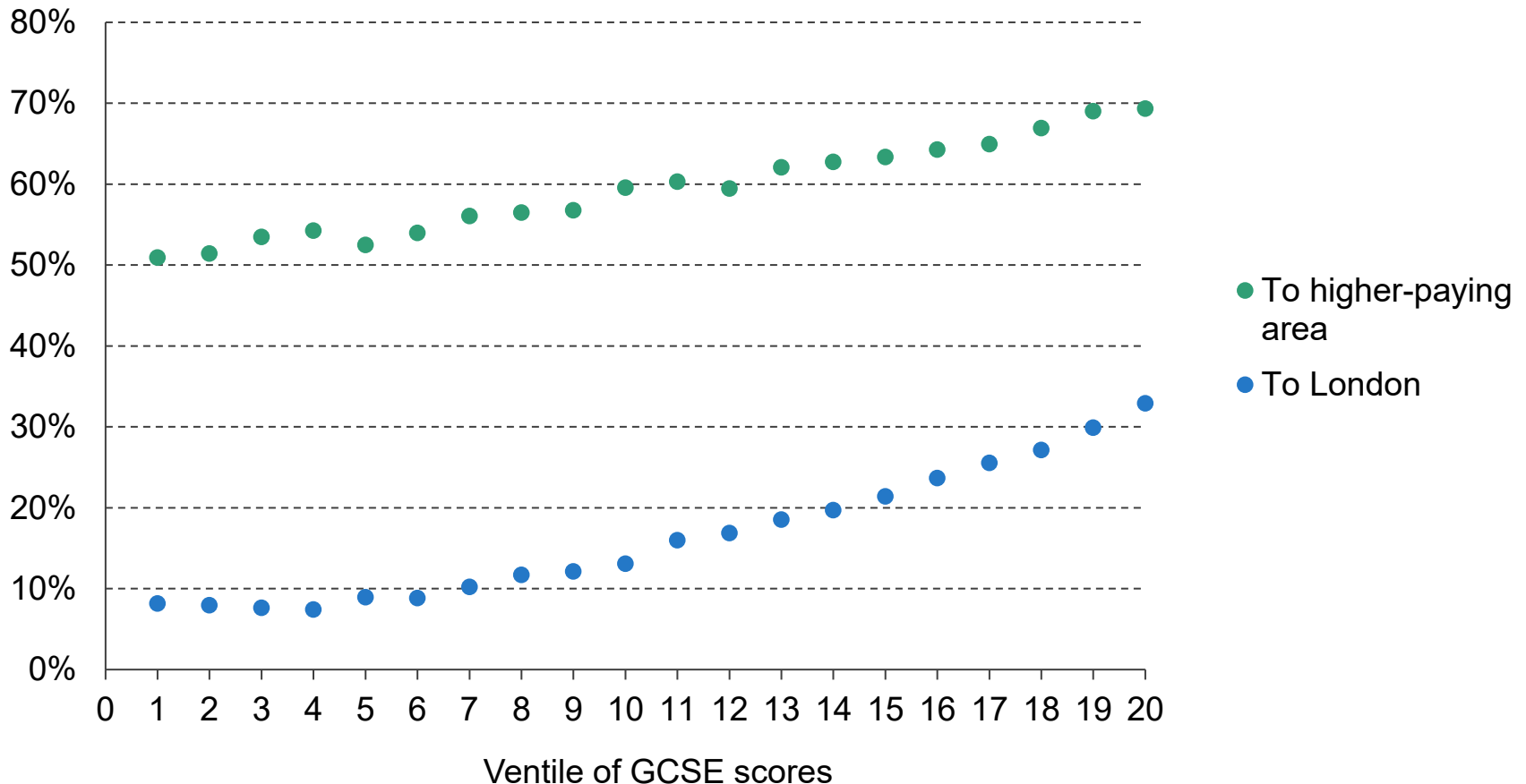
## Share living outside area of origin, age 27



Note: Area of origin is defined as TTWA at age 16.

# And move to higher-paying places (especially London)

**Probability of moving to higher-paying area by GCSE ventile, age 16 to 27 (conditional on moving; excludes movers from London)**



Note: Higher-paying area defined as TTWA with higher local earnings premium than TTWA of origin.

# Moves in late 20s and early 30s do not undo sorting from earlier moves



1 in 5 move between age 27 and 32, but nature of moves changes

- Not towards higher-paying cities
- Net graduate migration to London close to zero
  - 34% of early-career movers to London leave by age 32

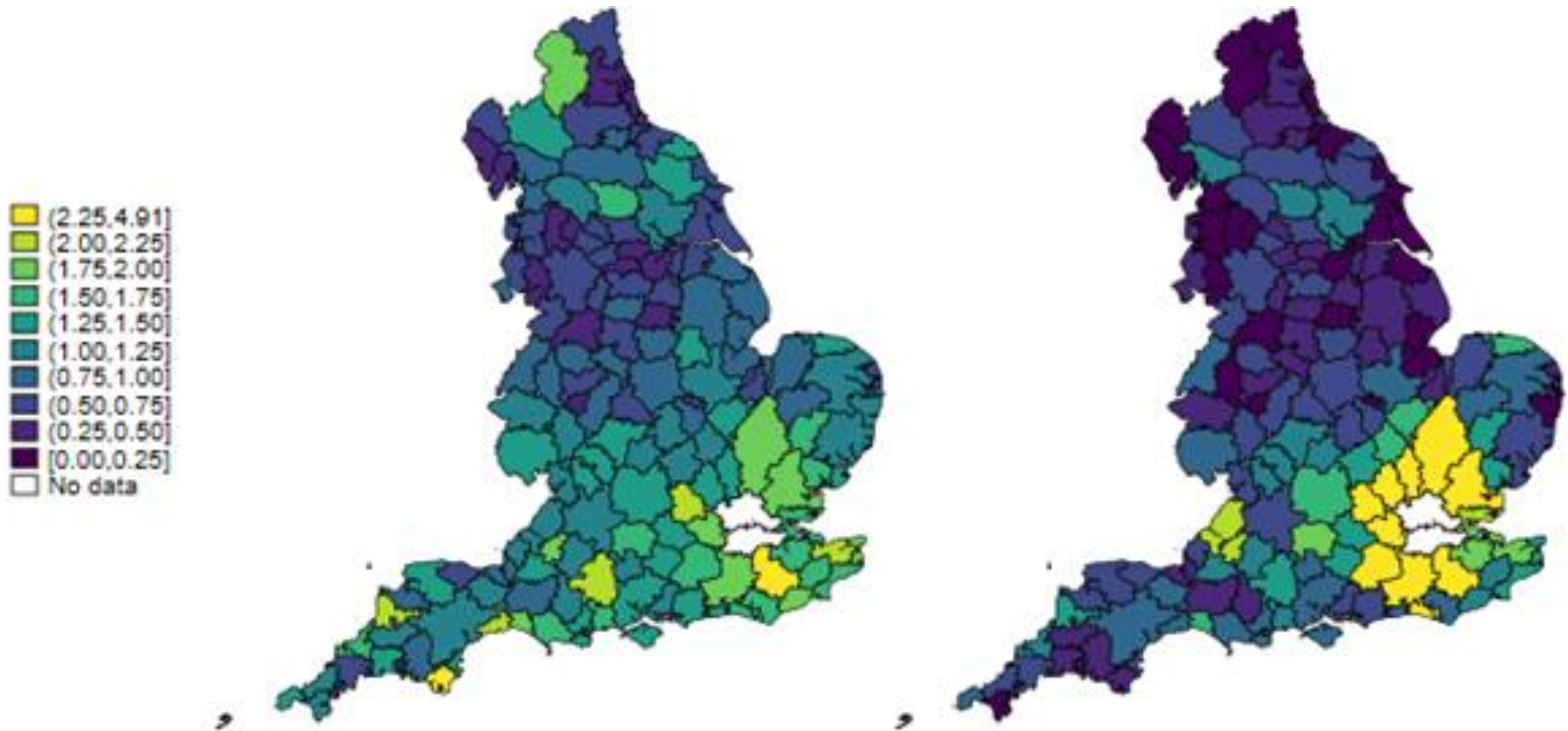
However, this does not undo sorting from earlier moves

1. Many high-skilled people are moving for the first time, and move in similar ways to start-of-career movers
2. Low-skilled people are more likely to return to their place of origin
3. Onward migration from London is primarily to prosperous areas in South East

# London draws people from all over, and redistributes them to the SE

Origins of movers to London,  
age 16–27

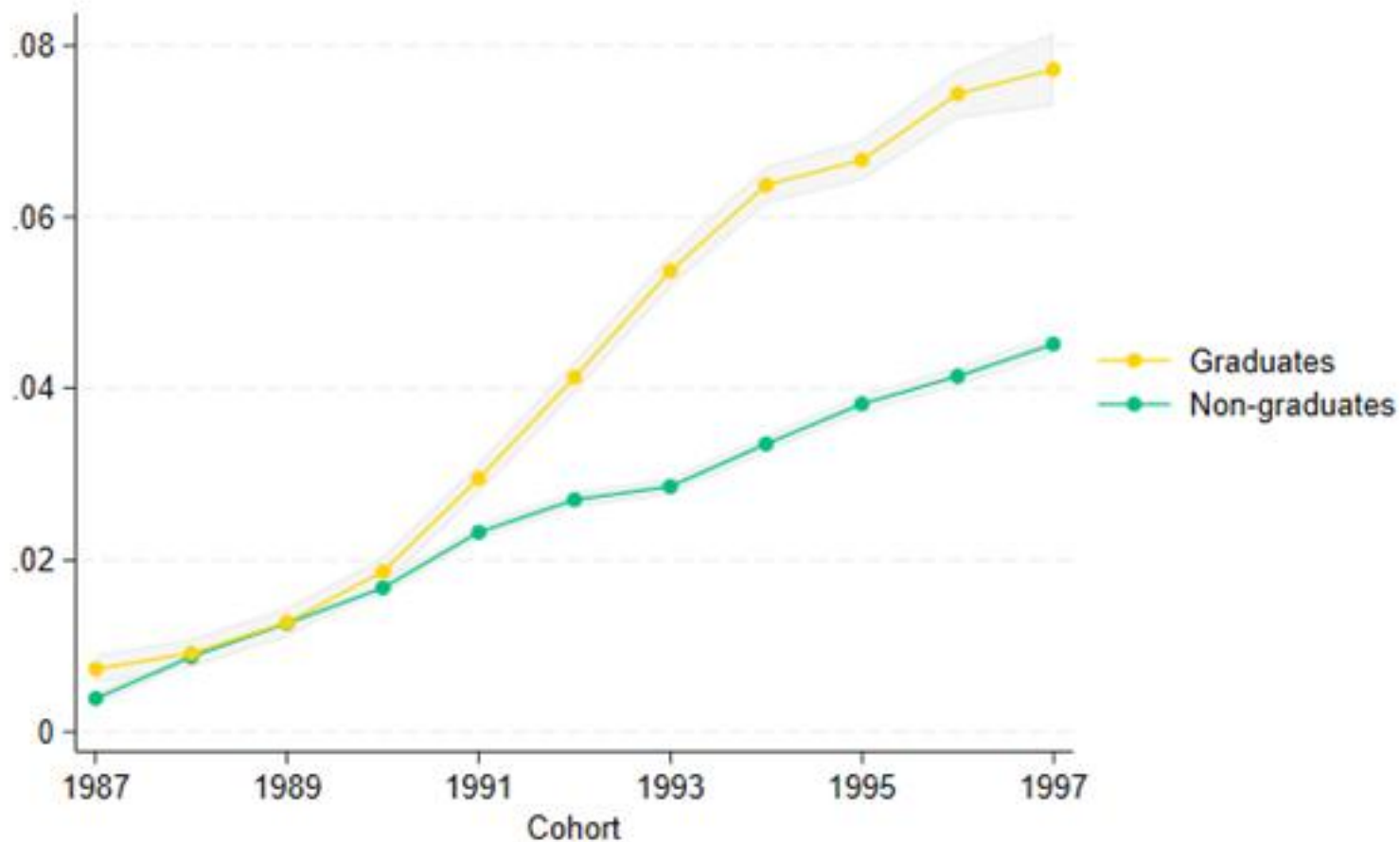
Destinations of onward movers  
from London, age 27–32



Note: Shows the number of migrants to (from) London in an area as a share of the population of that area at the start of the period, scaled by the total number of migrants as a share of the total population. Value of 1 if as many movers as would expect if movers were randomly distributed.

# Youth mobility is increasing, especially for graduates

Migration rates relative to 1986 birth cohort, controlling for observables



# Discussion

- Large part of geographical inequalities in skills stems from migration in adulthood, rather than differences in local educational attainment
- Youth mobility has increased in recent cohorts
- Implies that raising educational attainment in deprived places will not be enough to boost local economic performance

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