

# Summary

In 2015, more than 1.5 million people – more than 16 per cent of Sweden’s total population – were born in another country. In addition, more than 700 000 people who were born in Sweden have at least one foreign-born parent. As such, more than 2.2 million people have a foreign background in the sense that they themselves or at least one of their parents were born in another country. The percentage of people with foreign backgrounds in Sweden is therefore somewhat higher than the average in OECD countries.<sup>5</sup>

Furthermore, current forecasts show that the number of people immigrating to Sweden is expected to rise sharply in the next few years.<sup>6</sup> A large proportion of this increase will be made up of people seeking asylum. It is expected that some 160 000 people will have sought asylum in Sweden in 2015, while the forecast for 2016 is around 135 000 people.<sup>7</sup> This means that the annual number of asylum seekers is currently five times higher than it was during the period 2000 to 2010.

In the next few years, Sweden will therefore have a challenge to face, as a large number of newly arrived foreign-born people need to find work and housing in Sweden. To tackle this challenge, it is important to have knowledge of the housing situation in Sweden today of those born abroad. In addition, there is much to suggest that prospects of finding housing and finding work are not entirely separate matters. For this reason, knowledge is also needed of the extent to which the housing situation of those born abroad is linked to their labour market situation.

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<sup>5</sup> See OECD (2013).

<sup>6</sup> See Statistics Sweden (2015).

<sup>7</sup> See Swedish Migration Agency (2015).

The aim of this report is to provide knowledge in these areas. More specifically, we study the state of ethnic housing segregation in Sweden and how it developed between 2000 and 2012. We also study the extent to which ethnic housing segregation can be explained by demographic factors (such as age, sex and marital status) and by social factors (such as education and income). Finally, we study how housing segregation co-varies with the employment status and incomes of those born abroad.

### **Housing segregation has not changed in recent years**

In the report, we study housing segregation on the basis of exposure, which means that housing segregation is measured in terms of the *proportion of foreign-born neighbours* an individual is exposed to in his or her neighbourhood. We find that during the period 2000–2012, foreign-born people in Sweden's ten largest municipalities encountered an increasing proportion of foreign-born neighbours in the area where they lived.<sup>8</sup> Exposure to other foreign-born people has thus increased among those born abroad.

The fact of encountering more foreign-born people in the neighbourhood does not, however, necessarily mean that housing segregation has increased. An increased proportion of foreign-born people in a municipality means that the number of foreign-born people an individual may meet in their neighbourhood also increases. During the period in question, the proportion of foreign-born people in the municipalities and the proportion of foreign-born people encountered by foreign-born people in their neighbourhood increased to approximately the same extent – housing segregation has thus remained broadly unchanged. During the period 2000–2012, we see a similar trend for people born in Sweden, but the proportion of foreign-born neighbours is considerably lower for people born in Sweden than for people born abroad.

Ethnic housing segregation can co-vary with housing segregation due to demographic and socioeconomic factors such as

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<sup>8</sup> The report looks at Sweden's ten largest municipalities in 2012: Stockholm (studied at county level), Gothenburg, Malmö, Uppsala, Linköping, Västerås, Örebro, Norrköping, Helsingborg and Jönköping.

age, sex, family situation, and level of education and income. However, it emerges in the report that the majority of housing segregation is explained by ethnicity rather than demographic and socioeconomic factors.

### **Considerable variation between groups**

Ethnic housing segregation varies considerably between different groups of foreign-born people. People born in countries in the Middle East and Africa are exposed to foreign-born neighbours to a particularly high degree, while exposure to foreign-born neighbours is considerably lower among those born in Europe. People born in the Middle East and Africa also tend to live near to their compatriots to a greater extent than other foreign-born people. The proportion of neighbours who are also compatriots increased significantly for these groups during the period 2000–2012. In addition to the geographical housing segregation, people from the Middle East and Africa are found to a greater extent in the segments of the housing market that do not own their own homes. Furthermore, it is clear that ethnic housing segregation varies between people who immigrated at different times. The proportion of foreign-born neighbours is particularly high among people born abroad who immigrated to Sweden since the end of the 1990s.

### **Intentional and unintentional elements of housing segregation**

The report shows indications that housing segregation exhibits both intentional and unintentional elements. The intentional element is found in the fact that some groups choose to primarily live close to other foreign-born people from their own group. This is particularly true of people born in countries in the Middle East and Africa, for whom the level of exposure to their own group is particularly high. It is not unreasonable to believe that people born abroad seek geographical proximity to people with the same language, traditions and culture.

There are also indications that the segregation is unintentional and forced by various forms of lack of resources. The groups that

live close to other foreign-born people to a large extent, such as people born in Africa and the Middle East, are also people with a weak position in the labour market. One possible explanation is that they also have relatively limited resources in respects that we cannot observe. It is, for example, conceivable that people born in Africa and the Middle East do not have access to the same information about the labour and housing markets in Sweden as others, nor access to the necessary networks to establish themselves in the labour and housing markets. Many of the people in these groups are also refugees, who have come to Sweden with limited financial capital. Their prospects of being approved for bank loans are thus less favourable than those of people with a strong standing in the labour market. They are therefore obliged to live near to other people with relatively limited resources. We also find that people born abroad who have immigrated in recent years more frequently live near to foreign-born neighbours, which underscores the fact that groups with a weak standing in the labour market are obliged to live in areas with relatively limited resources.

### **Housing segregation co-varies with labour market outcomes**

It is worth emphasising that in the report, we do not identify the effects of segregation on individuals' labour market outcomes, but rather study the co-variation in these factors. The findings in the report indicate that foreign-born people's probability of being in employment and their income from working co-vary negatively with the proportion of foreign-born neighbours. In particular, housing segregation appears to co-vary negatively with an individual's chances of achieving a really high income. At the top of the income distribution there is a strong negative correlation between the income earned and the proportion of foreign-born neighbours. This applies equally to people born abroad and in Sweden. People at the top of the income distribution surround themselves with fewer foreign-born neighbours than other people.

However, we find that surrounding oneself with neighbours from one's own group can have a positive effect on labour market prospects. It is conceivable that such positive effects may result from, for example, newly arrived immigrants receiving some help

from living near to people from their own group. Positive effects can, for example, arise from exchange of information, and from people within the group offering others employment in their businesses, demanding others' goods and services or helping children with their school work.

It is well known that prospects of success in the labour market are affected by the networks and contacts to which a person has access. Such networks and contacts are, to some extent, created in the area in which a person lives. Living in an area with a high proportion of foreign-born people may therefore impair labour market outcomes among foreign-born people due to a lack of access to valuable contacts. There is therefore much that indicates that foreign-born people's prospects of success in the labour market are impaired by living in areas with a high proportion of foreign-born neighbours, as people born abroad generally have access to worse networks and contacts than people born in Sweden. This reinforces housing segregation and it thus becomes more difficult for people born abroad to access better social networks. Our results therefore indicate that ethnic segregation in the housing market and foreign-born people's standing in the labour market are mutually reinforcing.

### **Measures needed in both the housing and labour markets**

In the report we discuss suitable measures to change this situation. We note that the attempts that have been made to allocate newly arrived immigrants' housing situation and implement area-based initiatives have not succeeded in breaking housing segregation; they have, moreover, had a negative impact on foreign-born people's prospects of employment and supporting themselves. However, we consider that a policy of social mixing – in the sense of housing with different forms of occupancy being built in the same geographical area – might offer some possibilities to reduce segregation. Implementing a policy of social mixing in practice is, however, not without problems. There are a number of questions that must be answered first. Which geographical areas are to be mixed and which forms of occupancy should be included in the mix? What physical limitations are there in the form of building

land and infrastructure? We would emphasise that housing market obstacles, such as high monthly rents in attractive areas and discrimination on the part of landlords, impede foreign-born people's chances of accessing attractive housing. Measures to break discrimination in the housing market are therefore desirable.

Measures targeting the labour market are probably also needed to reduce ethnic housing segregation. Since it appears that ethnic segregation in the housing market and foreign-born people's standing in the labour market are two processes that co-vary and, to some extent, reinforce each other, it will probably not be possible to change the situation of ethnic segregation in the housing market until the standing of people born abroad in the labour market is improved. More rapid entry into the labour market for newly arrived immigrants will be crucial in this respect. The importance of improving the labour market situation of newly arrived immigrants to break housing segregation is further underlined by Statistics Sweden's and the Swedish Migration Agency's forecasts. These show that a substantial increase in immigration to Sweden is expected in the next few years. A large proportion of these immigrants will be refugees and family member immigrants. One key integration policy task will be creating jobs and housing. It is questionable whether it is reasonable to expect traditional introduction and education programmes for refugees and traditional labour market policy alone to be able to facilitate entry into the labour market for such large groups of refugee and family member immigrants. Structural changes to lower thresholds to entry into the labour market for newly arrived immigrants may therefore be necessary, both to improve newly arrived immigrants' prospects of being able to support themselves more quickly, and to reduce ethnic housing segregation and its consequences. It is not the task of this report to propose exactly what measures should be taken to facilitate entry into the labour market for refugee and family member immigrants, but if newly arrived immigrants' entry into the labour market is not facilitated, there is a clear risk that ethnic housing segregation and its consequences will worsen in the decades to come.