

The Economic Demand for Housing in the West Midlands, 2006-2026: Birmingham

This two-page data dashboard provides an overview of the projections and analysis for the Birmingham Local Authority area, resulting from the SQW Consulting and CE work for the WMRA. Three growth scenarios were modelled to show how many additional dwellings could be required in the region's local authority areas between 2006-2026 to support economic growth.

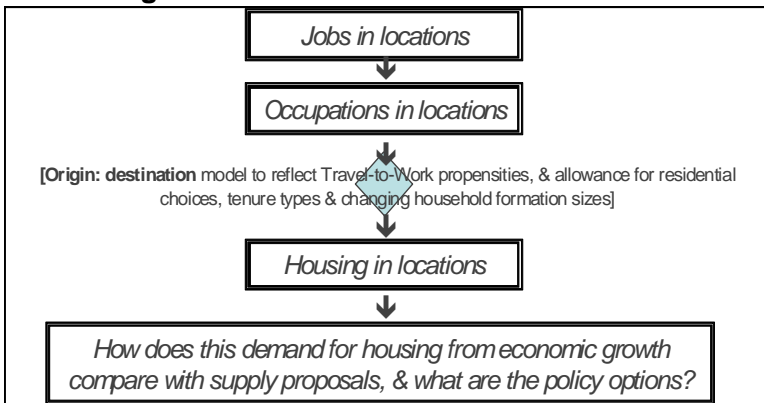
These projections are 'policy off', and do not take in to account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of the UK, due to the performance of AWM's priority sectors. Under the *Austerity* scenario, there is a reduction in Public Sector employment and growth, as a result of current economic conditions.

For the purpose of this dashboard, the most positive scenario, *Convergence*, is used to report the key findings, although Box 3 shows the differential numbers of residents in employment projected by the three scenarios. All the figures in this document are taken from CE's economic projections as at the end of November 2009, and so make no allowance for the announcements in the Pre-Budget Report.

Key Issues

- Birmingham has been affected badly by the recession, but under the high growth *Convergence* scenario, recovery followed by growth is projected over the next twenty years.
- The number of residents in employment in Birmingham is set to grow, and increasingly these will be in high-end occupations.
- These prospects are likely to lead to a significant increase in population and consequent housing demand across all tenures and types of housing.
- The study's projections suggest that future housing provision to support economic growth will comprise, as shares of total dwellings: semi-detached housing (36%), followed by terraced (32%), flats (21%), and detached housing. Tenure is projected to be: 62% home ownership, 26% social rented, and 12% private rented.

1. The logic of our Model . . .



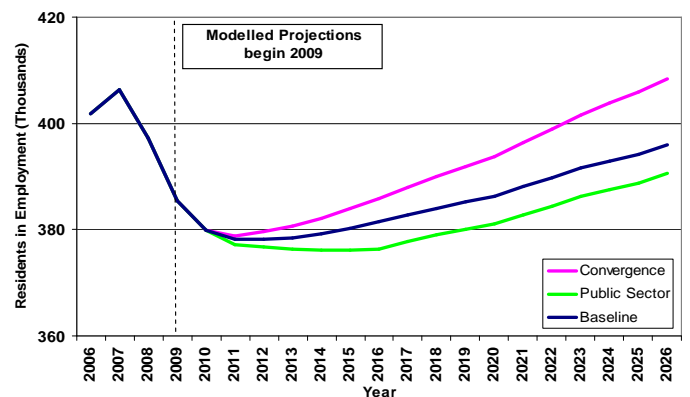
2. Projected Population Change . . .

Spatial Level	Population (000)		% Change 2006-2026
	2006	2026	
Birmingham	1006.5	1113.8	11
Central 1	1381.6	1524.6	10
West Midlands	5366.7	5799.8	8

- The population of Birmingham is set to grow by 107,300 over the next twenty years – an increase of 11%, and more than the regional average of 8%.
- The percentage increase is also higher than the projected increase for the whole of the Central 1 Housing Market Area.

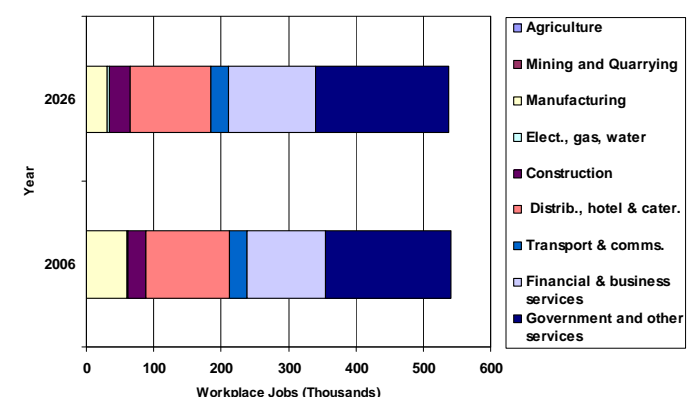
3. Number of Residents in Employment . . .

- The number of residents in employment in Birmingham dropped from 401,800 in 2006 to 385,900 in 2009, as a result of the West Midlands being particularly badly hit by the recession.
- It is predicted that even under the *Convergence* scenario, it will take the region a substantial amount of time to recover from the downturn and the number of residents in employment will not return to the 2006 level until 2023. Under the more negative *Public Sector Austerity* scenario, employment will remain low until 2014 and then will increase slowly, achieving just over 390,500 by 2026.



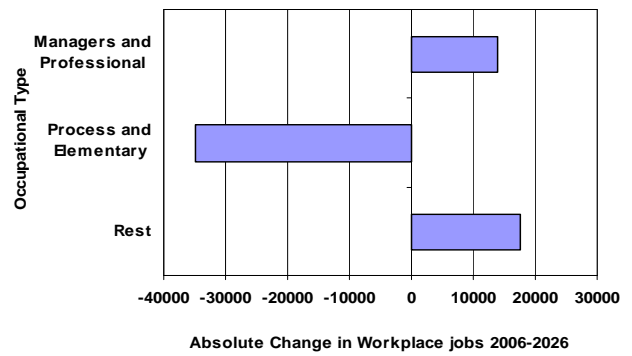
4. . . . and the Sectoral Changes

- The number of workplace jobs in Birmingham is actually set to decrease slightly by around 3,400 jobs between 2006 and 2026, as the city recovers slowly from the current recession.
- The sectoral make up of Birmingham's workplaces is also set to change over the next twenty years; around 30,000 jobs will be lost in the manufacturing sector, with the distribution and transport sectors also set to suffer.
- The largest growth is expected in the financial and business services (12,900) followed by Government and other services (11,700) and construction (7,000).



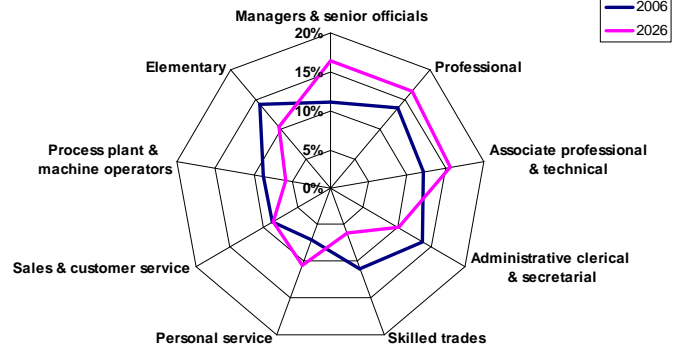
5. Changes in the Occupational Structure of Jobs

- As well as the sectoral make up of Birmingham's jobs changing over the twenty year period, the occupational structure of those jobs will also change.
- Occupations will become increasingly high-level as the numbers of jobs classed as process or elementary drops by almost 35,000. The number of jobs classed as managerial or professional will increase by almost 15,000, with the occupations that make up the 'other' category, such as skilled trades and administration and clerical, set to increase by 17,500.



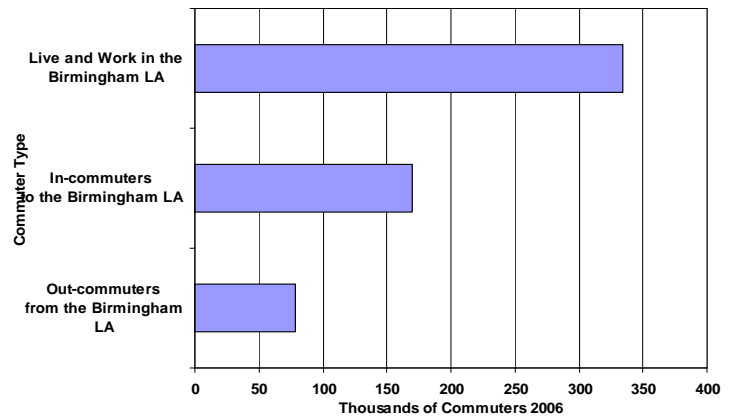
6. Residents' Changes in Occupations

- The proportion of residents employed in managerial or professional occupations will rise by almost 20% in the next 20 years, and by around 20,000 in absolute terms.
- The proportion of residents employed in associate professional occupations will also increase.
- At the same time the proportion of residents employed in process and elementary occupations will decrease the most, with the proportion and number of people employed in administration, skilled and personal service or sales occupations all set to fall.



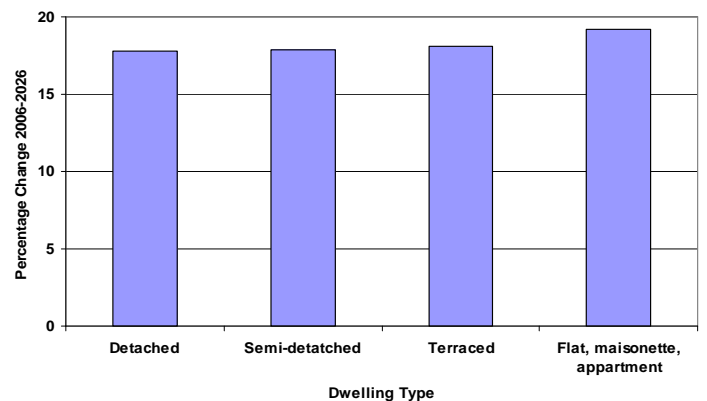
7. Travel-to-Work Patterns

- Unsurprisingly, given Birmingham's role at the heart of the regional economy, there are large numbers of people that live and work within the city and who commute in for work.
- Birmingham receives commuters from every part of the region, but from Solihull and Sandwell in particular.
- There are also nearly 80,000 people that choose to live in Birmingham but commute out of the city for work. The primary destinations for these people are nearby Solihull, Sandwell, Dudley, and Walsall.



8. Changes in the demand for types of Dwellings

- Using patterns from the 2001 Census, we can estimate how demand changes for types of dwelling and tenure.
- An increase in demand is projected for all types of dwellings between 2006 and 2026, with the largest absolute increase in numbers of dwellings being for semi-detached and terraced housing.
- Projected demand for flats is also relatively high due to the increase in city centre living, with a projected overall 20% share of the housing market.



9. Changes in Tenure

- Through to 2026, the number of dwellings in home ownership is projected to increase by the lowest proportion, but represents a much larger absolute change.
- However, a significant increase is also projected for social rented properties, reflecting the level of housing need in Birmingham and poor future job prospects following the recession.
- With the limited provision of social housing and implications of the Credit Crunch restricting housing finance lending, it is likely that intermediate housing options will be required to support home ownership.

