

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

This two-page data dashboard provides an overview of the projections and analysis for the Coventry 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.

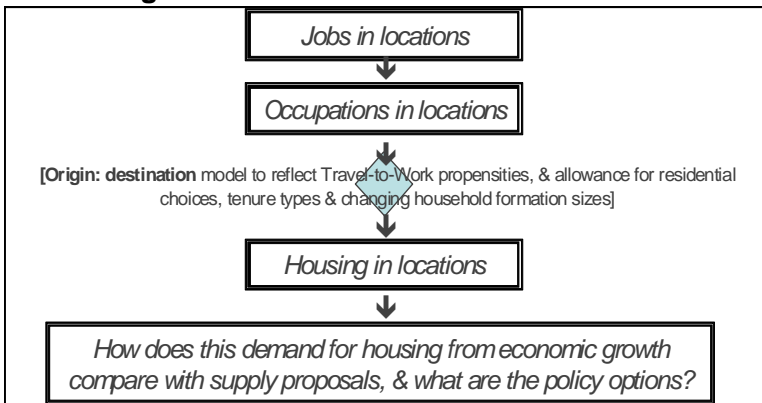
These projections are 'policy off', and do not take in to account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of 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

- Coventry is, and will continue to be, an important employment centre, reflected in the projection of almost 160,000 workplace jobs in the City in 2026.
- However, this is not fully reflected in projected local population growth and housing demand. The number of residents in employment in 2026 is projected to be less than in 2006, as in-commuting continues to satisfy employment demand.
- Therefore, projected jobs growth is not expected to require complementary growth in high-value housing within Coventry itself, unless commuting patterns change.
- The Study's projections to 2026 suggest that future housing provision to support economic growth will comprise, as shares of total dwellings: detached housing (47%) followed by semi-detached (27%), flats (16%) and terraced housing (10%). Tenure is projected to be 69% home ownership, 19% private rented and 12% social rented.

1. The logic of our Model . . .



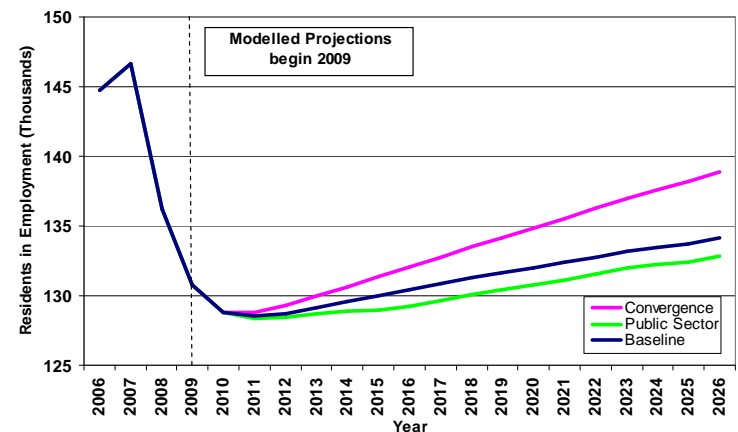
2. Projected Population Change . . .

Spatial level	Population (000)		% Change
	2006	2026	
Coventry	306.6	333	9
Central 2 Housing Market Area	579.8	633	9
West Midlands	5366.7	5799.8	8

- The population of Coventry is set to grow by 26,400 in the next twenty years – an increase of 9%, just above the regional average of 8%.
- This percentage increase is in line with the forecast increase for the whole of the Central 2 Housing Market Area more widely.

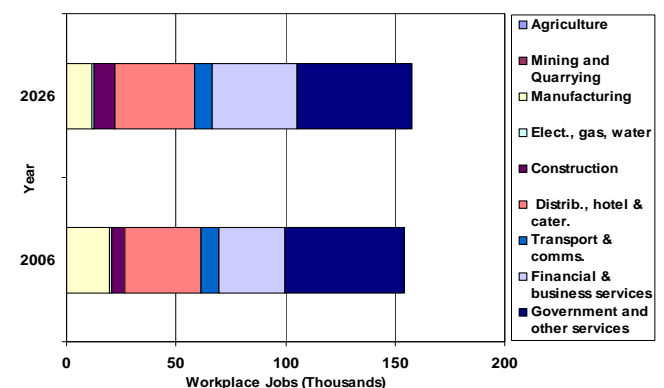
3. Number of Residents in Employment . . .

- Like other parts of the region, the recession has had a major impact locally and the number of Coventry residents in employment locally fell significantly between 2006 and 2009.
- Under all three scenarios, resident employment is not projected to return to the 2006 level of 144,700 by 2026. Under the *Convergence* scenario, the number of employed residents will start to increase gradually from 2011 and grow to just under 139,000 by 2026.
- Under the more negative, *Public Sector Austerity* scenario, employment will remain low until 2014 and then will increase very slowly, achieving just under 133,000 by 2026.



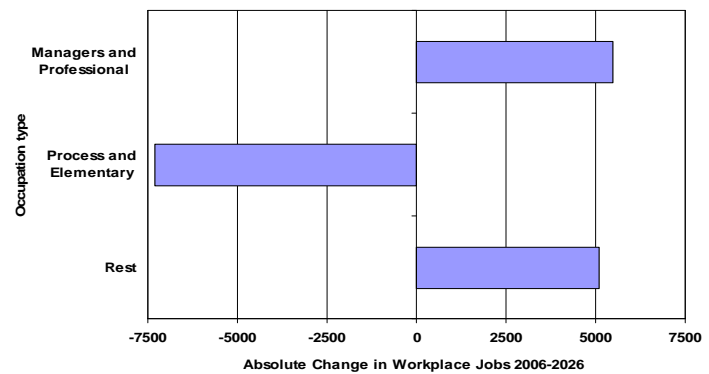
4. . . . and the Sectoral Changes

- The number of workplace jobs in Coventry is projected to increase modestly between 2006 and 2026, rising by 3,500 from 154,300 to 157,800.
- The sector likely to suffer most is manufacturing, reducing by 7,700 jobs over the forecast period. Government and other services are also expected to decline by 2,000 jobs.
- In contrast, employment in financial and business services is expected to grow by 8,800 jobs. The construction sector is also anticipated to grow, with an additional 3,800 jobs projected.



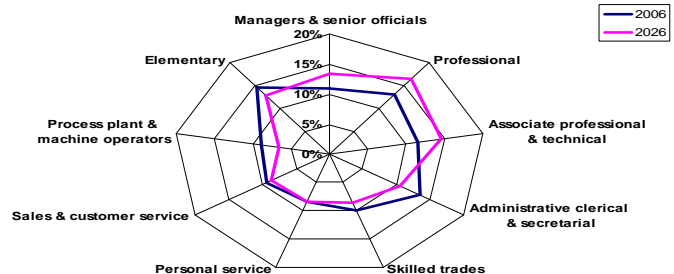
5. Changes in the Occupational Structure of Jobs

- The occupational make-up of Coventry will become more high-level through to 2026, with around 5,500 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are where relatively heavy job shedding is projected, with around 7,300 fewer jobs in 2026 than in 2006.
- All other occupations together are expected to grow by just over 5,000 jobs over the twenty year period.



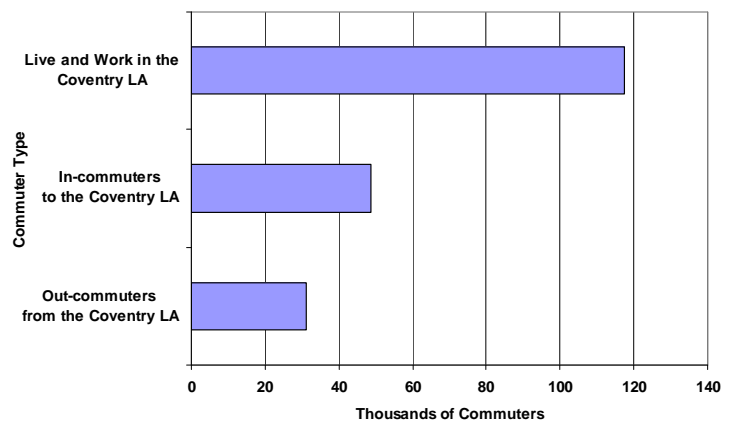
6. Residents' Changes in Occupations

- The occupations of Coventry's residents will change in a similar manner to the workplace jobs profile over the period to 2026.
- A decline is projected in elementary and process plant operative occupations. There is also likely to be a decline in administrative and clerical jobs.
- Projections indicate a higher proportion of residents employed as managers or in professional occupations. There is also likely to be an increase in the share of residents employed in associate professional and technical jobs.



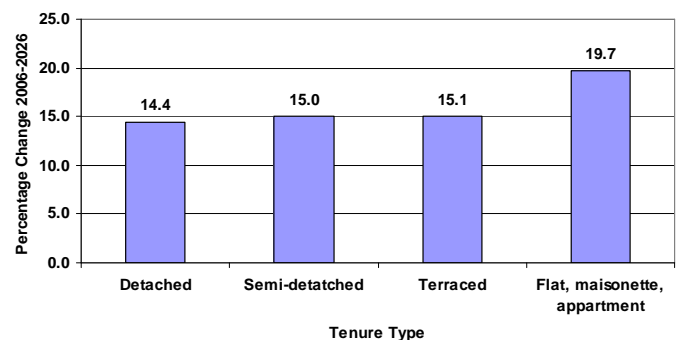
7. Travel-to-Work Patterns

- Based on 2006 figures, Coventry shows quite high levels of self-containment, with just over 117,000 of the 144,700 residents in employment working within the city.
- Just over 31,000 people out-commute from Coventry for work. Main destinations within the region include Warwick, Birmingham, Rugby and Nuneaton and Bedworth. More widely, more than 3000 Coventry residents commute to the East Midlands for work.
- There are also high levels of in-commuting, with 48,500 people living in other LAs commuting in to Coventry. The majority commute from Nuneaton and Bedworth, and Warwick.



8. Changes in the demand for types of Dwellings

- Using patterns from the 2001 Census, we 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 biggest percentage increase in demand being for flats followed by terraced, semi-detached and detached properties.
- The increase for flats probably reflects the increased popularity of city centre living and may, in fact, be higher than projected.



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.
- These figures reflect the degree of housing need within the city of Coventry, but are also likely to be at the lower end of requirements due to the impact of the Credit Crunch and recession on affordability and home ownership. In addition, it is likely that a proportion of the projected homes in owner occupation may need to be supported through intermediate housing solutions.

