

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

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

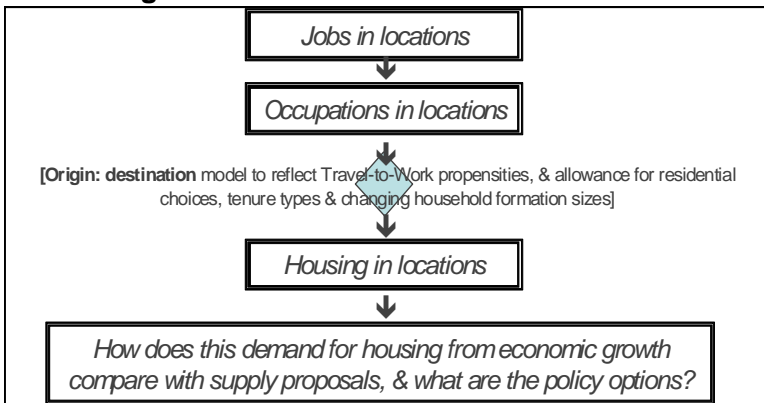
These projections are 'policy off', and do not take in to account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of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

- Dudley has been impacted badly by the recession and the implications will linger for some time with residents in employment projected to be less in 2026 than in 2006.
- Workplace employment is projected to fare better, but still only increases minimally over the twenty year period to 2026.
- As a result of the above, Dudley's population is likely to remain static which will be reflected in limited housing demand.
- The Study's projections suggest that future housing provision to support economic growth will comprise as shares of total dwellings: semi-detached housing (50%) followed by detached (23%), terraced housing (16%), and flats (11%). Tenure is projected to be 72% home ownership, 22% social rented and 6% private rented.

1. The logic of our Model . . .



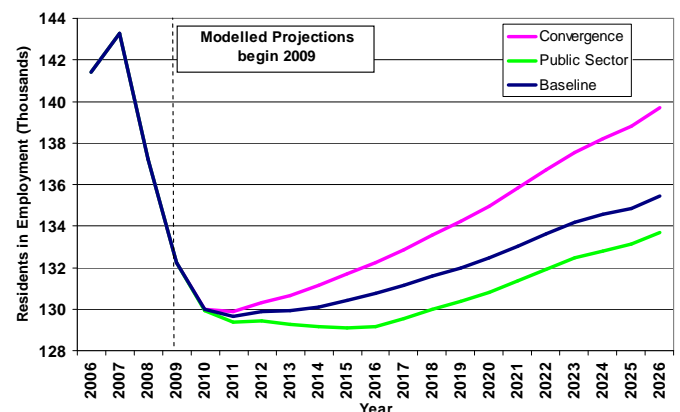
2. Projected Population Change . . .

Spatial level	Population (000)		% Change 2006-2026
	2006	2026	
Dudley	305.3	309.7	1
Central 3 Housing Market Area	1446.4	1498.7	4
West Midlands	5366.7	5799.8	8

- Dudley's population is set to grow by just 4,400 in the next twenty years, an increase of 1%, well below the regional average of 8%.
- This percentage increase is considerably lower than the forecast increase for the whole of the Central 3 Housing Market Area more widely.

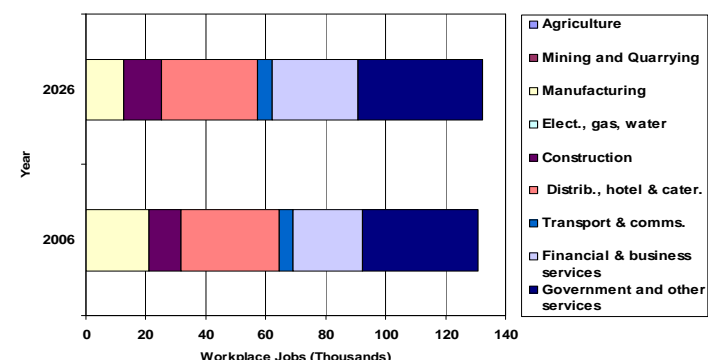
3. Number of Residents in Employment . . .

- Like other parts of the region, the recession has had a major impact locally and the number of Dudley 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 141,400 by 2026. Under the Convergence scenario, the number of employed residents will start to increase gradually from 2011, and grow to just under 140,000 by 2026.
- Under the more negative Public Sector Austerity scenario, employment will remain low until 2015 and then will increase slowly, achieving just under 133,000 by 2026.



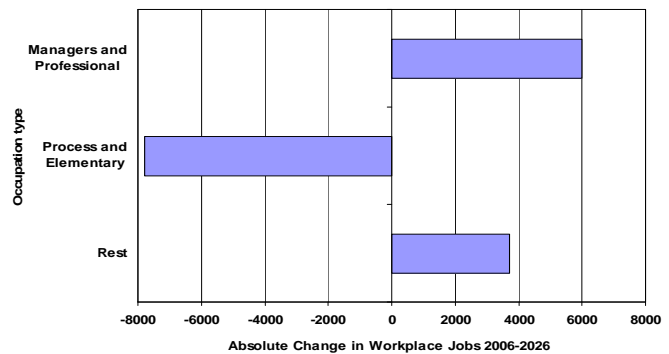
4. . . . and the Sectoral Changes

- The number of workplace jobs in Dudley is projected to increase modestly between 2006 and 2026, rising by 1,800 from 130,700 to 132,500.
- The sector likely to suffer most is manufacturing, reducing by 8,400 jobs over the forecast period.
- In contrast, employment in financial and business services is expected to grow by 5,100 jobs. The construction sector is also anticipated to grow, with an additional 2,100 jobs projected.



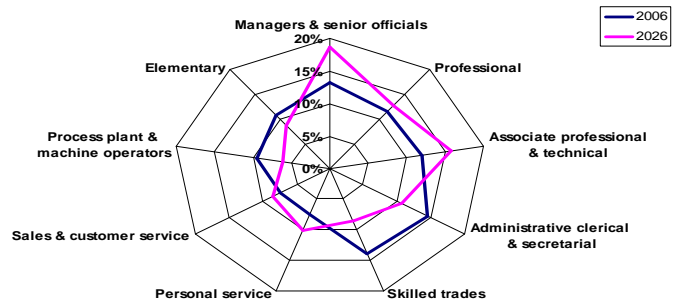
5. Changes in the Occupational Structure of Jobs

- The occupational make-up of Dudley will become more high-level through to 2026, with around 6,000 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are where relatively heavy job shedding is projected, with around 7,800 fewer jobs in 2026 than in 2006.
- All other occupations together are expected to grow by just over 3,700 jobs over the twenty year period.



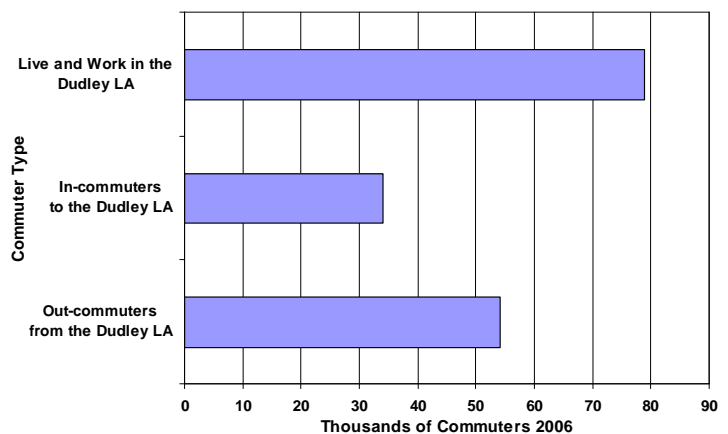
6. Residents' Changes in Occupations

- The occupations of Dudley'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, administrative and clerical jobs, and skilled trades
- 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.



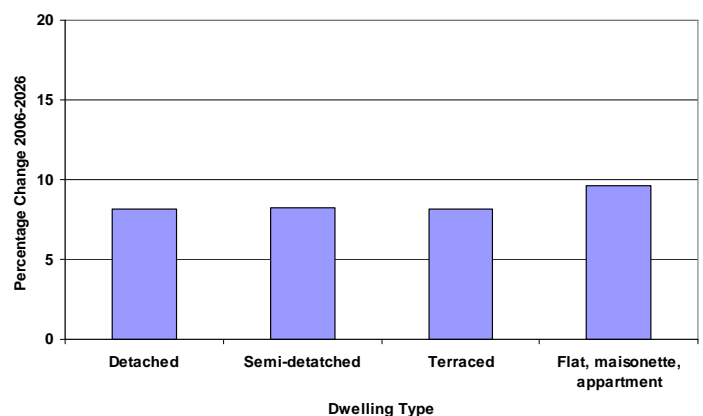
7. Travel-to-Work Patterns

- According to 2006 Travel-to-Work data, Dudley is mixed in terms of its worker commuter patterns with almost 80,000 people living and working within the local authority boundaries, and a further 54,000 commuting out.
- For those that do commute out, the primary destinations are Sandwell, Birmingham and Wolverhampton.
- More than 30,000 people also commute in to Dudley for work, with almost one third of those coming from Sandwell. Walsall and Birmingham are also large suppliers of in-commuters to Dudley.



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.
- A roughly equivalent proportionate increase in demand is projected for all types of dwellings between 2006 and 2026, although this is slightly higher for flats.
- In absolute terms, semi-detached and detached properties dominate the housing market and are projected to continue doing so.



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.
- The Study's projections suggest that social housing requirements will exceed one fifth of all stock by 2026, which may have implications for delivery with recent reductions in social housing. In addition, the Credit Crunch and recession are likely to impact on the level of home ownership projected, and intermediate housing options may be required.

