

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

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

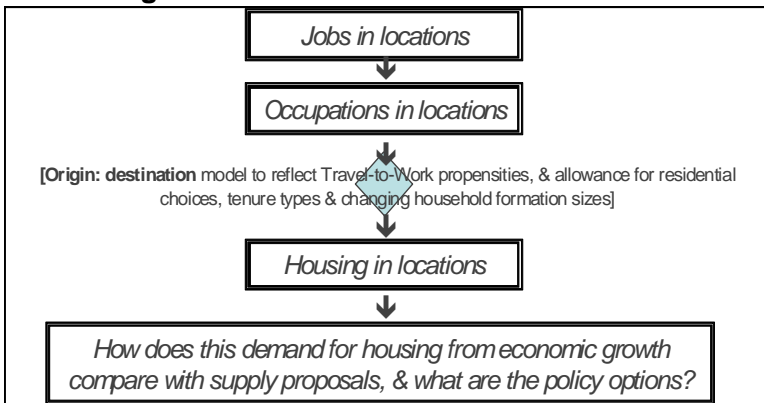
These projections are 'policy off', and do not take in to account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of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

- Herefordshire is projected to be hit hard by the recession which will have impacts on local employment into the long term, with agriculture affected particularly badly.
- Self-containment is high, meaning that most residents rely on work within the district and do not out-commute, which has an impact on future housing demand. This is likely to remain muted.
- Affordability challenges are high in rural areas, and there may be a need to develop intermediate housing solutions to maintain owner occupation levels.
- The Study's projections to 2026 suggest that future housing provision to support economic growth will comprise, as shares of total dwellings: detached housing (44%), followed by semi-detached (28%), terraced housing (18%), and flats (10%). Tenure is projected to be 73% home ownership, 15% social rented and 12% private rented.

1. The logic of our Model . . .



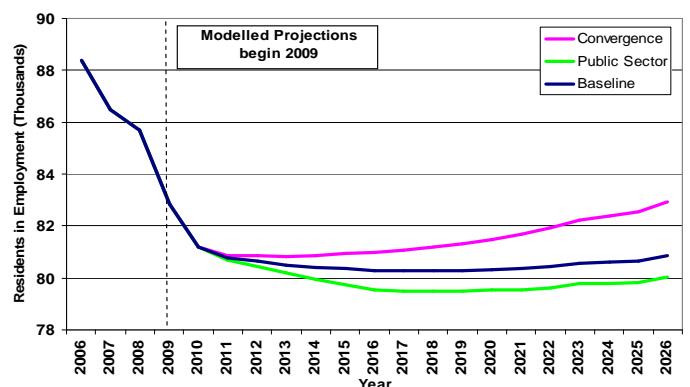
2. Projected Population Change . . .

Spatial Level	Population (000)		% Change 2006-2026
	2006	2026	
Herefordshire	177.8	193.7	9
West Housing Market Area	467	513.8	10
West Midlands	5366.7	5799.8	8

- The population of Herefordshire is set to grow by 15,900 over the next twenty years – an increase of 9%, just above the regional average of 8%.
- This percentage increase is slightly lower than the projected increase for the average for the West Housing Market Area more widely.

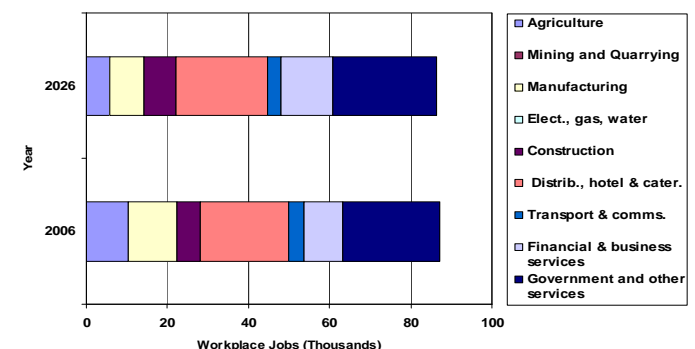
3. Number of Residents in Employment . . .

- Like other parts of the region, the recession has had a major impact locally and the number of Herefordshire 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 88,400 by 2026. Under the Convergence scenario, the number of employed residents will start to increase gradually from 2011, and grow to just under 83,000 by 2026.
- Under the more negative Public Sector Austerity scenario, employment will remain low until 2019 and then will increase very slowly, achieving just over 80,000 by 2026.



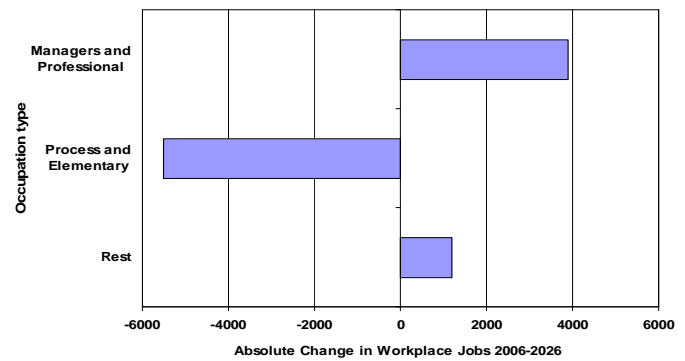
4. . . . and the Sectoral Changes

- The number of workplace jobs in Herefordshire is projected to decrease slightly between 2006 and 2026, dropping by 800 from 87,100 to 86,300.
- The sector likely to suffer most is agriculture, reducing by 4,700 jobs over the forecast period. Manufacturing is also expected to decline by 3,500 jobs.
- In contrast, employment in financial and business services is expected to grow by 3,200 jobs. The Construction sector is also anticipated to grow, with an additional 2,400 jobs projected over the period.



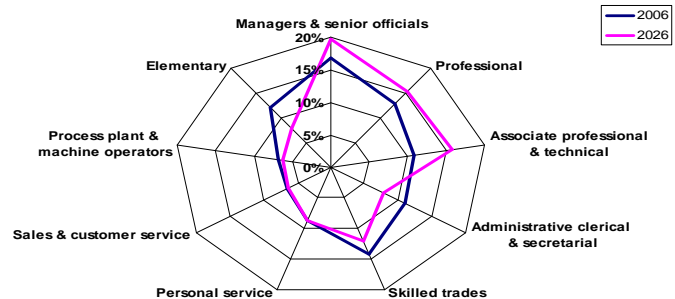
5. Changes in the Occupational Structure of Jobs

- The occupational make-up of Herefordshire will become more high-level through to 2026, with around 3,900 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are where relatively heavy job shedding is projected, with around 5,500 fewer jobs in 2026 than in 2006.
- All other occupations together are expected to grow by just over 1,200 jobs over the twenty year period from 2006 to 2026.



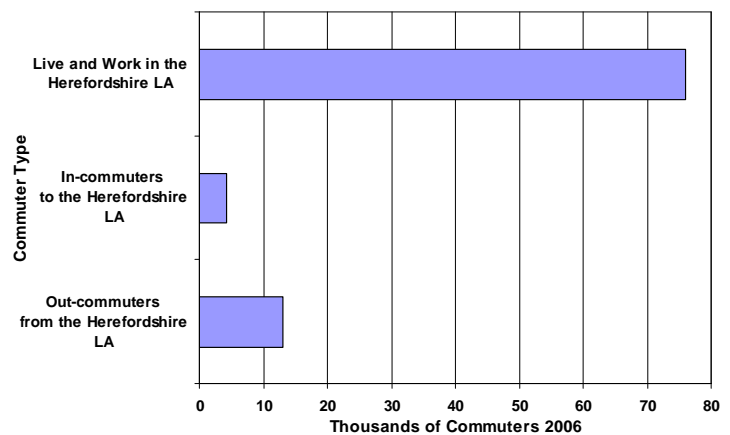
6. Residents' Changes in Occupations

- The occupations of Herefordshire's residents will change in a similar manner to that of the profile of workplace jobs 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.



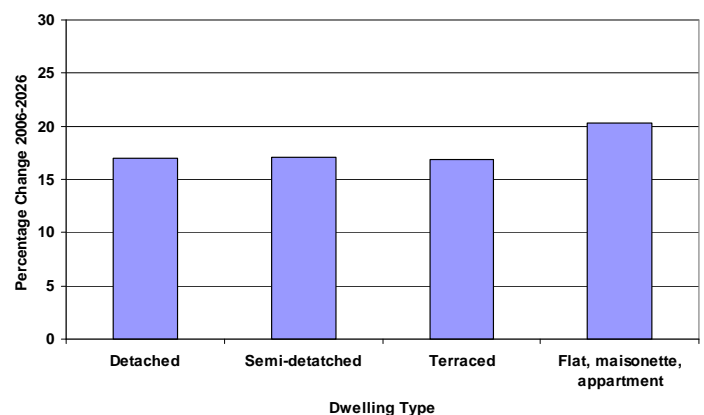
7. Travel-to-Work Patterns

- According to 2006 Travel-to-Work patterns, Herefordshire has high levels of containment, with more than 75,000 people living and working in the area and only around 13,000 commuting out.
- For those that do commute out, the main destinations are outside the region, with more than 6,000 people commuting to Wales or other UK destinations within the region. Large numbers also travel to nearby Worcester and Malvern Hills.
- The area also has very low levels of in-commuting, with only around 5000 people commuting to Herefordshire, primarily from outside the region or from neighbouring Malvern Hills.



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 biggest percentage increase in demand being for flats, followed by similar proportionate increases for terraced, semi-detached and detached properties.
- However, in terms of absolute numbers, the increase in actual numbers of properties is far larger for detached and semi-detached properties, reflecting the area's significantly rural nature.



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 projected for social rented properties (albeit from a lower base) reflecting the poor employment prospects for the district and, in particular, job losses in agriculture.
- The above, combined with the impact of the Credit Crunch, may mean that intermediate options are required to enable local people to enter or remain in owner occupation.

