

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

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

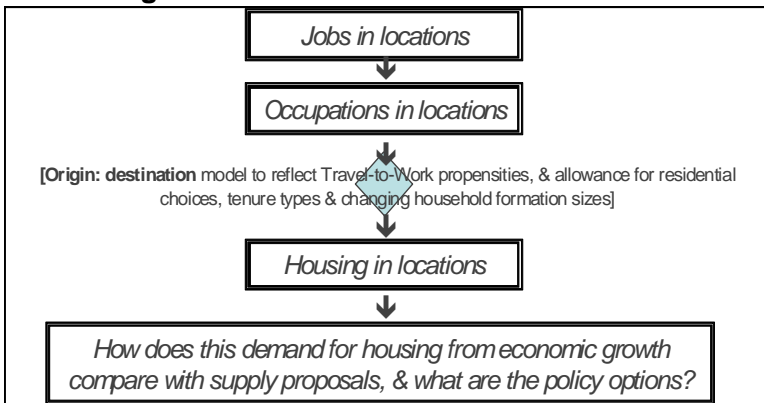
These projections are 'policy off', and do not take in to account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of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

- Following the immediate impact of the recession, Rugby is projected to recover well in terms of both residents in employment and workplace employment. Both are expected to exceed 2006 levels by 2026 despite initial falls.
- Projected jobs growth is reflected in population increase, and consequent housing demand, across all tenures.
- The Study's projections to 2026 suggest that future housing provision to support economic growth will comprise as shares of total dwellings semi-detached housing (36%), followed by detached (29%), terraced housing (26%), and flats (9%). Tenure is projected to be 80% home ownership, 13% social rented, and 7% private rented.

1. The logic of our Model . . .



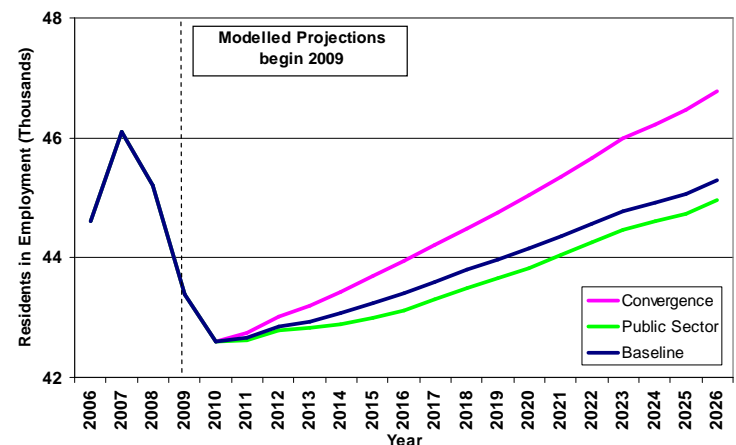
2. Projected Population Change . . .

Spatial Level	Population (000)		% Change
	2006	2026	
Rugby	90.2	103.5	15
Central 2 Housing Market Area	579.8	633	9
West Midlands	5366.7	5799.8	8

- The population of Rugby is set to grow by 13,300 to 2026, an increase of 15%. This is significantly higher than the regional average of 8%.
- This percentage increase is also substantially higher than the projected increase for the whole of the Central 2 Housing Market Area.

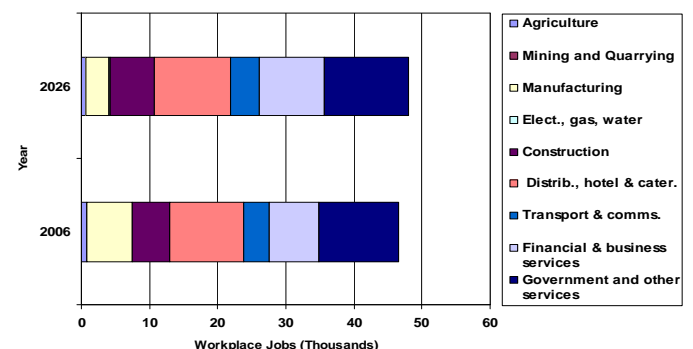
3. Number of Residents in Employment . . .

- Like other parts of the region, the recession has had a major impact locally and the number of Rugby residents in employment locally fell significantly between 2006 and 2009.
- Under all three scenarios, resident employment is projected to return to and exceed the 2006 level of 44,600 by 2026. Under the *Convergence* scenario, the number of employed residents will start to increase gradually from 2011 and grow to just under 46,800 by 2026.
- Under the more negative *Public Sector Austerity* scenario, employment will start increasing from 2011, achieving just under 45,000 by 2026.



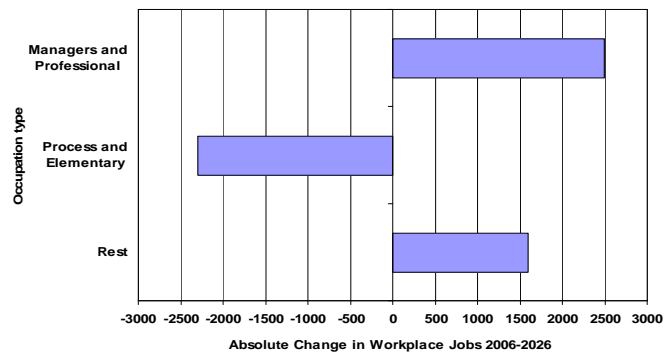
4. . . . and the Sectoral Changes

- The number of workplace jobs in Rugby is projected to increase modestly between 2006 and 2026, rising by 1,400 from 46,600 to 48,000.
- The sector likely to suffer most is manufacturing, reducing by 3,200 jobs over the forecast period.
- In contrast, employment in financial and business services is expected to grow by 2,250 jobs. The construction sector is also anticipated to grow, with an additional 1,100 jobs projected.



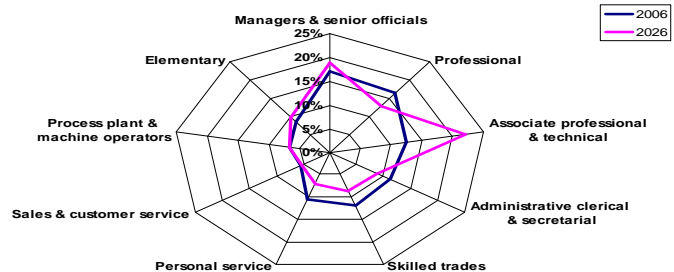
5. Changes in the Occupational Structure of Jobs

- The occupational make-up of Rugby will become more high-level through to 2026, with around 2,500 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are where relatively heavy job shedding is projected, with around 2,300 fewer jobs in 2026 than in 2006.
- All other occupations together are expected to grow by just over 1,600 jobs over the period to 2026.



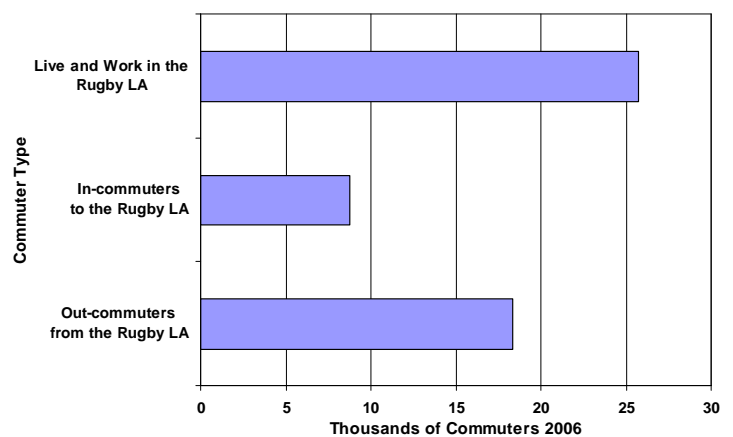
6. Residents' Changes in Occupations

- The occupations of Rugby's residents will change in a similar manner to the workplace jobs profile over the period to 2026.
- A slight decline is projected in process plant and operative occupations, although a modest increase is shown for elementary jobs. Declines are also projected for administrative and clerical jobs, and skilled trades. Projections indicate a higher proportion of residents employed in managerial and associate professional and technical occupations, but a slight decrease in professionals.



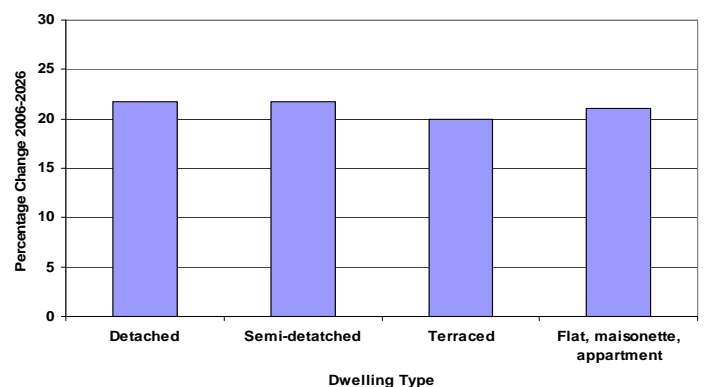
7. Travel-to-Work Patterns

- According to 2006 travel-to-work patterns, more than 25,000 of the 44,000 residents in employment in Rugby in 2006 work within the local authority area.
- Just over 18,000 residents travel out of Rugby for work, with the majority travelling to Coventry (approximately 6,500) and outside of the region to the East Midlands (approximately 5,500).
- Of the 8,000+ people who in-commute to Rugby, more than half come from Coventry, with Birmingham and Warwick the other main sources of employees from outside the district.



8. Changes in the demand for types of Dwellings

- Using patterns from the 2001 Census, it is possible to estimate how demand for types of dwelling and tenure will change to 2026.
- An increase in demand is projected for all types of dwellings between 2006 and 2026, with a very similar proportionate increase for all property types of around 20%.
- However, in absolute terms, the increase is highest for semi-detached properties followed by detached and terraced housing, with flats having a much smaller share of the market.



9. Changes in Tenure

- Through to 2026, the number of dwellings in each tenure is projected to rise by roughly equivalent proportions of between 21% and 24%.
- However, while the absolute increases differ significantly. There will be a far greater rise in owner occupation, whilst the projected increase in social and private rented properties will be far smaller.
- With projections for higher end employment for residents in employment, the increase in owner occupation is unsurprising. However, the implications of the Credit Crunch and recession may mean that intermediate housing options are also required to support owner occupation.

