

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

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

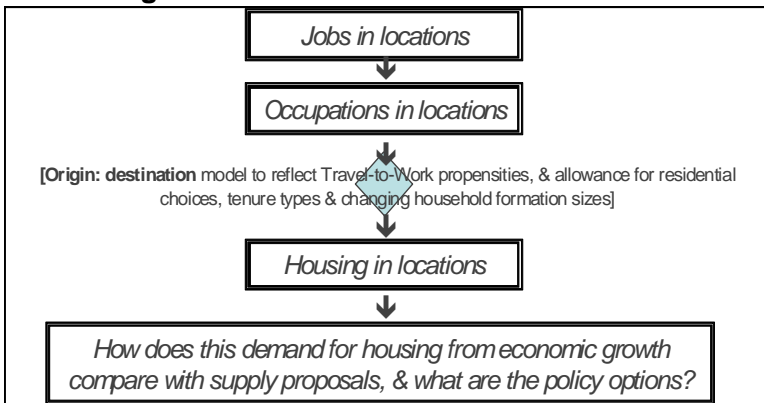
These projections are 'policy off', and do not take into account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of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

- Sandwell is, and will continue to be, an important employment centre, reflected in the projection of 141,100 workplace jobs in the district in 2026.
- But, 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 considerably 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 Sandwell itself, unless commuting patterns changes substantively.
- The Study's projections suggest that future housing provision to support economic growth will comprise, as shares of total dwellings: semi-detached housing (46%), followed by terraced (27%), flats (17%), and detached housing (10%). Tenure is projected to be 60% home ownership, 31% social rented, and 9% private rented.

1. The logic of our Model . . .



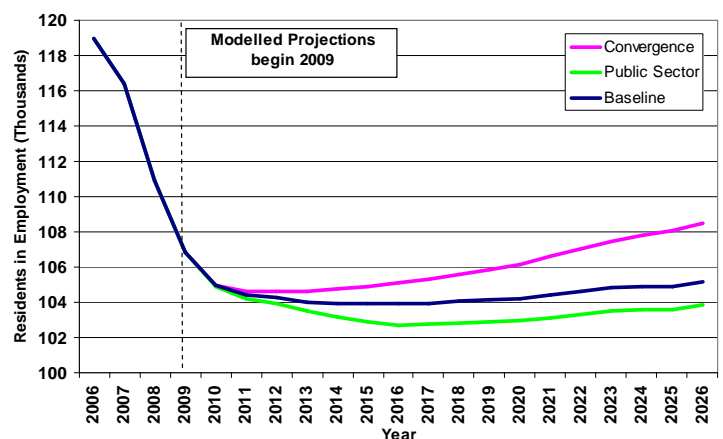
2. Projected Population Change . . .

Spatial Level	Population (000)		% Change 2006-2026
	2006	2026	
Sandwell	287.6	306.2	6
Central 3 Housing Market Area	1446.4	1498.7	4
West Midlands	5366.7	5799.8	8

- The population of Sandwell is set to grow by 18,600 in the next twenty years – an increase of 6%, just below the regional average of 8%.
- This percentage increase is slightly more than the projected increase for the whole of the Central 3 Housing Market Area more widely.

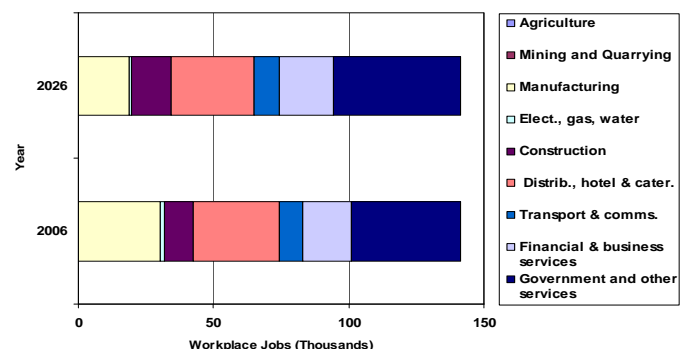
3. Number of Residents in Employment . . .

- Like other parts of the region, the recession has had a major impact locally, and the number of Sandwell 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 119,000 by 2026. Under the *Convergence* scenario, the number of employed residents will start to increase gradually from 2011 and grow to just over 108,400 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 104,000 by 2026.



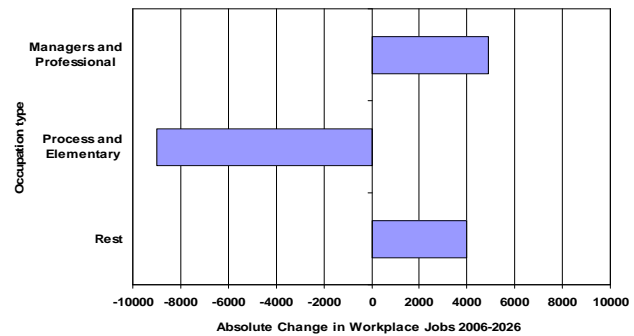
4. . . . and the Sectoral Changes

- The number of workplace jobs in Sandwell is projected to be of a similar quantum in 2026 as in 2006, with around 141,400 total jobs.
- The sector likely to suffer most is manufacturing, reducing by 11,200 jobs over the forecast period.
- In contrast, employment in Government and other services is expected to grow by 6,400 jobs. An additional 4,000 jobs are expected in construction, and a further 2,100 jobs are projected in financial and business services.



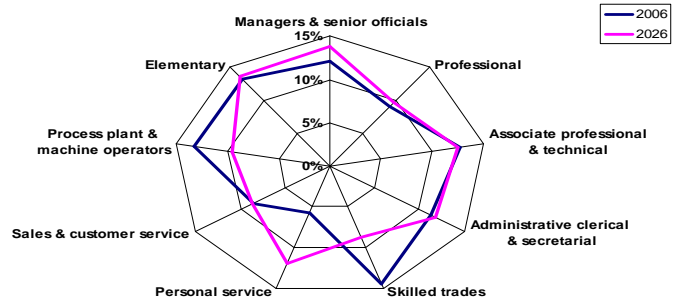
5. Changes in the Occupational Structure of Jobs

- The occupational make-up of Sandwell will become more high-level through to 2026, with around 4,900 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are where relatively heavy job shedding is projected, with around 9,000 fewer jobs in 2026 than in 2006.
- All other occupations together are expected to grow by just over 4,000 jobs over the period to 2026.



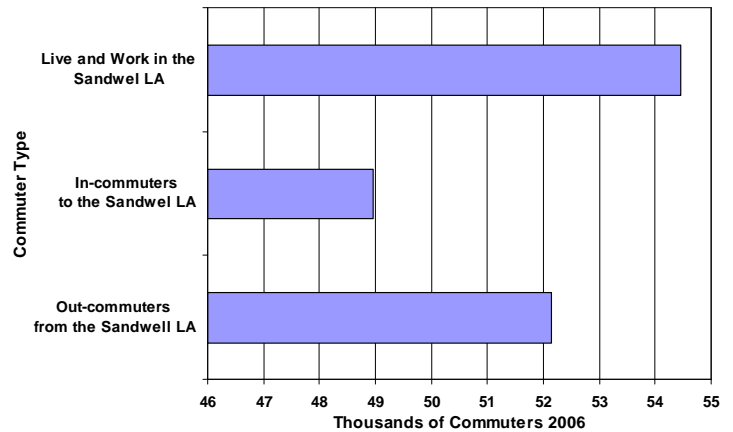
6. Residents' Changes in Occupations

- The occupations of Sandwell's residents will change in a similar manner to the workplace jobs profile over the period to 2026.
- Declines are projected in process plant operative occupations and skilled trades, but there will be a slight increase for elementary occupations and a larger shift towards personal service.
- Projections indicate a higher proportion of residents employed as managers, but there is little change in the shares of professional and associate professional occupations.



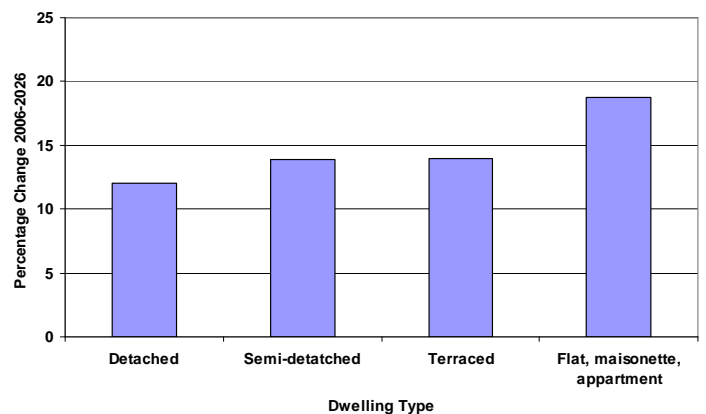
7. Travel-to-Work Patterns

- Sandwell has a large resident workforce, with just over 54,000 people living and working in the district. A further 52,000 residents out-commute for work. Approximately half of those work in Birmingham, with a further 10,000 travelling to Dudley, 5000 to Walsall, and 3,500 to Wolverhampton.
- There are relatively low levels of commuting for work outside of the region, with less than 2,000 of total out-commuters travelling to other parts of the UK.
- There are also nearly 50,000 people that in-commute to Sandwell to work, the majority coming from Birmingham, the Black Country, South Staffordshire, and Bromsgrove.



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 could change.
- 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.
- In absolute terms, the largest increases are projected for semi-detached housing, terraced housing and flats, with a lower requirement indicated for detached properties.



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 large absolute change (although Sandwell has much lower owner occupation than other areas of the region).
- The high absolute and proportionate increase in social renting reflects the level of housing need in Sandwell. With a reduction in the provision of social housing and the implications of the Credit Crunch, there may be a need for more intermediate housing options.

