

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

This two-page data dashboard provides an overview of the projections and analysis for the Shropshire 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 authorities between 2006-2026 to support economic growth.

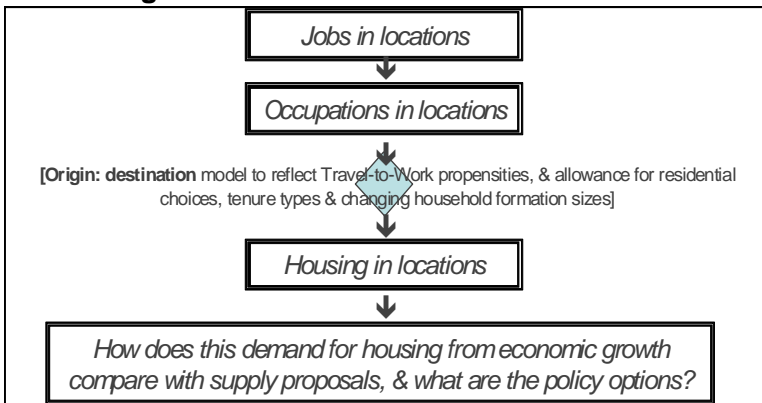
These projections are 'policy off', and do not take into account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of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

- Shropshire is projected to recover from the recession well with significant increases for residents in employment over the next twenty years, although workplace employment is projected to rise only slightly.
- The high levels of resident employment reflect significant out-commuting, showing that Shropshire is a residential location of choice, leading to projects for increased population and housing demand.
- The Study's projections to 2026 suggest that future housing provision to support economic growth will comprise, as shares of total dwellings: detached housing (42%), followed by semi-detached (34%), terraced housing (16%), and flats (8%). Tenure is projected to be 75% home ownership, 13% social rented, and 12% private rented.

1. The logic of our Model . . .



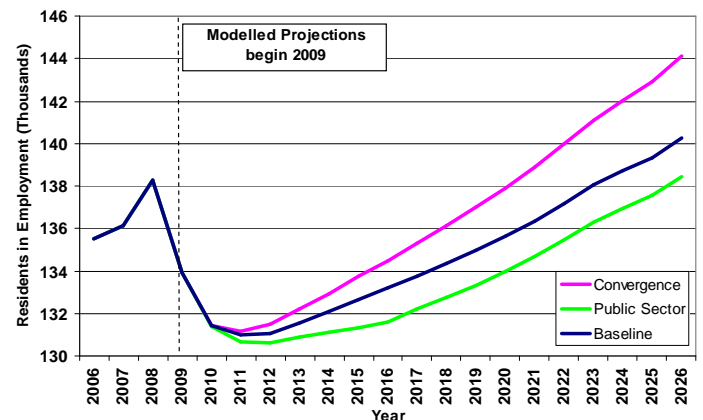
2. Projected Population Change . . .

Spatial Level	Population (000)		% Change 2006-2026
	2006	2026	
Shropshire	289.2	320.1	11
West Housing Market Area	467	513.8	10
West Midlands	5366.7	5799.8	8

- The population of Shropshire is set to grow by 30,900 in the next twenty years – an increase of 11%, which is more than the regional average of 8%.
- This percentage increase is just above the forecast increase for the whole of the West Housing Market Area more widely.

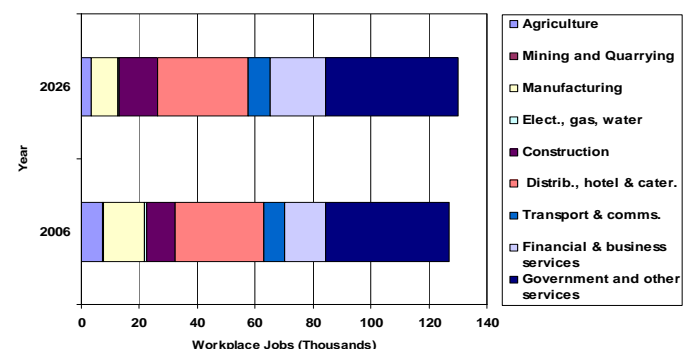
3. Number of Residents in Employment. . .

- Like other parts of the region, the recession has had a major impact locally, and the number of Shropshire 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 135,500 by 2026. Under the *Convergence* scenario, the number of employed residents will start to increase from 2011 and grow to 144,100 by 2026.
- Under the more negative *Public Sector Austerity* scenario, employment will remain low until 2014 and then will increase, achieving just over 138,400 by 2026.



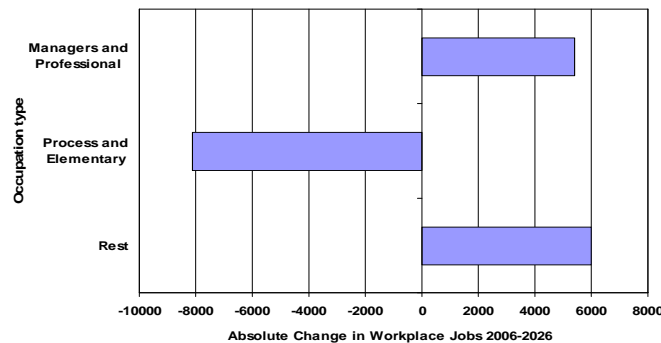
4. . . . and the Sectoral Changes

- The number of workplace jobs in Shropshire is projected to increase modestly between 2006 and 2026, rising by 3,100 from 126,900 to 130,000.
- The sector likely to suffer most is manufacturing, reducing by 5,300 jobs over the forecast period. Agriculture is also expected to decline by 4,000 jobs.
- In contrast, employment in financial and business services is expected to grow by 4,900 jobs. The construction sector is also anticipated to grow, with an additional 3,500 jobs projected, and also an increase of 3,200 jobs in Government and other services.



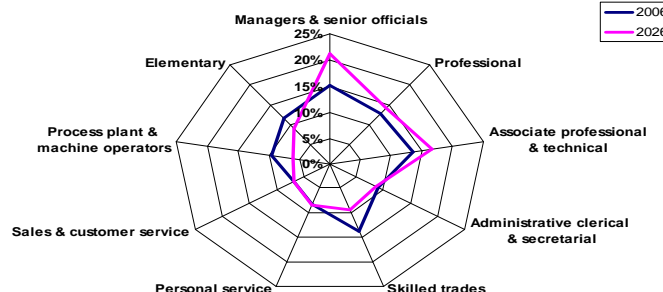
5. Changes in the Occupational Structure of Jobs

- Shropshire's occupational make-up will become more high-level through to 2026, with around 5,400 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are where heavy job shedding is projected, with around 8,100 fewer jobs in 2026 than in 2006.
- All other occupations together are expected to grow by 5,400 jobs over the period 2006 - 2026.



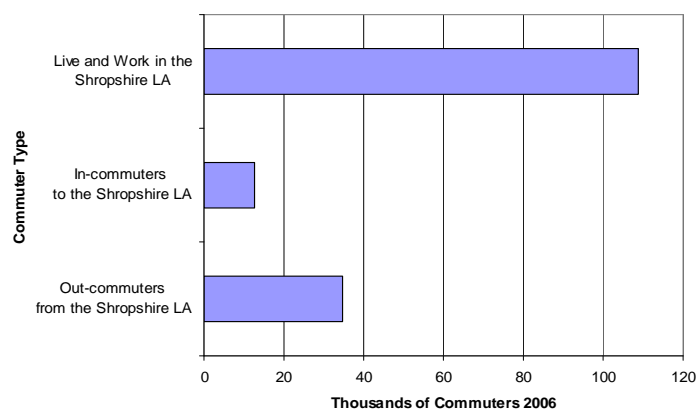
6. Residents' Changes in Occupations

- The occupations of Shropshire'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 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.



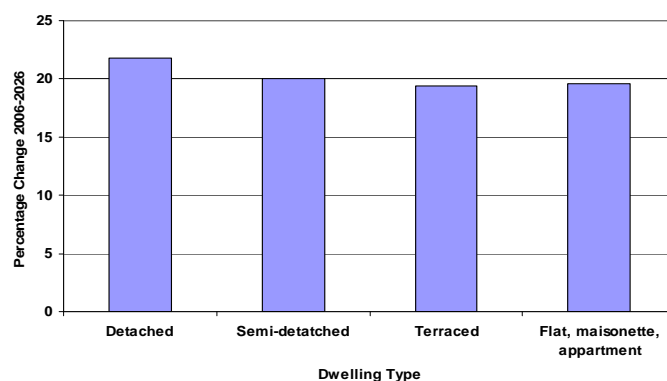
7. Travel-to-Work Patterns

- Unsurprisingly, given the size of the new unitary area, Shropshire has very high levels of self-containment – the highest in the region. More than 100,000 people live and work within the authority with 35,000 people commuting out.
- The primary destination that people commute out to is Telford and Wrekin (12,500) followed by Wolverhampton (3,000) and Birmingham (1,500). There is also considerable out commuting to the North West of England (2,600) and the rest of the UK (4800).
- Only approximately 12,000 people commute in to Shropshire. More than half of these in-commuters come from Telford and Wrekin.



8. Changes in the demand for types of Dwellings

- Using patterns from the 2001 Census, it is possible to project how demand for types of dwelling and tenure could change through to 2026.
- An increase in demand is projected for all types of dwellings between 2006 and 2026, with the biggest percentage increase in demand being for detached, followed by semi-detached, and terraced housing and flats.
- In absolute terms, the increases are significantly higher for detached and semi-detached houses than other property types, in part reflecting the rural composition of the area.



9. Changes in Tenure

- Through to 2026, the number of dwellings in all tenures is projected to increase, with the largest proportionate and absolute increase being in owner occupation.
- Similar increased requirements are projected for social and private rented properties, which are estimated at 13% and 12% of the future total dwelling stock respectively.
- It is likely that with increased high prices in the earlier part of the decade leading to affordability concerns, and the implications of the Credit Crunch and recession, intermediate housing options will be required to enable local residents to enter or remain in home ownership.

