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

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

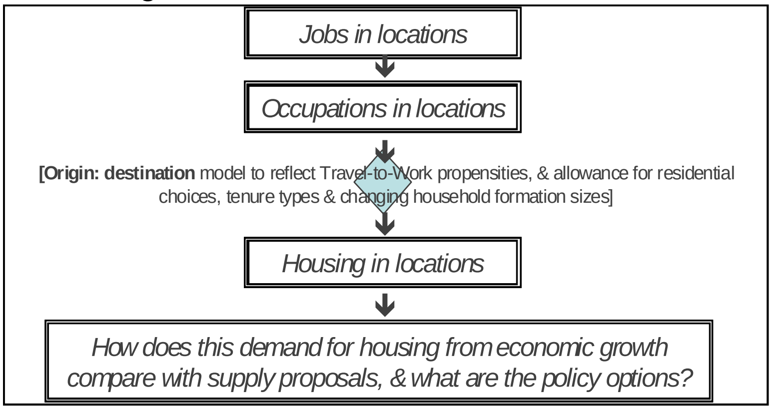
For the purpose of this dashboard, the most positive scenario, *Convergence*, is used to report the key findings, although Box 3 shows the differential numbers of residents in employment projected by the three scenarios. All the figures in this document are taken from CE's economic projections as at the end of November 2009, and so make no allowance for the announcements in the Pre-Budget Report.

SQWconsulting ce

Key Issues

- Solihull is projected to increase its workplace jobs by 12,000 between 2006 and 2026, although there will be a significant dip during, and following, the recession. Manufacturing is projected to be badly hit, with service sectors and construction leading the uplift.
- Commuting patterns indicate that not all of this increase in jobs will be met by additional workers living in the Borough – net in-commuting is projected to increase substantially.
- Even so, the relatively high employment growth is projected to require a significant uplift in housing supply, particularly for detached and semi-detached properties.
- 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 (39%), followed by detached (30%), terraced housing (16%), and flats (15%). Tenure is projected to be 79% home ownership, 16% social rented and 5% private rented.

1. The logic of our Model . . .



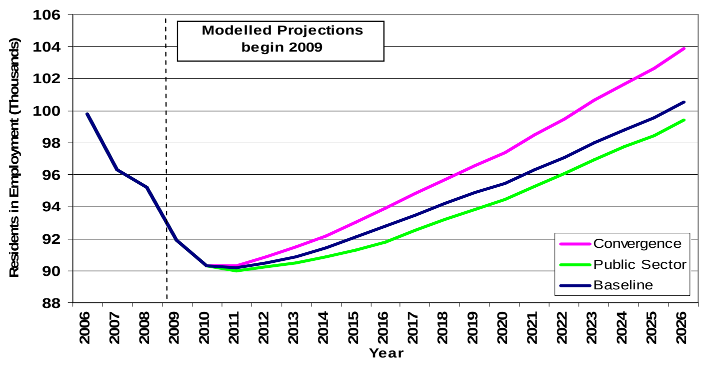
2. Projected Population Change. . .

	Population (000)		% Change
Spatial level	2006	2026	2006-2026
Solihull	203	222.6	10
Central 1 Housing Market Area	1381.6	1524.6	10
West Midlands	5366.7	5799.8	8

- The population of Solihull is set to grow steadily over the next twenty years, gaining 19,600 extra people.
- This represents an increase of 10%, above the regional average of 8%.
- This percentage increase is exactly in line with the forecast increase for the rest of the Central 1 Housing Market Area.

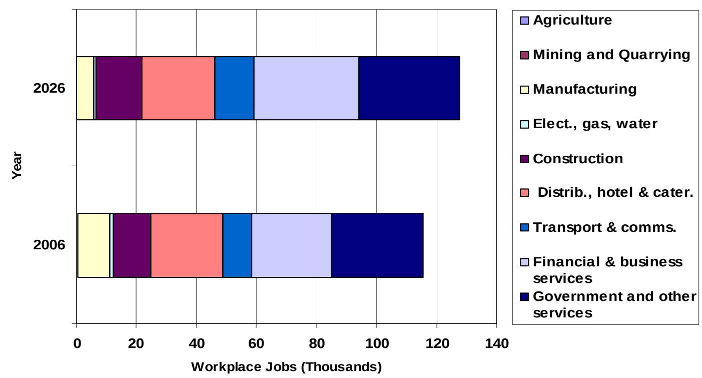
3. Number of Residents in Employment . . .

- Like other parts of the region, as a result of the recession the number of Solihull residents in employment fell significantly between 2006 and 2009.
- Under the Baseline and Convergence scenarios, resident employment is projected to exceed the 2006 levels of 99,800 by 2026. Under the most optimistic scenario the number of residents in employment will start to increase slowly by 2011 and grow to just under 104,000 by 2026.
- Under the more negative Public Sector Austerity scenario, employment will increase only very slowly, reaching 99,400 by 2026.



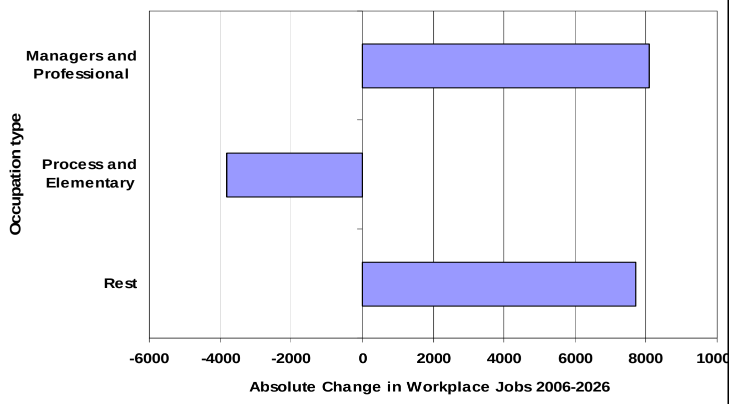
4. . . . and the Sectoral Changes

- The number of workplace jobs in Solihull is also projected to increase between 2006 and 2026, rising by 12,000 from 115,800 in 2006 to 127,800 by 2026.
- The sector projected to suffer the most will be manufacturing, with 5,000 jobs expected to be cut in the sector between 2006 and 2026.
- Many other sectors look set to grow between 2006 and 2026. Financial and business services is forecast to grow by 8,400 jobs, with Transport and communications increasing by 3,500. Construction is forecast to grow by 2,400 jobs and Government and other services by 2,800.



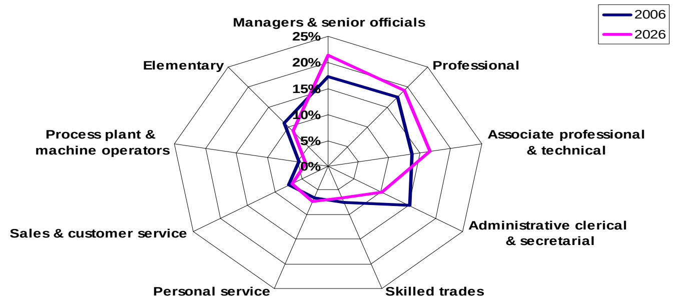
5. Changes in the Occupational Structure of Jobs

- The occupational make up of Solihull is projected to become more high-level, with more than 8,000 additional workplace jobs in managerial or professional occupations.
- The process and elementary occupations are those where the heaviest job losses are expected to occur, with around 3,800 job losses expected between 2006 and 2026.
- The group of occupations that make up the rest of the workplace jobs is set to grow by 7,700 jobs over the twenty year period from 2006 to 2026.



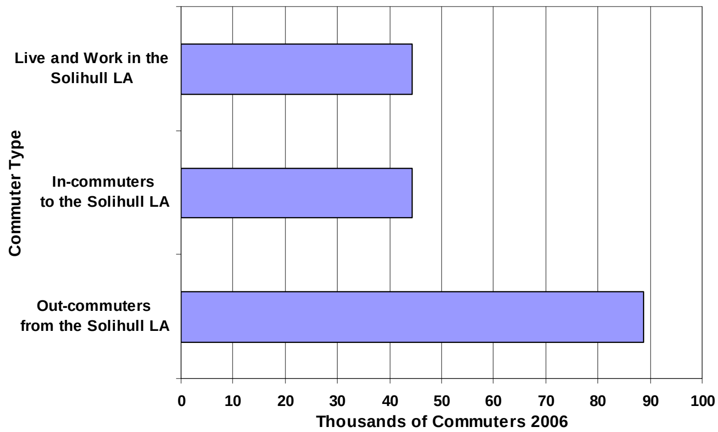
6. Residents' Changes in Occupations

- The occupations of Solihull's residents are projected to change in a similar manner to that of the profile of workplace jobs in the area over the period to 2026.
- A decline is projected in resident employment in administrative and clerical occupations, as well as in elementary jobs.
- A greater proportion of residents are likely to be employed as managers and senior officials, in professional occupations and associate professional and technical posts.



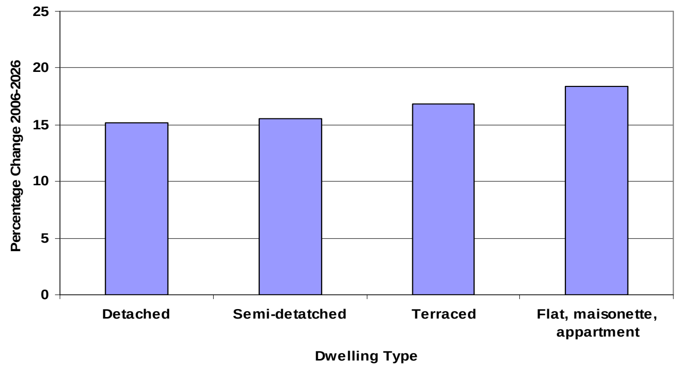
7. Travel-to-Work Patterns

- According to 2006 travel-to-work patterns, there are approximately 10,000 more people commuting out of Solihull for work (54,000) as there are residents that live and work within the local authority's boundary (44,400).
- Birmingham is the destination for more than 37,000 of those out-commuters, with a further 3,000 travelling to work in areas outside the region. More than 1,000 commute to Coventry and Stratford.
- There is an almost equivalent number of in-commuters to Solihull as there are residents working in the area. Birmingham is the main resident location, followed by Bromsgrove and Coventry.



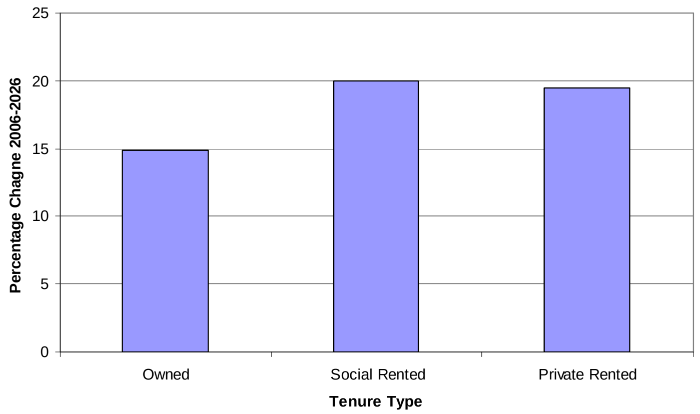
8. Changes in the demand for types of Dwellings

- Using patterns from the 2001 Census, it is possible to look at how changes for types of dwelling and tenure could develop.
- Across all tenures, a roughly equal proportionate increase is projected ranging from 15% (detached) to 18% (flats). However, the absolute numbers are much higher for detached and semi-detached properties compared with the increased numbers for terraced properties and flats, reflecting the move towards increasingly high-end resident occupations.



9. Changes in Tenure

- Whilst representing a much larger share of the market, owner occupation is projected to increase at only 15% to 2026 compared with 20% for social rented and 19% for private rented.
- Based on recent responses to the recession and the impact of the Credit Crunch, it is unlikely that owner occupation will continue to have such a large share of the market, and social rented properties are also unlikely to increase at these rates. Therefore, it is likely that the intermediate and private rented sectors will take a significant proportion of households from both of these tenures.



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