The Economic Demand for Housing in the West Midlands, 2006-2026: Stoke-on-Trent

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

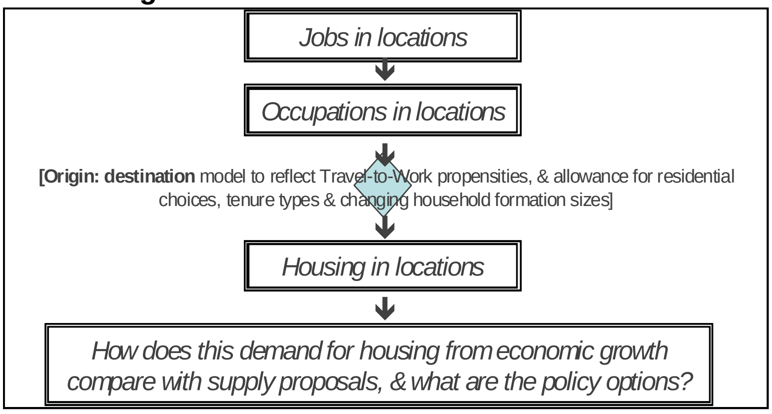
For the purpose of this dashboard, the most positive scenario, *Convergence*, is used to report the key findings, although Box 3 shows the differential numbers of residents in employment projected by the three scenarios. All the figures in this document are taken from CE's economic projections as at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

SQWconsulting ce

Key Issues

- Stoke-on-Trent is projected to be hit hard by the recession, which will impact on local employment into the long term, with manufacturing affected particularly badly. The number of residents in employment is not projected to return to the 2006 level by 2026 under any of the economic scenarios, and workplace employment is also set to decline.
- Self-containment is fairly high, meaning that most residents rely on work within the district, which has an impact on future housing demand.
- 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 (46%), followed by terraced (31%), detached (14%), and flats (9%). Tenure is projected to be 66% home ownership, 24% social rented, and 10% private rented.

1. The logic of our Model . . .



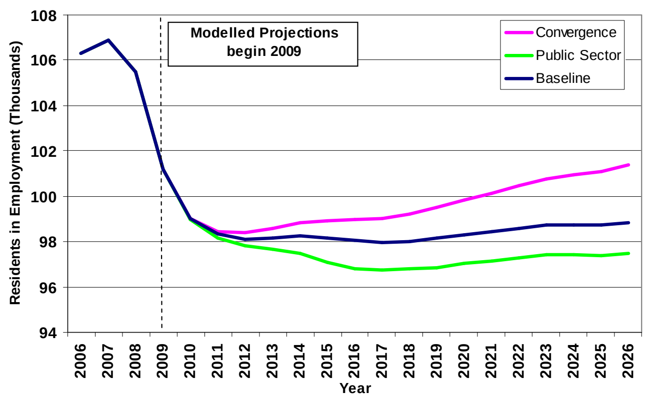
2. Projected Population Change. . .

	Population (000)		% Change
Spatial Level	2006	2026	2006-2026
Stoke on Trent	239.7	243	1
North Housing Market Area	689.9	728.4	6
West Midlands	5366.7	5799.8	8

- The population of Stoke-on-Trent is set to grow by only 3,300 over the next twenty years – an increase of just 1%, well below the regional average of 8%.
- This percentage increase is also significantly lower than the projected increase for the whole of the North Housing Market Area.

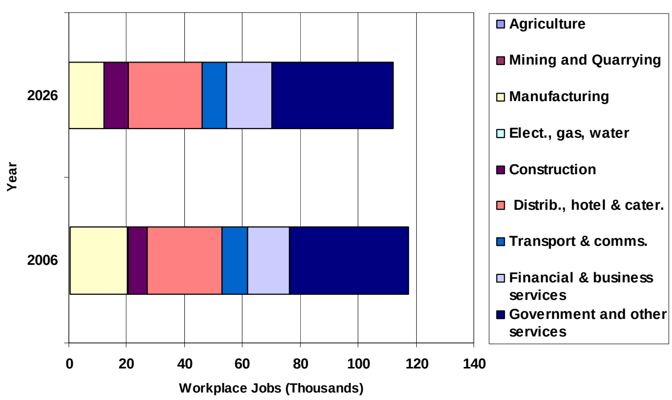
3. Number of Residents in Employment . . .

- Like other parts of the region, as a result of the recession the number of Stoke-on-Trent residents in employment fell significantly between 2006 and 2009.
- Under all three scenarios, resident employment will not reach the 2006 levels of 106,000 by 2026. Under the Convergence scenario, the number of residents in employment will start to increase slowly by 2013, and grow to just over 101,000 by 2026.
- Under the more negative Public Sector Austerity scenario, employment will continue to fall until 2017 and then will increase only very slowly, reaching 97,500 by 2026.



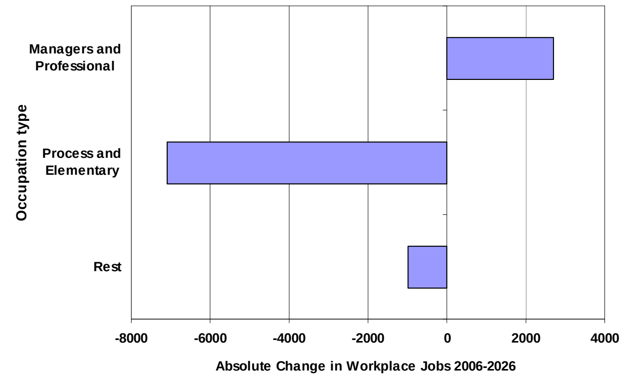
4. . . . and the Sectoral Changes

- The number of workplace jobs in Stoke-on-Trent is also set to decline between 2006 and 2026, although the bulk of these forecast job losses have already occurred, with workplace jobs falling from more than 117,000 in 2006 to 108,000 in 2009. Workplace jobs are projected to recover to just over 112,000 by 2026.
- The sector set to suffer the most will be manufacturing, with more than 7,000 jobs expected to be cut in the sector in Stoke-on-Trent between 2006 and 2026.
- The other sectors will remain largely the same, with government/other services and construction amongst those set to grow.



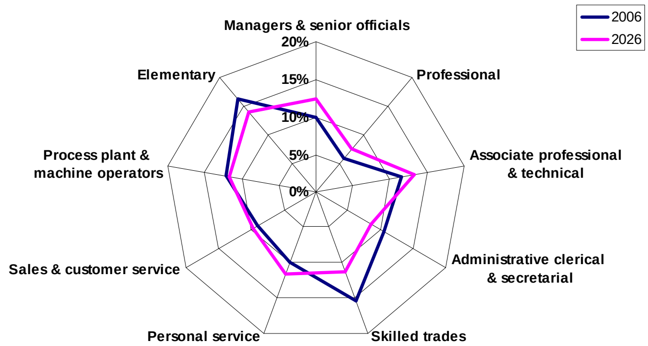
5. Changes in the Occupational Structure of Jobs

- Despite resident and work place job losses, the occupational make up of Stoke-on-Trent will become more high-level, with approximately 3,000 additional workplace jobs in the managerial or professional occupations.
- Process and elementary occupations are those where the heaviest job losses will occur, with approximately 7,000 job losses expected between 2006 and 2026.
- The group of occupations that make up the rest of the workplace jobs is also set to decline in Stoke-on-Trent.



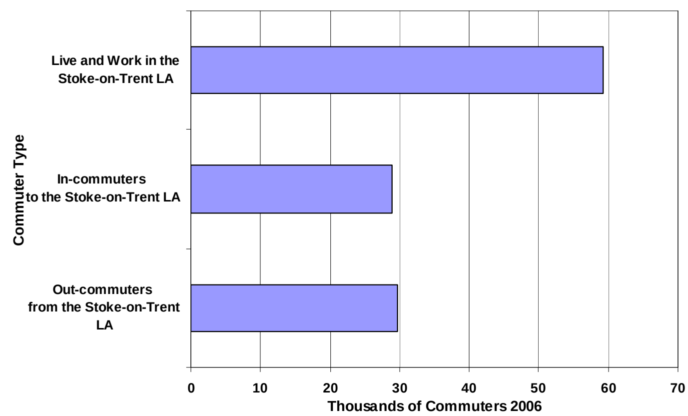
6. Residents' Changes in Occupations

- The occupations of Stoke's residents will change in a similar manner to the workplace jobs in the area over the twenty year period.
- There will be a decline in resident employment in skilled trades, as well as the elementary and administration and clerical occupations.
- A greater proportion of residents will be employed as managers and senior officials or in professional occupations. This has implications for tenure and demand for type of dwelling outlined below.



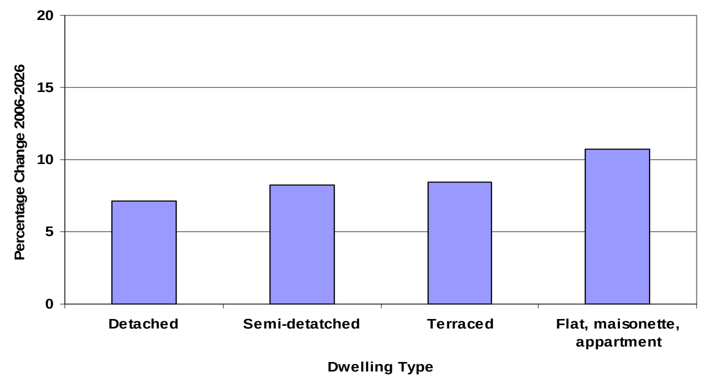
7. Travel-to-Work Patterns

- According to 2006 Travel-to-Work patterns, Stoke has quite high levels of self-containment, with almost twice the number of residents working in the Local Authority area as the number commuting out.
- There are almost the same number of people commuting in to Stoke-on-Trent for work as there are commuting out, suggesting that there are enough jobs in the area to support local residents. The places to which people commute in and out are largely the same - the other local authority areas within North Staffordshire, plus the North West of England.



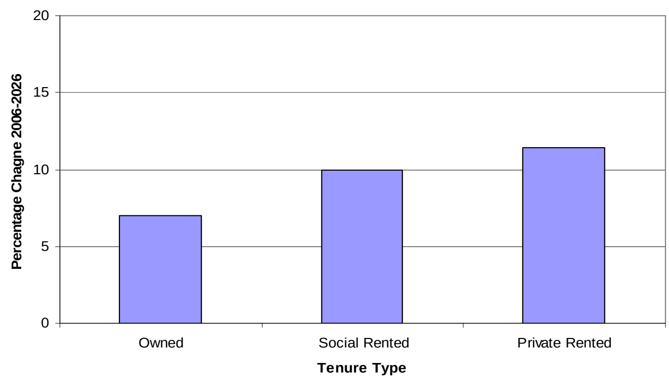
8. Changes in the demand for types of Dwellings

- Using patterns from the 2001 Census, it is possible to estimate how demand for types of dwelling and tenure could change through to 2026.
- An increase in demand is projected for all types of dwellings between 2006 and 2026, with the biggest proportionate increase being for flats, followed by terraced, semi-detached, and finally detached dwellings.
- However, in absolute terms, the largest projected increase is in semi-detached housing, followed by terraced housing, then detached, and flats.



9. Changes in Tenure

- Through to 2026, the number of dwellings in home ownership is projected to increase by the lowest proportion, but this represents a much larger absolute change.
- A significant requirement is projected for social housing, indicating a high level of housing need.
- Due to limitations on the delivery of social housing, and affordability and mortgage lending restrictions affecting home ownership, it is likely that the private rented sector will continue to grow to accommodate housing need. Intermediate housing solutions may also be required to support the housing market.



For more information on the project, please contact Rachel Brisley at SQW Consulting: rbrisley@sqw.co.uk or 0161 475 2105