

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

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

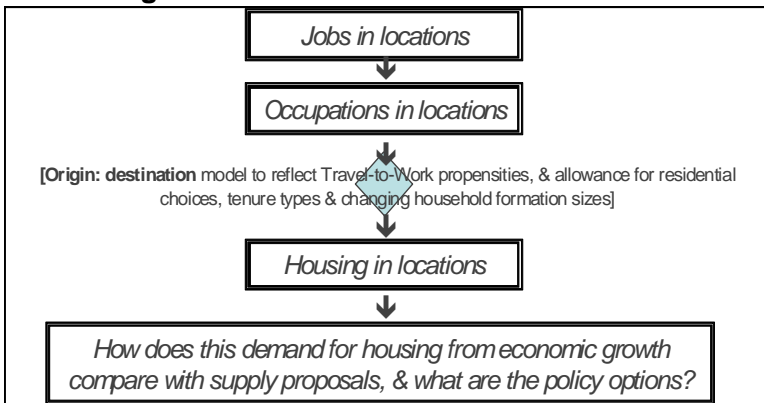
These projections are 'policy off', and do not take into account any planned developments. Under the *Baseline* scenario, regional GVA growth is projected to be slower than that of the UK as a whole. Under the *Convergence* scenario, the regional GVA growth rate is projected to catch up with that of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

- Wolverhampton is, and will continue to be, an important employment centre, reflected in the projection of 132,400 workplace jobs in the area in 2026.
- However, prospects for resident employment over the long term are poor – employment numbers in 2026 are not expected to return to those of 2006.
- The population is expected to remain static, with consequent implications for low housing demand.
- A high proportion of social housing is projected into the future, reflecting high levels of housing need.
- 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 (47%), terraced housing, and flats (both 18%), and detached housing (17%). Tenure is projected to be 61% home ownership, 29% social rented, and 10% social rented.

1. The logic of our Model . . .



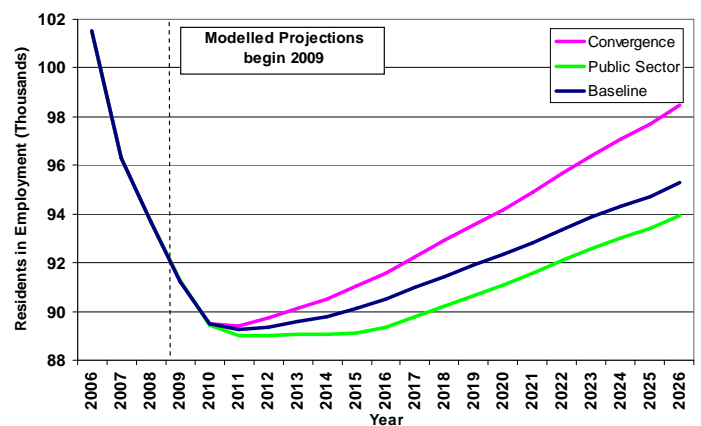
2. Projected Population Change . . .

Spatial Level	Population (000)		% Change 2006-2026
	2006	2026	
Wolverhampton	236.6	237.4	0
Central 3 Housing Market Area	1446.4	1498.7	4
West Midlands	5366.7	5799.8	8

- The population of Wolverhampton is set to remain almost static with only marginal growth of 800 in the next twenty years – an increase of only 0.3%, well below the regional average of 8%.
- This percentage increase is also much smaller than the forecast increase for the whole of the Central 3 Housing Market Area more widely.

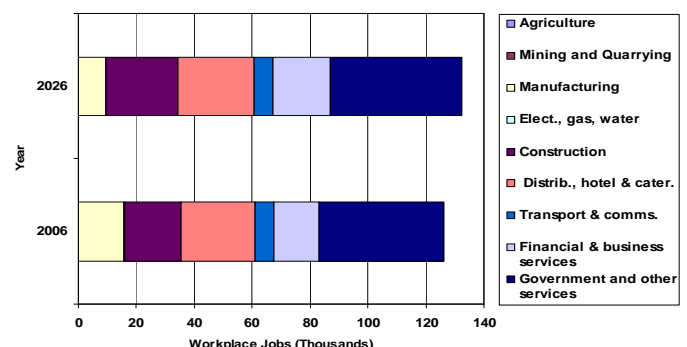
3. Number of Residents in Employment . . .

- Like other parts of the region, the recession has had a major impact locally, and the number of Wolverhampton residents in employment fell significantly between 2006 and 2009.
- Under all three scenarios, resident employment is not projected to return to the 2006 level of 101,500 by 2026. Under the *Convergence* scenario, the number of employed residents will start to increase gradually from 2011, and grow to just under 98,500 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 94,000 by 2026.



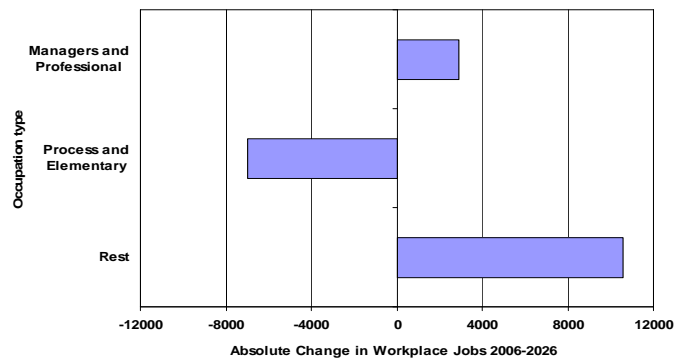
4. . . . and the Sectoral Changes

- The number of workplace jobs in Wolverhampton is projected to increase modestly between 2006 and 2026, rising by 6,300 from 126,100 to 132,400.
- The sector likely to suffer most is manufacturing, reducing by 6,200 jobs over the forecast period.
- In contrast, employment in construction is expected to grow by 5,250 jobs and in financial and business services by 4,000 jobs. The Government and other services sector is also anticipated to grow, with an additional 2,500 jobs projected.



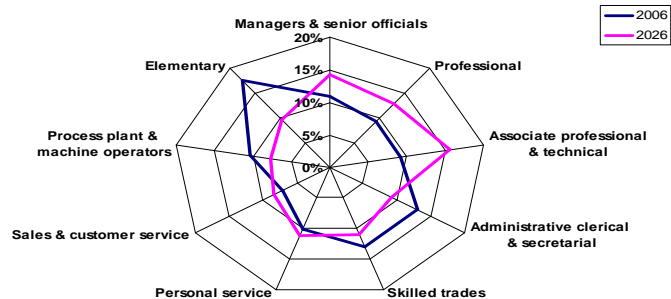
5. Changes in the Occupational Structure of Jobs

- The occupational make-up of Wolverhampton will become more high-level through to 2026, with around 2,900 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are where heavy job shedding is projected, with around 7,000 fewer jobs in 2026 than in 2006.
- All other occupations together are expected to grow by just over 10,600 jobs over the twenty year period.



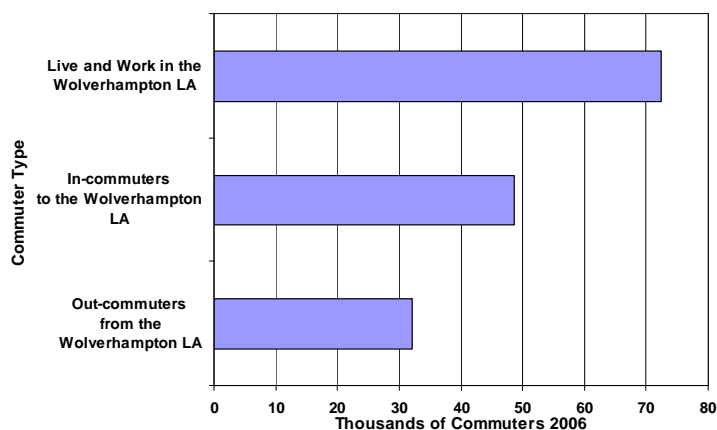
6. Residents' Changes in Occupations

- The occupations of Wolverhampton's residents will change in a similar manner to the profile of workplace jobs 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, and administrative and clerical jobs.
- Projections indicate a higher proportion of residents employed as managers and in professional and associate professional, and technical occupations.



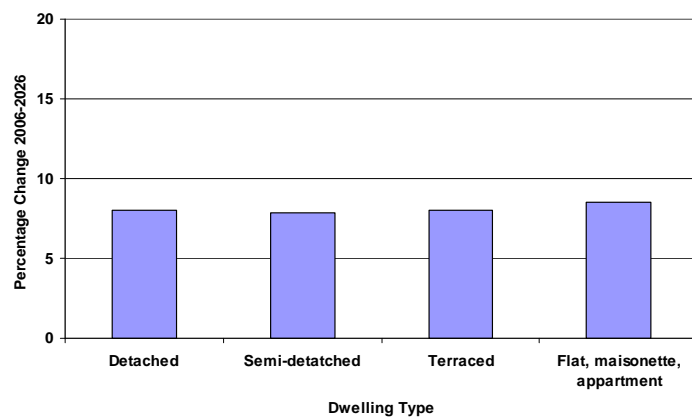
7. Travel-to-Work Patterns

- According to 2006 travel-to-work data, Wolverhampton has relatively mixed patterns of commuting. Although more than 30,000 people commute out of the area for work, more than 70,000 residents in employment are retained within the authority and almost 50,000 people commute in.
- The out-commuting destinations are quite varied, with Walsall, Birmingham, Sandwell South Staffordshire and Telford and Wrekin all destinations for large numbers of Wolverhampton's residents.
- The main suppliers of commuters into Wolverhampton are South Staffordshire, Walsall, and Dudley.



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 of around 8%, with the biggest percentage increase in demand being for flats.
- However, in absolute terms, the largest increase is for semi-detached housing which also provides and will continue to provide almost half of Wolverhampton's residential stock.



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 much larger absolute change.
- The projected requirement is for almost a third of the stock to be social rented reflecting a high degree of housing need.
- It is unlikely that such a large proportion (or absolute size) of social rented properties will be delivered, and owner occupation is likely to be affected long term by the fallout from the Credit Crunch, meaning that intermediate housing solutions may be required.

