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

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

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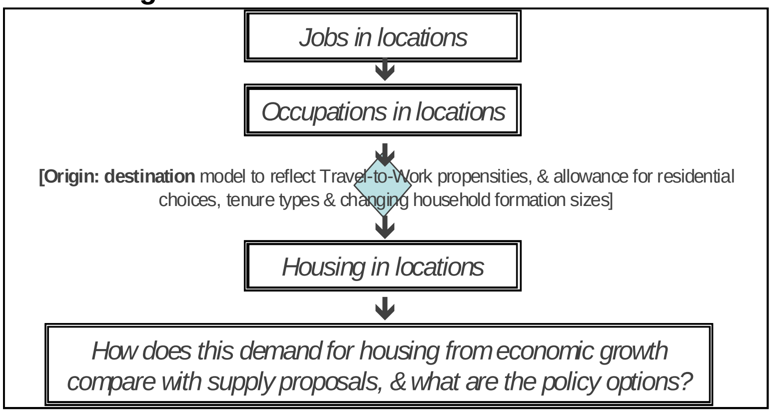
Key Issues

- Worcester will continue to be an important employment centre, with a projected increase through to 2026 in workplace employment, although resident employment figures are not projected to return to those of 2006 by 2026, following the impacts of the recession.
- Already significant in-commuting is projected to increase, and therefore population growth and associated housing demand is projected to be weak.
- The projections through to 2026 suggest that future housing provision to support economic growth will comprise, as shares of total dwellings: semi-detached housing (36%) followed by detached and terraced housing (both 24%), and flats (14%). Tenure is projected to be 75% home ownership, 15% social rented and 10% social rented.

1. The logic of our Model . . .



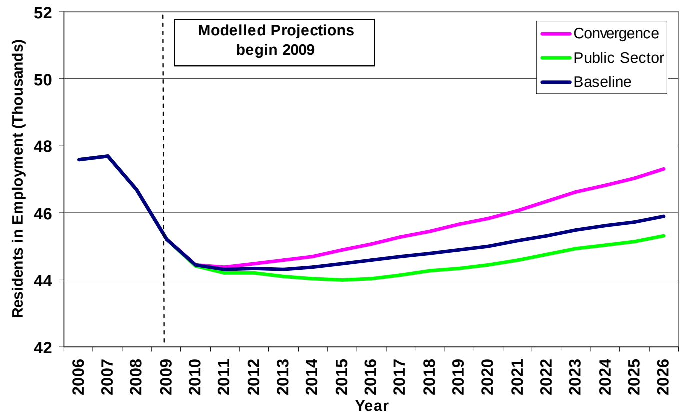
2. Projected Population Change. . .

	Population (000)		% Change
Spatial level	2006	2026	2006-2026
Worcester	93.4	97.5	4
South Housing Market Area	801.9	901.3	12
West Midlands	5366.7	5799.8	8

- The population of Worcester is projected to grow only modestly in the next 20 years, by around 4,000 extra people.
- This represents an increase of 4%, well below the regional average of 8%.
- This increase is much lower than that projected for the rest of the South Housing Market Area.

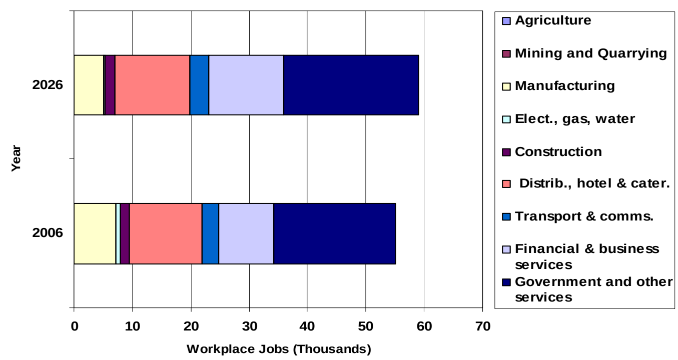
3. Number of Residents in Employment . . .

- Like other parts of the region, as a result of the recession the number of Worcester residents in employment fell significantly between 2006 and 2009.
- Under all three scenarios, resident employment is not expected to return to the 2006 levels of 47,600 by 2026. Under the Convergence scenario the number of residents in employment is likely to increase slowly from 2011, and grow to around 47,300 by 2026.
- Under the more negative Austerity scenario, employment is projected to continue to fall until 2016 and then only increase very slowly reaching 45,300 by 2026.



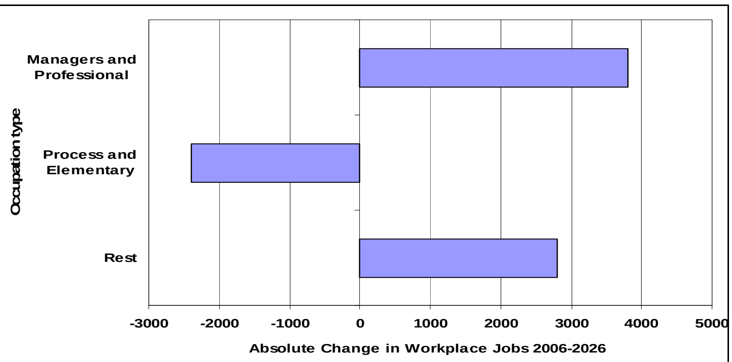
4. . . . and the Sectoral Changes

- The number of workplace jobs in Worcester is projected to increase between 2006 and 2026, rising from 55,000 in 2006 to just over 59,000 by 2026.
- The sector expected to suffer the most will be manufacturing, losing 2,100 jobs over the period. Utilities and water are also projected to lose 600 jobs.
- Most other sectors will remain largely the same, but significant growth is projected for financial and business services (up by 3,400 jobs) and for Government and other services, up by 2,400 jobs



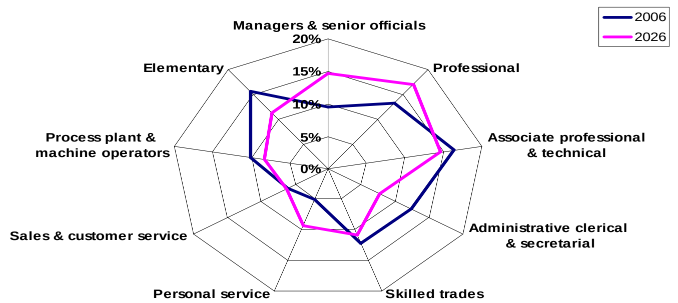
5. Changes in the Occupational Structure of Jobs

- The occupational make up of Worcester is expected to become more high-level, with approximately 3,800 additional workplace jobs in managerial or professional occupations.
- Process and elementary occupations are projected to have the heaviest job losses, with approx. 2,400 job losses expected between 2006 and 2026.
- Other occupations that make up the rest of the workplace jobs are set in aggregate to grow by just under 3,000 jobs.



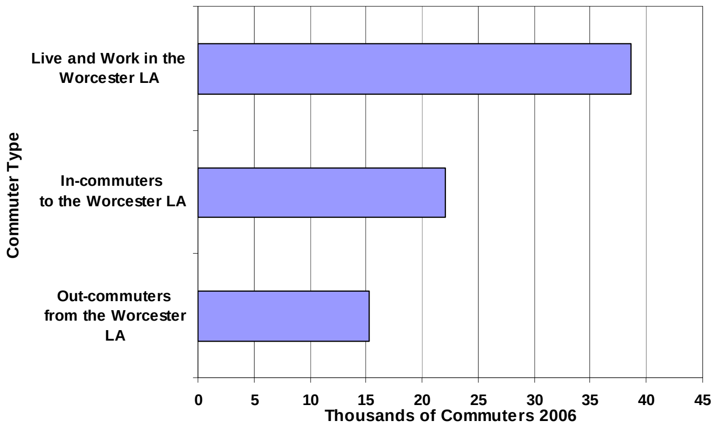
6. Residents' Changes in Occupations

- The occupations of Worcester's residents at 2026 are projected to change in similar fashion to that of workplace jobs.
- A decline is projected in resident employment in plant & process operative occupations, elementary occupations, and administration and clerical jobs.
- A higher proportion of residents are expected to be employed as managers and senior officials or in professional occupations; this has implications for tenure demand and demand for type of dwelling outlined below.



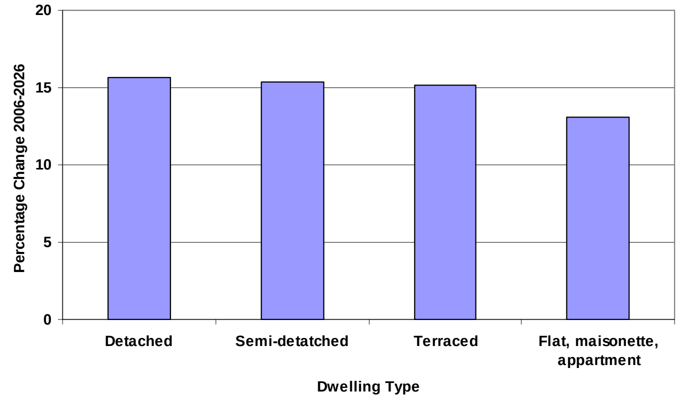
7. Travel-to-Work Patterns

- According to 2006 Travel-to-Work data, Worcester has quite high levels of containment, with almost 40,000 residents employed within the geography.
- Just over 15,000 residents travel out of Worcester for work, with neighbouring Wychavon and Malvern Hills being the primary destinations together with Birmingham.
- There are also large numbers of people that commute in to Worcester to work (approximately 22,000). Again, the majority of these are from the neighbouring areas of Malvern Hills, Wychavon and Wyre Forrest.



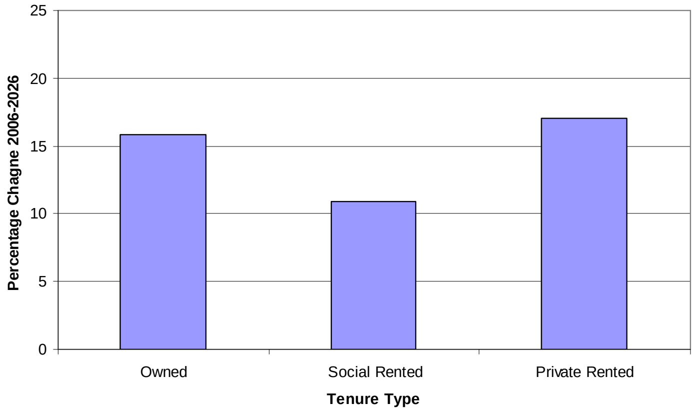
8. Changes in the demand for types of Dwellings

- Using patterns from the 2001 Census, we can estimate how demand for types of dwelling and tenure may change by 2026.
- An increase in demand is projected for all types of dwellings between 2006 and 2026, at around 15% for detached, semi-detached and terraced properties followed by a slightly smaller increase for flats.
- In absolute numbers, the increase is most significant for semi-detached properties, which will remain the dominant house type.



9. Changes in Tenure

- The largest increase in terms of tenure is expected to be in the private rented sector, with a 17% projected increase over the twenty year period. The projected increase in owner occupied homes is only a little lower, with social rented lagging behind.
- Home ownership is by far the largest existing tenure and will continue to be so, with the most substantial projected absolute increase through to 2026.
- Due to the impact of the recession and the Credit Crunch, it is likely that a proportion of the households projected to enter or remain in home ownership will require intermediate housing solutions.



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