



NOVEMBER
2022

Coventry & Warwickshire Housing & Economic Development Needs Assessment (HEDNA)

Final Report

Iceni Projects Limited on behalf of Coventry &
Warwickshire Local Authorities

November 2022

Iceni Projects

London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH

Edinburgh: 11 Alva Street, Edinburgh, EH2 4PH

Glasgow: 177 West George Street, Glasgow, G2 2LB

Manchester: This is the Space, 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: [iceniprojects.com](https://www.iceniprojects.com) | e: mail@iceniprojects.com

linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: [@iceniprojects](https://twitter.com/iceniprojects)

ICENI PROJECTS LIMITED
ON BEHALF OF COVENTRY
& WARWICKSHIRE LOCAL
AUTHORITIES

Coventry & Warwickshire Housing &
Economic Development Needs
Assessment (HEDNA)
FINAL REPORT

CONTENTS

1. INTRODUCTION.....	1
PART A: UNDERSTANDING DYNAMICS.....	5
2. ECONOMIC BASELINE.....	6
3. COMMERCIAL PROPERTY MARKET DYNAMICS.....	27
4. HOUSING MARKET DYNAMICS	58
PART B: CONSIDERING OVERALL DEVELOPMENT NEEDS	76
5. DEMOGRAPHIC DYNAMICS AND OVERALL HOUSING NEED.....	77
6. ECONOMIC GROWTH POTENTIAL.....	131
7. RELATIONSHIP BETWEEN HOUSING AND ECONOMIC GROWTH.....	141
8. AFFORDABLE HOUSING NEED	155
PART C: CONSIDERING EMPLOYMENT LAND NEEDS	198
9. EMPLOYMENT LAND NEEDS.....	199
10.STRATEGIC B8 LAND USE FORECASTING	213
11.DRAWING CONCLUSIONS ON EMPLOYMENT LAND NEEDS	233
PART D: MIX OF HOMES NEEDED	240
12.SIZES AND TYPES OF HOMES NEEDED	241
13.SPECIFIC HOUSING MARKET SEGMENTS	260
14.HOUSING NEEDS OF OLDER PEOPLE & THOSE WITH DISABILITIES	305
15.CONCLUSIONS AND RECOMMENDATIONS	330

1. INTRODUCTION

- 1.1 The local planning authorities in Coventry and Warwickshire¹ have a history of working together to address strategic planning matters and have commissioned this Housing and Economic Development Needs Assessment (HEDNA) to inform the preparation and review of local plans within the sub-region.

What is the HEDNA?

- 1.2 The HEDNA is intended to provide a joint and integrated assessment of the need for housing, economic growth potential and employment land. It considers the scale of overall housing need, the need for different types of homes, dynamics within different sectors of the housing market and the specific housing needs of different groups within the population. It considers economic dynamics and growth potential and provides an integrated evidence base regarding the need for employment land and premises to 2041 and 2050. The timeframes reflect the different plan periods which authorities in the sub-region are using, with the South Warwickshire Plan intended to look to 2050.
- 1.3 The HEDNA provides an assessment of need and is intended to inform part of the evidence base to inform the development of local plans. It will inform consideration of the scale and distribution of development within the sub-region, particularly post 2031², which is to be addressed through a new Memorandum of Understanding between the Coventry & Warwickshire (C&W) authorities.
- 1.4 The HEDNA has been prepared by a consultancy team led by the Economics Team at consultancy Icen Projects, supported by Cambridge Econometrics (in respect of economic forecasts), Holt Commercial (in respect of commercial property market dynamics), MDS Transmodal (in respect of warehousing and logistics needs) and Justin Gardner Consulting (JGC) (on demographics, affordable housing and specialist housing needs).

Study Requirements

- 1.5 Key requirements of the brief for the Study are:

¹ Coventry City Council, Rugby Borough Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Stratford-on-Avon District Council and Warwick District Council

² 2031 is the end point for the current round of adopted local plans in the sub-region

-
- Reviewing the Housing Market Area (HMA) and Functional Economic Market Area (FEMA) geographies and considering dynamics that cut across county boundaries including relevant Duty to Cooperate issues;
 - Considering overall housing need within the Study area, having regard to the standard method, interrogation of demographic trends and other relevant considerations including economic growth potential;
 - Breaking down the overall housing need by type, tenure and size and providing an evidence base regarding the mix of housing needed. The HEDNA includes an updated assessment of affordable housing need and consideration of the need and policies for First Homes;
 - Considering the housing needs of specific household groups including students, families, older people, and others with specific housing needs; as well as appraising dynamics in particular market segments including the self- and custom-build housing and build-to-rent;
 - Reviewing economic dynamics and consideration of economic growth potential, including the potential of different economic sectors;
 - Appraising commercial property market dynamics and trends in the delivery and loss of employment of different types, including through permitted development;
 - Assessment of future needs for employment land to 2041 and 2050, including office and industrial floorspace, to inform plan preparation.

1.6 Updated evidence is needed to take account of changes in economic and housing market dynamics, national policy changes including the revised NPPF and introduction of the standard method for calculating housing need, and to provide up-to-date evidence base which can inform the progression or review of local plans, duty to cooperate conversations, and development management decisions on individual planning applications.

Housing and Functional Economic Market Areas

1.7 Previous research has defined Coventry and Warwickshire as a functional Housing Market Area³ and Functional Economic Market Area⁴ taking account of the functional relationships which exist across the sub-region. Icenis has sought to review whether these geographies hold true having regard to the latest data. The detailed analysis is set out in **Appendix A1**.

³ Coventry and Warwickshire Joint Strategic Housing Market Assessment, 2013

⁴ Warwickshire County Council 2010; Coventry Employment Land Review 2015

-
- 1.8 The evidence shows a strong set of commuting and migration relationships between the authorities in Coventry and Warwickshire, with 2011 Census data showing 71% of internal migration moves were contained within the sub-region, rising to 86% if long distance flows are excluded with 81% of residents both living and working within the area. Some distinction can be drawn between the characteristics in Coventry and the northern part of the sub-region which tends to have lower house prices and an economic structure which is more focused towards manufacturing, warehousing and logistics; whereas South Warwickshire has a more serviced-based economy and higher house prices. However Coventry plays an important role as an employment, retail, cultural and service centre for the wider sub-region and there are notable commuting flows between Coventry and the South Warwickshire authorities.
- 1.9 Whilst functional geographies do not in reality precisely fit onto local authority boundaries, Coventry and Warwickshire remains an appropriate ‘best fit’ Housing Market Area (HMA) and Functional Economic Market Area (FEMA). Inevitably functional market areas clearly do not precisely fit to local authority boundaries; and at the borders of any area HMA there are often links with the adjoining areas. Plan making activities should therefore continue to recognise overlaps in North Warwickshire and Stratford-on-Avon with the Birmingham HMA and FEMA; between Rugby and West Northamptonshire; and local links across the A5 with Hinckley and Bosworth (which is in Leicestershire).

Report Structure

- 1.10 Initial work on preparing the HEDNA was undertaken in 2021. The project was however paused to reflect uncertainties associated with demographics, pending the release of data from the 2021 Census. The HEDNA report has then been finalised in Autumn 2022 with demographic analysis and modelling of housing need capturing initial Census data released on 28th June 2022.
- 1.11 The HEDNA report is structured as follows:

Part A: Understanding Dynamics

- Chapter 2: Economic Baseline;
- Chapter 3: Commercial Property Market Dynamics;
- Chapter 4: Housing Market Dynamics;

Part B: Considering Overall Development Needs

- Chapter 5: Demographic Dynamics & Overall Housing Need;
- Chapter 6: Economic Growth Potential;

-
- Chapter 7: Affordable Housing Need;

Part C: Considering Employment Land Needs

- Chapter 8: Employment Land Needs;
- Chapter 9: Strategic B8 Land Use Forecasting;
- Chapter 10: Drawing Conclusions on Employment Land Needs;

Part D: Mix of Homes Needed

- Chapter 11: Sizes and Types of Homes Needed;
- Chapter 12: Specific Housing Market Segments;

1.12 A final section then sets out conclusions and recommendations. A separate Executive Summary has been prepared.

PART A: UNDERSTANDING DYNAMICS

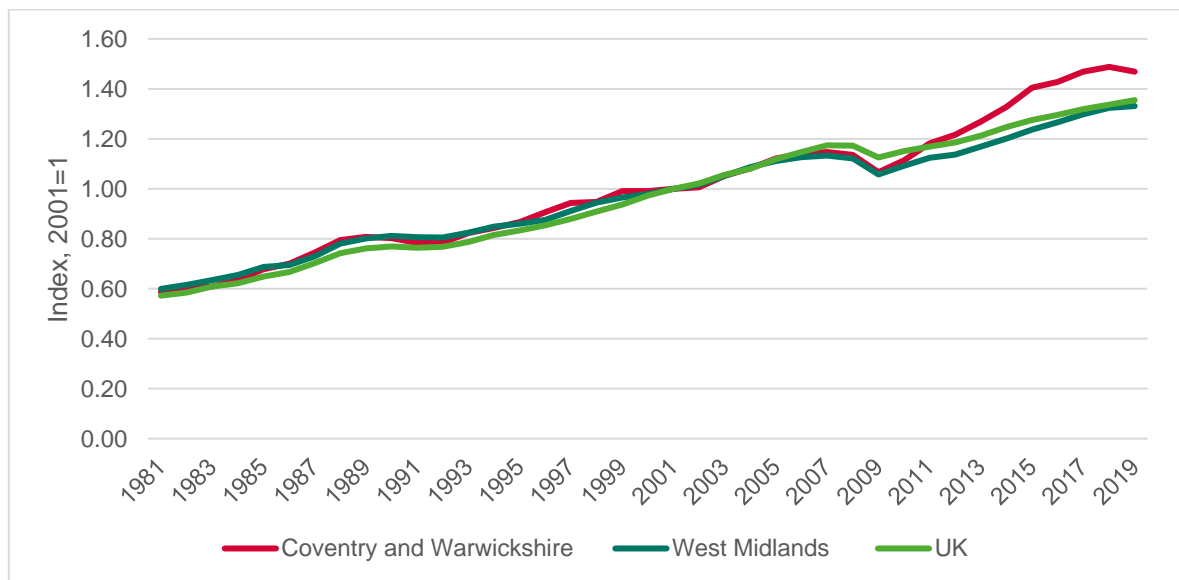
2. ECONOMIC BASELINE

2.1 This section of the report provides a profile of the sub-regional economy and its past performance and considers labour market dynamics. The analysis draws on a comprehensive economic dataset from Cambridge Econometrics Local Economy Forecasting Model (LEFM) dated March 2021. This includes data on employment and GVA, overall and by sector, from 1981-2019.

Economic Size and Structure

2.2 Coventry and Warwickshire is a £26 billion economy, accounting for 19% of West Midlands GVA. As the analysis below shows, growth in GVA has slightly out-performed regional and national trends with growth of 47% achieved between 2001-19 compared to 33% and 35% at a regional and national level. This in particular reflects stronger performance over the period since 2013.

Figure 2.1: Historical GVA Growth



Source: Icen analysis of CE data

2.3 An analysis of the contribution to GVA of different sectors points to the important role of the manufacturing sector, which accounts for 18.2% of GVA; to wholesale, transport and warehousing and postal activities, which account for 10.6% of GVA; and to the education sector which accounts for 6.5% of GVA. Overall the service sector accounts for around 59% of total GVA.

2.4 Over the period since 2001, manufacturing GVA has grown (by 46%, an average of 2.1% pa) with service sector activities similarly driving growth in the sub-regional economy. The sectors which have contributed most strongly to GVA growth are shown below. This includes both sectors associated with offices and warehousing, together with utilities, construction, health and education.

Table 2.1 Sectors driving growth in GVA, 2001-19

	GVA 2001 £ million	GVA Growth 2001-19 £ million	% Growth	% CAGR
Electricity & gas	457.72	1306.05	285%	7.8%
Agriculture, forestry & fishing	94.255	46.511	49.3%	2.3%
Pharmaceuticals	8.088	21.765	269.1%	7.5%
Motor vehicles	1247.402	1701.660	136.4%	4.9%
Other transport equipment	152.091	434.216	285.5%	7.8%
Water, sewerage and waste	241.358	353.934	146.6%	5.1%
Motor vehicles trade	461.410	348.337	75.5%	3.2%
Air transport	2.863	3.116	110.6%	4.2%
Warehousing & postal	485.419	608.886	125.4%	4.6%
I.T services	546.126	707.088	129.5%	4.7%
Head offices & management consultancies	159.622	384.130	240.7%	7.0%
Architectural & engineering services	267.721	244.425	91.3%	3.7%
Health	614.872	408.190	66.4%	2.9%

Source: Icen analysis of CE data

- 2.5 Coventry City has the largest economy within the sub-region, accounting for a third of its total GVA. Warwick makes a sizable contribution (22%), while Stratford-on-Avon (16%) the third largest. In comparison the size of the economies in Rugby (11%) and North Warwickshire (10%) and Nuneaton and Bedworth (7%) are smaller.
- 2.6 Warwick, Stratford-on-Avon and Nuneaton and Bedworth have seen the strongest comparative growth in GVA over the period since 2001, with growth rates in these authorities exceeding regional/national averages and driving the sub-region's overall performance. In contrast, growth has been weaker and notably below average in Rugby and Coventry. The strongest recent growth (post 2011) has been in Nuneaton and Bedworth and Stratford-on-Avon. Most authorities in the sub-region, with the exception of Rugby, have out-performed national growth rates.

Table 2.2 GVA Growth by C&W Authority

	2019 Share of GVA	GVA Growth, 2001-19 CAGR	GVA Growth, 2011-19 CAGR
North Warwickshire	10%	2.2%	3.5%
Nuneaton and Bedworth	7%	2.8%	4.0%
Rugby	11%	1.5%	1.1%
Stratford-on-Avon	16%	2.9%	3.7%
Warwick	22%	3.1%	3.5%
Coventry	33%	1.4%	2.0%
C&W		2.2%	2.8%
West Midlands		1.6%	2.1%
UK		1.7%	1.9%

Source: Icen analysis of CE data

- 2.7 Almost three quarters (72%) of growth in GVA over the 2011-19 period has been focused in Coventry, Stratford-on-Avon and Warwick; with Warwick alone accounting for 27%. Relative to the workforce distribution, growth has been stronger in Warwick and Stratford-on-Avon in particular (but weaker in Nuneaton and Bedworth).
- 2.8 Estimated GVA per job, as a measure of the relative productivity of the economy, sits between the regional and national averages. It is 6% below the UK average across Coventry and Warwickshire – although this is skewed by London’s role as a global City. It is however 8% above the West Midlands average.
- 2.9 Within the sub-region, the highest productivity performance appears to be in Warwick and Stratford-on-Avon– those areas which have seen the strongest recent relative growth. Nuneaton and Bedworth is the only authority below the regional average, and by a substantial margin.

Table 2.3 Productivity - GVA per Job

	GVA, £m 2018	Total Employment ('000s), 2018	GVA per Job
North Warwickshire	2796	54.6	£51,248
Nuneaton and Bedworth	1972	53.6	£36,757
Rugby	2830	52.9	£53,520
Stratford-on-Avon	4494	81.7	£54,977
Warwick	5854	101.1	£57,882
Coventry	8924	178.9	£49,877
C&W Total	26869	522.9	£51,388
West Midlands	141470	2969.7	£47,637
UK	1910247	34948.0	£54,660

Source: Icen analysis of CE data

- 2.10 Total employment in 2019 across Coventry and Warwickshire is estimated at 526,900 jobs. Manufacturing is the largest sector in employment terms, accommodating 58,000 jobs. The next largest sectors are education and professional services. There will invariably have been some impact of Covid-19 on total employment between 2019-20 with a subsequent recovery. ONS Jobs Density data points to a reduction of around 9,000 jobs 2019-20, equating to a reduction in employment of -1.7%.
- 2.11 More recent local data is not available but at the regional level, the evidence shows that the ground lost through the pandemic has now been regained with total workforce jobs in June 2022 which is 0.5% greater than that in June 2019 prior to the Covid-19 pandemic.⁵
- 2.12 A location quotient analysis has been used to assess the relative representation of sectors relative to that seen across the West Midlands region and UK.
- 2.13 The sectoral structure across Coventry and Warwickshire is relatively similar to that seen more widely across the region, with a slightly greater proportion of employment in education and professional services.
- 2.14 Relative to the structure of the economy nationally, a strong concentration of employment in manufacturing is evident (LQ 1.8) as well as activities associated with warehousing/logistics (such as wholesale trade, warehousing and postal). There is a slightly higher representation of education employment – which is likely to be influenced by the presence of the two universities. The universities play an important role in the manufacturing ecosystem. There is also a strength in utilities, albeit that actual job numbers are modest. Motor vehicles trade (as separate from manufacturing) is another strong employment area for the sub-region.

⁵ ONS Workforce Jobs dataset

Table 2.4 Employment Structure and LQ Analysis – Coventry & Warwickshire, 2019

	C&W Total ('000s)	% Jobs	LQ vs WM	LQ vs UK
Manufacturing	58.0	11.0%	1.1	1.8
Education	46.6	8.8%	1.1	1.1
Professional services	45.8	8.7%	1.2	1.0
Business support services	43.6	8.3%	0.9	1.0
Retail trade	38.3	7.3%	0.9	0.8
Accommodation & food	32.6	6.2%	1.0	0.9
Construction	31.7	6.0%	0.8	0.9
Health	30.5	5.8%	0.8	0.8
Residential and social	24.4	4.6%	0.9	0.9
Wholesale trade	24.3	4.6%	1.0	1.3
Warehousing and postal	23.5	4.5%	1.3	1.9
Public administration	17.6	3.3%	1.0	0.8
Motor vehicles trade	16.6	3.2%	1.2	1.7
Art and rec	15.4	2.9%	1.0	0.7
Other services	15.1	2.9%	1.1	1.0
Transport	13.9	2.6%	0.9	1.0
I.T services	13.8	2.6%	1.2	0.8
Financial & insurance	11.9	2.3%	1.0	0.7
Public utilities	10.9	2.1%	1.9	2.0
Real Estate	7.0	1.3%	0.8	0.8
Agriculture & mining	5.4	1.0%	0.8	0.8
Total	526.9	100.0%	1.0	1.0

Source: Icen analysis of CE data

- 2.15 The sectoral structure points to the influence of the history of manufacturing activity in the sub-region; together with a comparative advantage derived from its central location within the UK and accessibility across the country by road and rail. These factors underpin its strength as a manufacturing and distribution location.
- 2.16 The universities are also an important economic asset and potential hubs of innovation; with other major assets including the Manufacturing Technology Centre, The Proving Factory, JLR Whitley (its Global HQ), JLR Gaydon and Horiba Mira as a focus for automotive R&D activity which have attracted a number of UK-leading companies.
- 2.17 We next consider further the structure of the manufacturing sector. Manufacturing activity is spread across a range of sectors and activities, however, it is clear that the motor vehicles industry in particular drives the manufacturing sector within the sub-region; which is evidently part of a wider regional cluster. The three largest manufacturing sub-sectors are Motor vehicles; Other transport equipment; and Machinery, as Table 2.5 shows. In contrast to other parts of the Midlands, there isn't a significant concentration of employment in Wood & paper; whilst pharmaceutical manufacturing is not strongly represented at a Warwickshire level.

2.18 The analysis points to some higher value manufacturing activities, such as machinery, in which there is a reasonable representation. However in contrast, employment and GVA in some notably higher value activities such as electronics, chemicals and pharmaceuticals is less strong. A number of the key manufacturing sub-sectors such as machinery and metals & metal products are reasonably lower value; albeit within a context in which productivity per job across the range of manufacturing sub-sectors is generally higher than many service sector activities emphasising the value in seeking to support/protect manufacturing jobs.

Table 2.5 GVA and Employment in Manufacturing Sub-Sectors

	GVA 2019 (£ million)	Employment 2019 (000s)	GVA per Job
Motor vehicles	2949.1	22.3	£132,280
Other transport equipment	586.3	1.7	£340,678
Machinery	488.6	6.1	£79,488
Metals & metal products	230.3	8.5	£27,193
Non-metallic mineral products	214.4	5.4	£39,949
Other manufacturing & repair	189.4	4.1	£45,959
Food, drink & tobacco	170.9	3.9	£44,157
Electrical equipment	116.1	1.4	£84,177
Electronics	108.4	1.0	£108,597
Textiles etc	51.4	0.9	£55,024
Chemicals	37.2	0.5	£73,874
Wood & paper	35.8	0.9	£37,893
Printing & recording	34.5	0.8	£45,401
Pharmaceuticals	29.9	0.5	£57,742

Source: Icen analysis of CE data

2.19 Table 2.6 below shows the structure of employment by LA district. We have highlighted those sectors in which there is a particular specialism, showing in light orange those with a LQ of between 1.5 – 1.9, and in dark orange those with a LQ of over 2.0.

2.20 Manufacturing is strong across the sub-region but is particularly strongly represented in Stratford-on-Avon (influenced by Gaydon in particular) and North Warwickshire. Transport and warehousing and postal activities are represented across a number of authorities (beyond Coventry), with particular concentrations in North Warwickshire and Rugby influenced by the strong accessibility of locations to the strategic road network and major sites such as Hams Hall and Birch Coppice in North Warwickshire; and the Swift Valley Industrial Estate, Central Park, Rugby Gateway and Prologis Ryton in Rugby Borough.

Table 2.6 Sectoral Structure by District/Borough, 2019

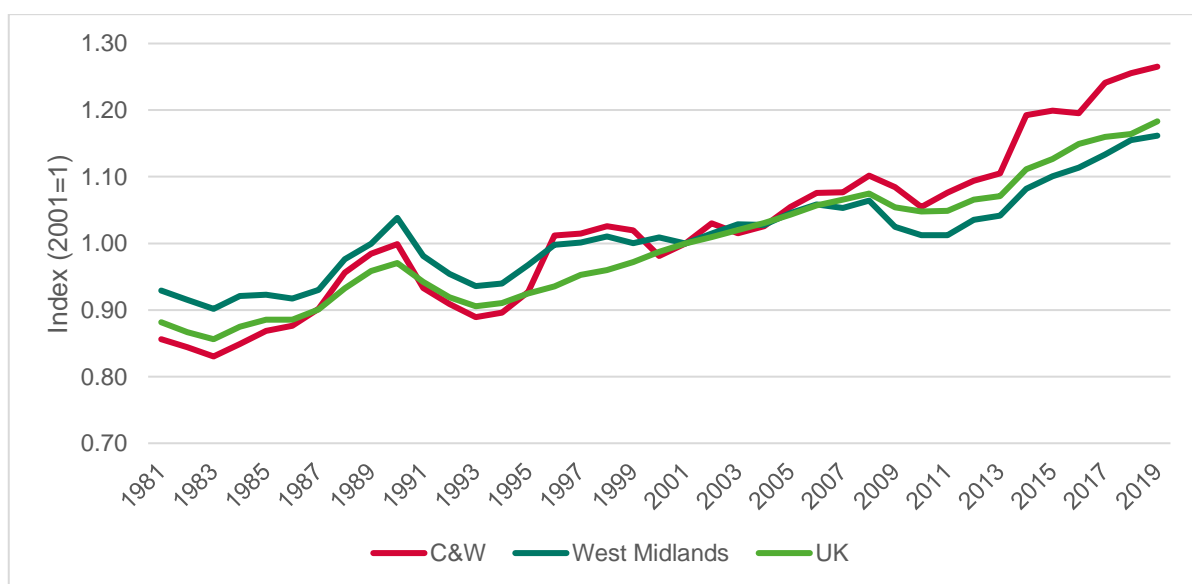
	North Warwickshire	Nuneaton and Bedworth	Rugby	Stratford-on- Avon	Warwick	Coventry	C&W Total
Total Jobs ('000s), 2019	53.9	54.8	55.8	85.2	98.1	179.1	526.9
Manufacturing	13.4%	11.2%	9.8%	16.1%	6.7%	10.6%	11.0%
Health & care	4.3%	15.0%	8.2%	9.5%	10.3%	12.1%	10.4%
Education	4.8%	8.4%	8.6%	6.2%	6.0%	13.1%	8.8%
Professional services	9.1%	5.9%	9.8%	8.8%	11.3%	7.6%	8.7%
Retail trade	9.5%	8.4%	7.2%	6.7%	6.5%	7.0%	7.3%
Business support services	7.6%	7.9%	8.8%	6.3%	7.6%	9.7%	8.3%
Construction	8.3%	7.1%	7.5%	6.6%	5.4%	4.6%	6.0%
Wholesale trade	5.2%	4.8%	3.8%	4.0%	5.8%	4.3%	4.6%
Accommodation & food	6.9%	4.7%	6.8%	8.7%	6.6%	4.8%	6.2%
Public Administration & Defence	0.9%	4.7%	2.6%	1.5%	5.3%	3.7%	3.3%
Warehousing & postal	12.1%	4.4%	8.2%	2.6%	3.3%	2.5%	4.4%
Other Services	1.6%	2.2%	2.3%	2.7%	5.1%	2.6%	2.9%
ICT	1.9%	1.6%	3.3%	2.9%	5.1%	2.6%	3.0%
Arts & rec.	1.4%	2.6%	2.3%	3.9%	2.7%	2.1%	2.5%
Transport	4.4%	3.8%	4.1%	2.1%	1.9%	2.0%	2.6%
Financial & insurance	0.6%	1.5%	1.8%	3.4%	1.3%	3.1%	2.3%
Motor vehicles trade	5.5%	2.8%	2.4%	2.9%	3.0%	3.0%	3.2%
Utilities	0.6%	1.7%	0.4%	0.2%	4.1%	2.9%	2.1%
Real estate	0.7%	0.8%	1.2%	2.0%	1.4%	1.3%	1.3%
Agriculture, mining	1.1%	0.6%	1.1%	2.8%	0.7%	0.4%	1.0%

Source: Icen analysis of CE data

2.21 It is notable that the concentration of utilities employment is particularly driven by employment in Warwick. This is likely to be influenced by the presence of a selected number of businesses in the sector within the District, such as National Grid at Warwick Technology Park. Agricultural activities are strongly represented in the more rural district of Stratford-on-Avon; albeit this overall is a relatively small sector in respect of overall employment. We also see a strong representation of arts and recreational and accommodation and good employment reflecting Stratford-upon-Avon's tourism draw. Leamington Spa has been a growing centre for gaming with evidence pointing to research pointing to a cluster of gaming companies, employing near to 1000 people in 2021.⁶

2.22 Prior to 1996, employment growth was comparatively weaker in Coventry & Warwickshire than across the region or nationally; notably with employment levels which remained fairly stable between 1996-2001. The sub-region then experienced a period of rapid economic growth between 2001-2008, but then a more notable drop in employment from 2009-2010 (with total employment indeed falling prior to the recession). Over the more recent period since 2011, the sub-region has seen particularly stronger employment growth and indeed has outperformed wider areas – seeing employment growth of 17.6% between 2011-19 compared to 12.8% across the UK and 14.7% across the West Midlands.

Figure 2.2: Employment Growth vs Wider Comparators



Source: Icen analysis of CE data

2.23 Overall between 2011-19 total employment increased by 78,700. The performance of individual districts within the sub-region has varied. Stratford-on-Avon and North Warwickshire have seen the strongest employment growth (consistent with the picture for GVA). In contrast total employment in Warwick is the only district with employment growth below that of the UK.

⁶ <https://www.businessinnovationmag.co.uk/leamington-spa-a-major-hub-for-the-uks-gaming-sector/>

Table 2.7 Employment Growth, 2011-19

000s	Employment, 2011	Employment, 2019	Change ('000s)	% Change
North Warwickshire	43.0	53.9	10.9	25.4%
Nuneaton and Bedworth	48.2	54.8	6.7	13.8%
Rugby	48.8	55.8	7.0	14.3%
Stratford-on-Avon	66.3	85.2	18.8	28.4%
Warwick	89.4	98.1	8.7	9.7%
Coventry	152.4	179.1	26.7	17.5%
C&W	448.1	526.9	78.744	17.6%
West Midlands	2602.8	2986.6	383.7	14.7%
UK	31486	35517.0	4031	12.8%

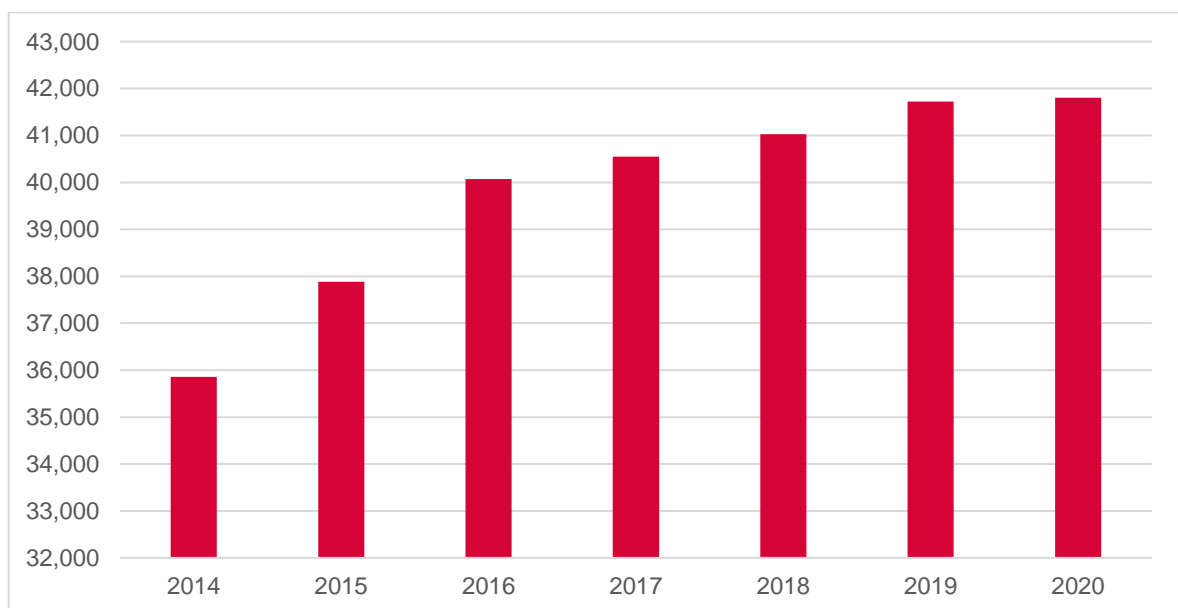
Source: Icen analysis of CE data

- 2.24 Research undertaken by Centre for Cities in 2017 based on HESA's destination of leavers survey for the period 2014-2015 shows that Coventry only retains 15 per cent of its university graduates, the fourth lowest among UK cities. Of the graduates from the University of Warwick only 6 per cent stay in Coventry. Coventry University does however have a much higher number of students attend who are originally from Coventry in comparison to the University of Warwick.

Business Base

- 2.25 The number of active enterprises in Coventry and Warwickshire grew by 17% between 2014-20, which was just under the national average (18%) and notably below the regional level (22%). As the table below shows, much of this growth was between 2014-16.

Figure 2.3: Active Enterprises – Coventry and Warwickshire



Source: ONS Business Demography Statistics

2.26 An assessment of the density of businesses, relative to the working-age resident population, shows the highest business densities are in Stratford-on-Avon and Warwick; albeit that the business density is also above regional average in most authorities with the exception of Nuneaton and Bedworth and Coventry.

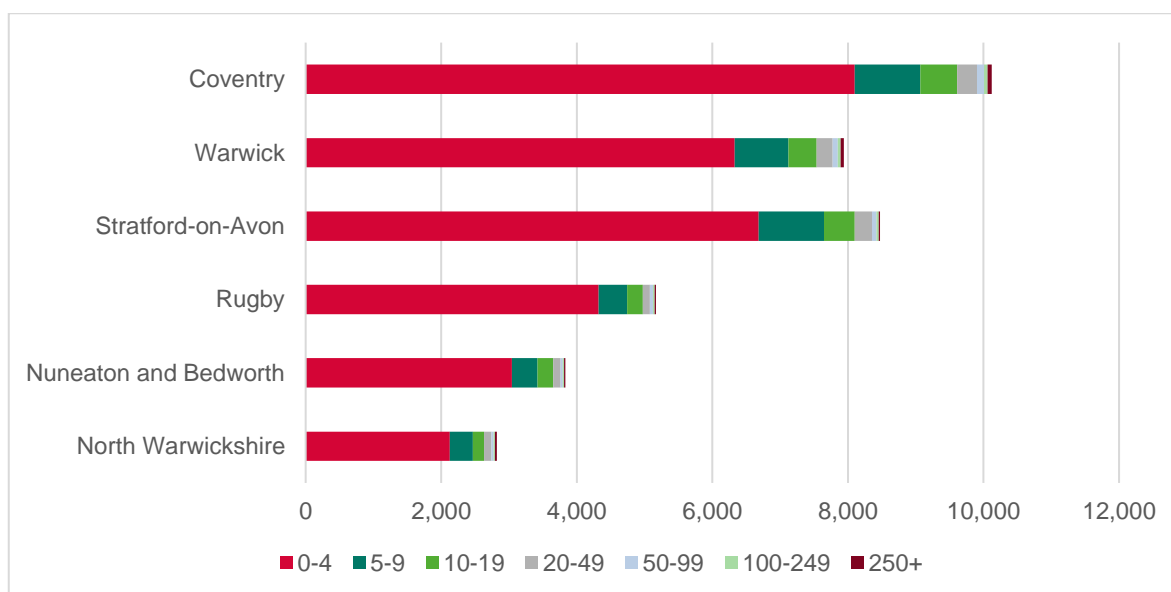
Table 2.8 Business Density, 2019

	Active Enterprises, 2019	Enterprises per 1000 Population 16-64
North Warwickshire	2,980	75
Nuneaton and Bedworth	4,330	54
Rugby	5,540	82
Stratford-on-Avon	8,520	111
Warwick	8,620	93
Coventry	11,735	46
C&W	41,725	62
West Midlands	240,365	65
UK	2,990,320	85

Source: Icen analysis of ONS Business Demography Statistics

2.27 Across the sub-region, 80% of businesses have less than 10 employees, and 99.6% are Small and Medium-Sized Enterprises with less than 250 employees. There are a total of 185 larger enterprises with 250+ staff of which 60 are in Coventry. The structure of the business base by size is broadly consistent with that across the wider region.

Figure 2.4: VAT or PAYE Enterprises by Size Band, 2020

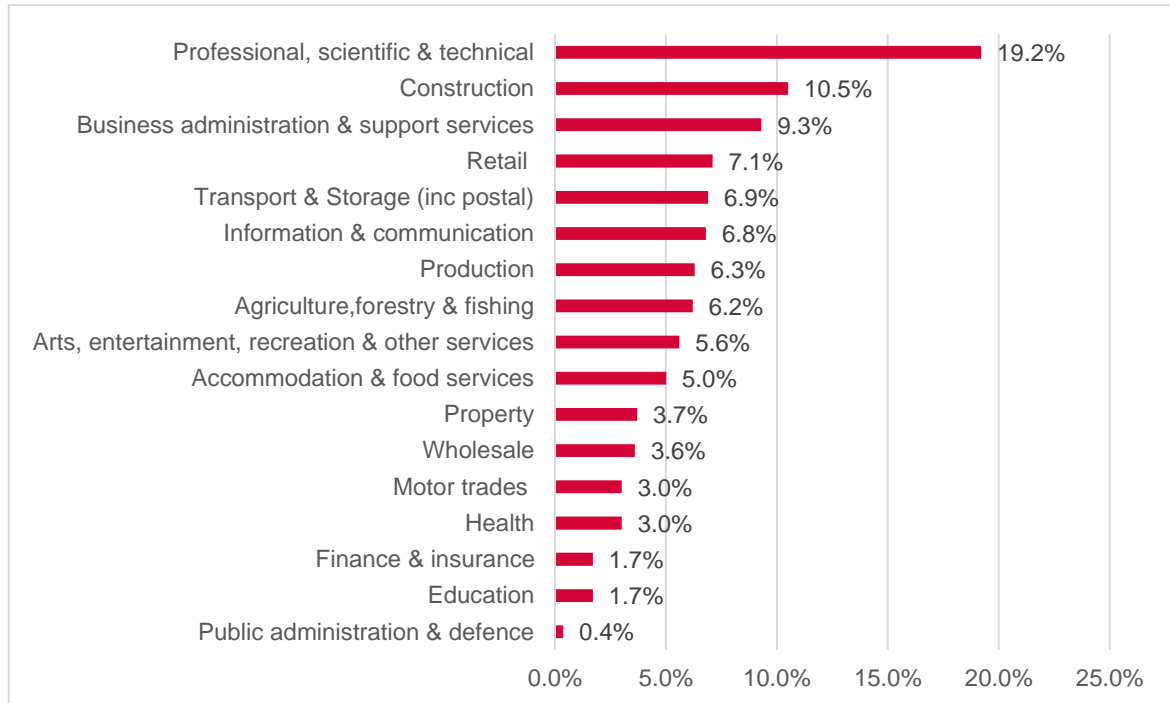


Source: Icen analysis of ONS / IDBR data

2.28 The structure of VAT and/or PAYE businesses by sector shows a particular relative concentration in motor trades, wholesale, property and education. ICT and construction are relatively under-

represented relative to the profile nationally, while conversely transport and storage, and professional, scientific and technical roles outperform the national profile.

Figure 2.5: Profile of VAT/PAYE Enterprises by Sector, Coventry & Warwickshire 2020



Source: Icen analysis of ONS / IDBR data

2.29 If we drill into the differences in structure between different local authorities, we find that construction businesses are strongly represented in North Warwickshire. Transport and storage are strongly represented in Rugby and Nuneaton and Bedworth. There is a concentration of businesses in the information and communication as well as professional, scientific and technical industries in Warwick, which will include those within the gaming sector, with the south of the county more orientated towards service-sector businesses. North Warwickshire clearly has a concentration of employment in warehousing and logistics, but this is focused in larger businesses.

Table 2.9 LQ Analysis of VAT/PAYE Businesses by Location, 2020

	North Warwickshire	Nuneaton and Bedworth	Rugby	Stratford-on- Avon	Warwick	Coventry	C&W	West Midlands	UK
Agriculture, forestry & fishing	1.2	0.2	1.0	1.6	0.4	2.8	1.1	1.0	1.0
Production	1.2	1.3	0.7	0.8	0.8	1.0	0.9	1.3	1.0
Construction	1.3	1.0	0.8	0.9	0.7	1.1	0.9	0.9	1.0
Motor trades	1.2	1.3	0.9	0.8	0.8	0.9	0.9	1.2	1.0
Wholesale	0.8	0.9	0.7	0.8	1.3	1.0	0.8	1.2	1.0
Retail	0.9	1.0	0.7	0.8	0.3	0.7	0.9	1.0	1.0
Transport & Storage (inc postal)	0.9	1.6	2.7	0.6	0.9	0.4	1.0	1.5	1.0
Accommodation & food services	1.0	0.9	0.7	0.9	1.7	0.9	0.9	1.0	1.0
Information & communication	0.8	1.0	1.3	1.0	1.1	0.7	1.2	0.7	1.0
Finance & insurance	0.9	1.0	0.9	1.1	4.1	1.1	1.0	0.7	1.0
Property	1.1	0.6	0.9	1.3	1.2	1.1	1.1	0.9	1.0
Professional, scientific & technical	0.9	0.9	1.2	1.5	1.8	1.1	1.4	0.8	1.0
Business administration & support services	0.9	1.0	0.7	0.8	0.9	0.7	0.8	1.3	1.0
Public administration & defence	1.7	0.4	1.2	2.1	1.0	1.9	1.4	1.1	1.0
Education	0.9	0.9	1.2	1.1	1.1	1.0	1.1	1.0	1.0
Health	0.6	0.8	0.6	0.7	0.9	0.7	0.7	1.1	1.0
Arts, entertainment, recreation & other services	0.9	1.0	0.9	1.1	1.0	1.1	1.0	0.9	1.0

Labour Market

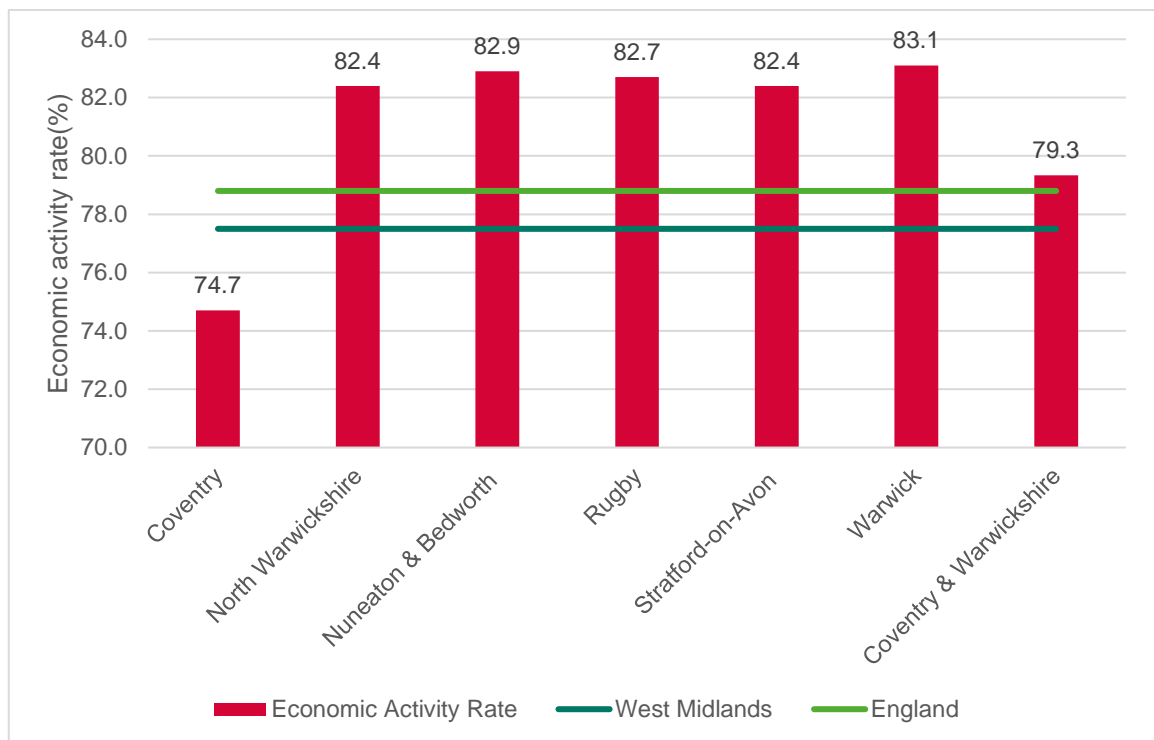
2.30 In this section we turn to assess labour market characteristics and performance, addressing issues associated with economic participation, skills and earnings.

Economic Participation

2.31 There are two key measures of economic participation: the economic activity rate which describes the percentage of the working-age population (aged 16-64) who are either working or looking for work; and the employment rate, which describes those within this age group who are in work.

2.32 The economic participation rate in the sub-region (79.3%) is marginally above the national rate (78.8%) but considerably stronger than the region (77.5%). Within the sub-region it is lower in Coventry by some margin (74.7%). In contrast stronger levels of economic participation are evident in all the Warwickshire local authorities.

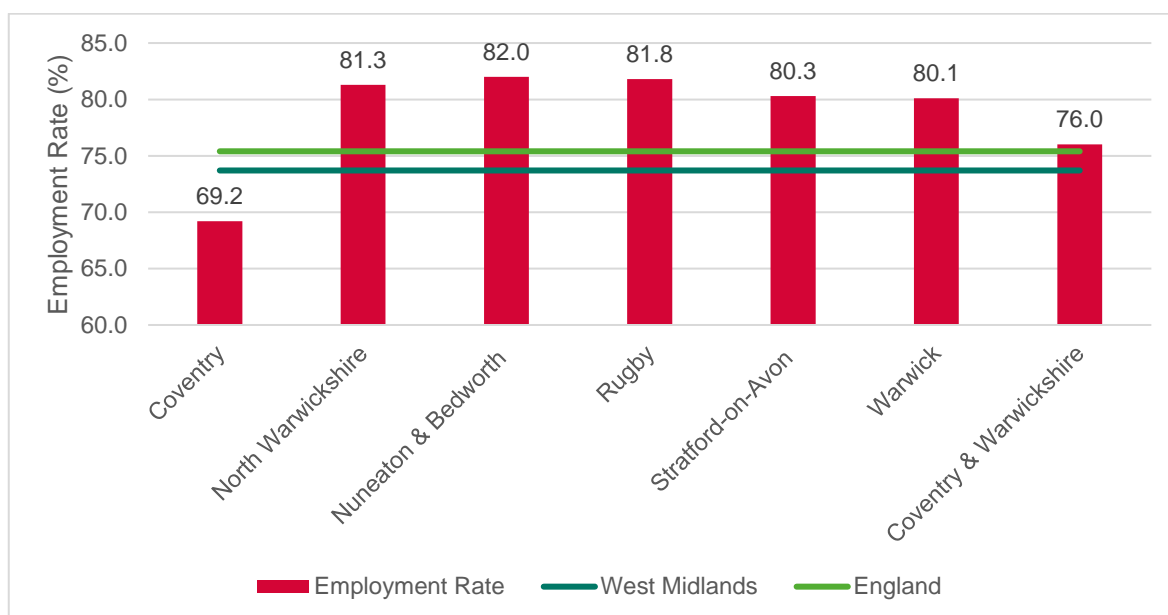
Figure 2.6: Economic Activity Rate (2021/22)



Source: Annual Population Survey (April 2021 – March 2022)

2.33 A similar picture is evident considering the employment rate, as shown in Figure 2.7. The employment rate across Coventry & Warwickshire (76.0%) is slightly higher than the national comparator (75.4%) and moderately higher than the region (73.7%). The employment rate is notably lower in Coventry than across Warwickshire.

Figure 2.7: Employment Rate (2021/22)



Source: Annual Population Survey (April 2021 – March 2022)

Unemployment

- 2.34 ONS model-based estimates of unemployment point to unemployment levels at 20,300 in 2020 (albeit that they will clearly have varied within the year), with a particular concentration of unemployment in Coventry which has 11,300 unemployed (50% of the C&W total). Coventry is the only authority where the unemployment rate is above the national average. The latest Annual Population Survey data (for the year to March 2022) has unemployment across the sub-region at 20,000. This appears to reflect in particular a concentration of unemployment in Coventry.

Table 2.10 ONS Modelled Unemployment, Jan-Dec 2020

	Unemployment, 2020	% 16-64	% C&W Distribution
North Warwickshire	1,300	4.0%	6%
Nuneaton and Bedworth	3,200	4.8%	14%
Rugby	2,200	4.0%	10%
Stratford-on-Avon	2,000	3.1%	9%
Warwick	2,500	3.1%	11%
Coventry	11,300	5.9%	50%
Coventry & Warwickshire	20,300	4.2%	100%
West Midlands		5.3%	
Great Britain		4.6%	

Source: NOMIS

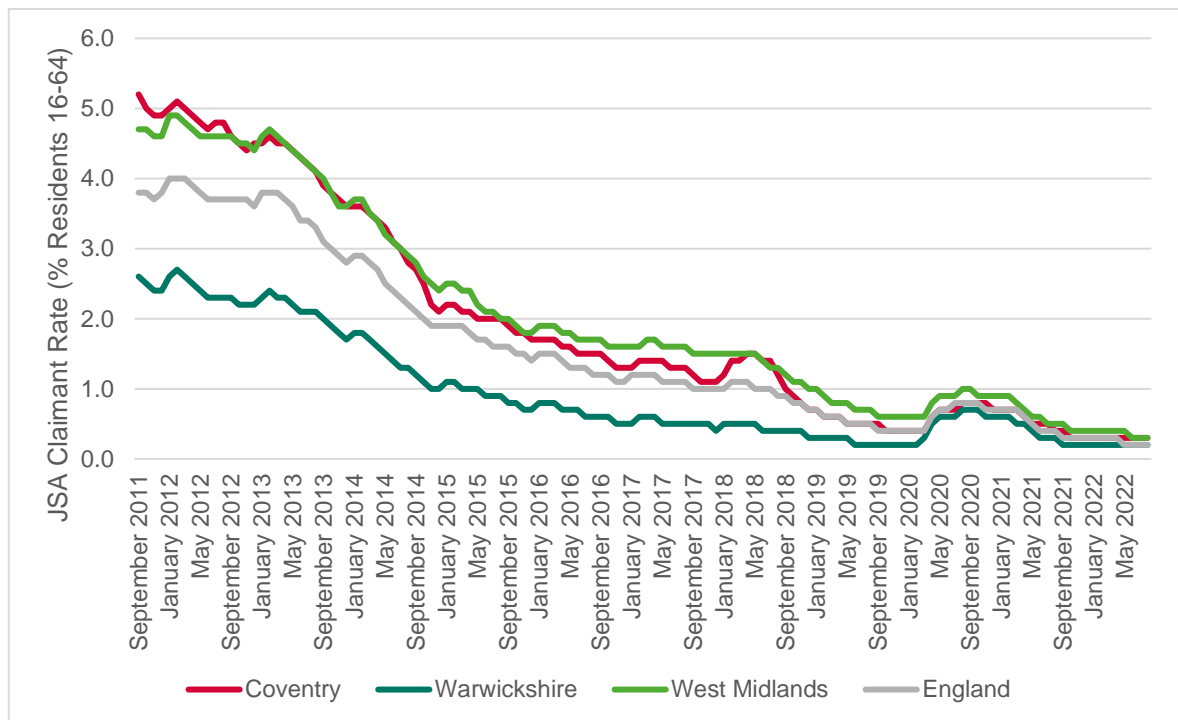
- 2.35 The ONS estimates above are modelled using Annual Population Survey data and based on a person's self-classification as being 'out of work' and 'currently and actively seeking to work'. The

claimant rate is an alternative indicator of unemployment which is measured as the number of people who are receiving benefits principally for the reason of being unemployed divided by the number of workforce jobs plus the claimant count. Whilst there is crossover between the claimant rate and the unemployment rate, they measure slightly different things, but both provide good indicators for actual levels of unemployment. Importantly the claimant count is published in a more timely manner and was available up to June 2021 at the time of writing.

2.36 Figure 2.8 below shows changes in claimant unemployment over time. Prior to the Covid-19 pandemic in 2019, the claimant rate in the Study Area was 0.4% in Coventry and 0.2% in Warwickshire (as a percentage of the resident population aged 16-64).

2.37 It can be seen that the claimant rate follows a similar pattern across all areas; with rising unemployment in 2020 influenced by the Covid-19 pandemic. It has however fallen in all areas: in Coventry it stands at 0.3% in August 2022 (consistent with the regional average), with a figure of 0.2% across Warwickshire (consistent with the national average). This represents conditions of near full employment.

Figure 2.8: Claimant Rate (June 2010 to June 2020)



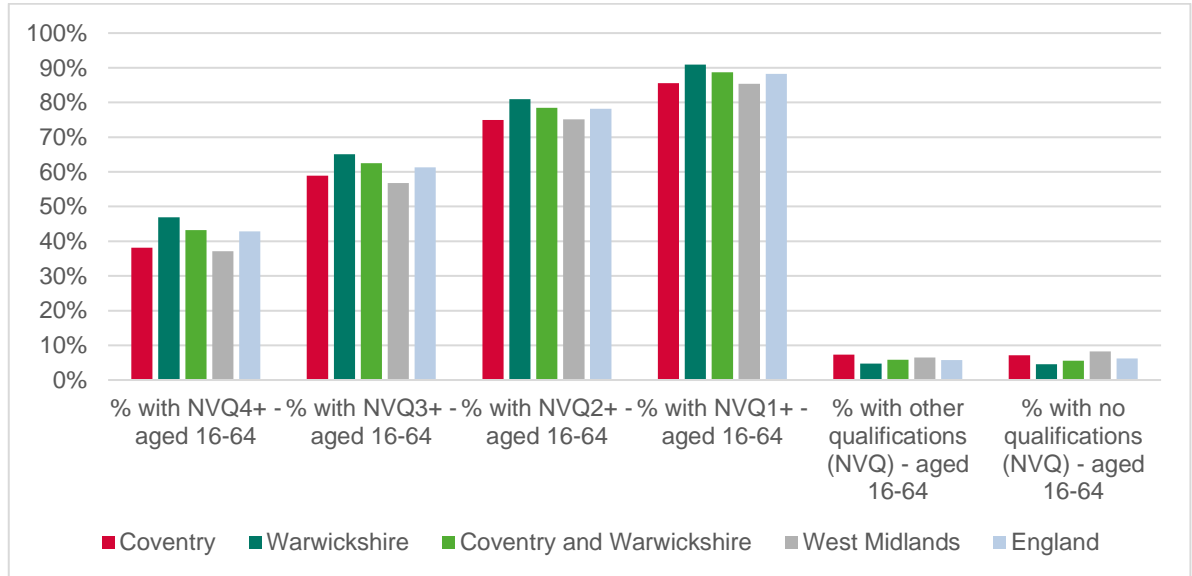
Source: ONS JSA Claimant Rate

Qualifications and Skills

2.38 The qualifications levels of the population indicate how employable the local workforce is. The percentage of the population with NVQ4+ (degree level) qualifications in the Study Area is slightly

above the West Midlands average but slightly below the English average. The percentage of Coventry and Warwickshire's population with no qualifications is below or the same as that of the comparator areas.

Figure 2.10: Qualifications (2020)



Source: Annual Population Survey

2.39 Drilling down to the position within individual local authorities, Warwick and Stratford-on-Avon have a greater concentration of higher level skills (NVQ4+), which equates to degree-level skills or equivalent. At the other end of the spectrum, Nuneaton and Bedworth has just 30% qualified to this level. Our analysis is based on data over the 2018-20 period to address small sample sizes in some areas.

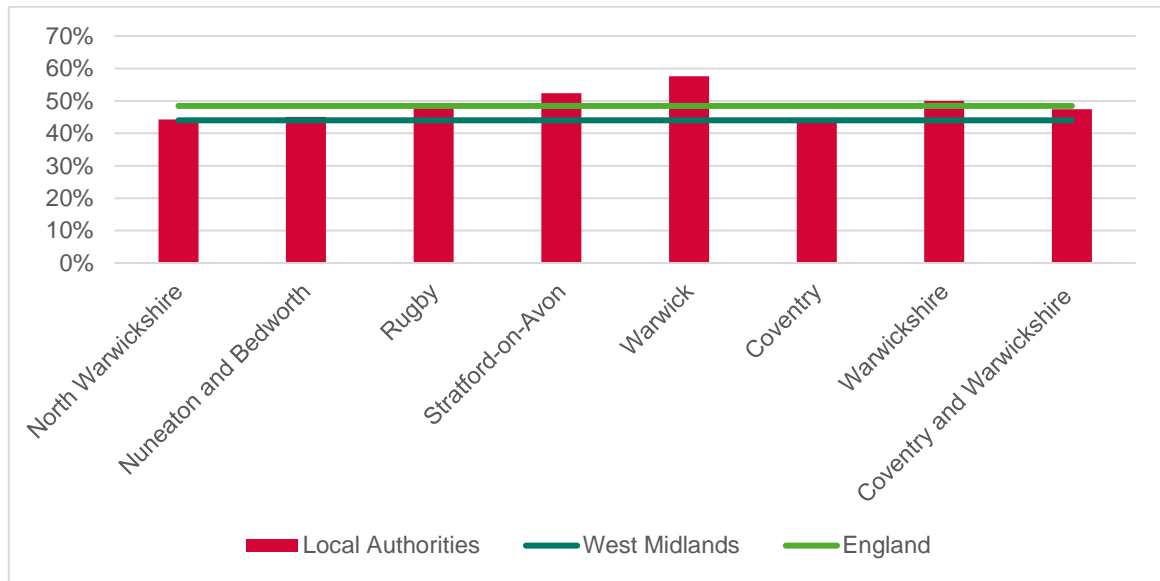
Figure 2.11: % 16-64 qualified to NVQ4+ (2020)



Source: Annual Population Survey

- 2.40 The occupational split of the population provides an indication of where those working in higher paid/skilled jobs are living. The figure below shows the percentage of each area's population in the top 3 occupational groups (Managers, directors and senior officials, Professional occupations, Associate prof & tech occupations). The highest proportions of these workers are seen in Warwick and Stratford-on-Avon (over 52%) contrasting with prevalence of just 43% in Coventry.
- 2.41 Warwickshire has slightly greater levels of employment in the top 3 occupational groups than England whereas Coventry is slightly below the regional average.

Figure 2.12: Employment in Top 3 Occupational Groups (2018-2020)

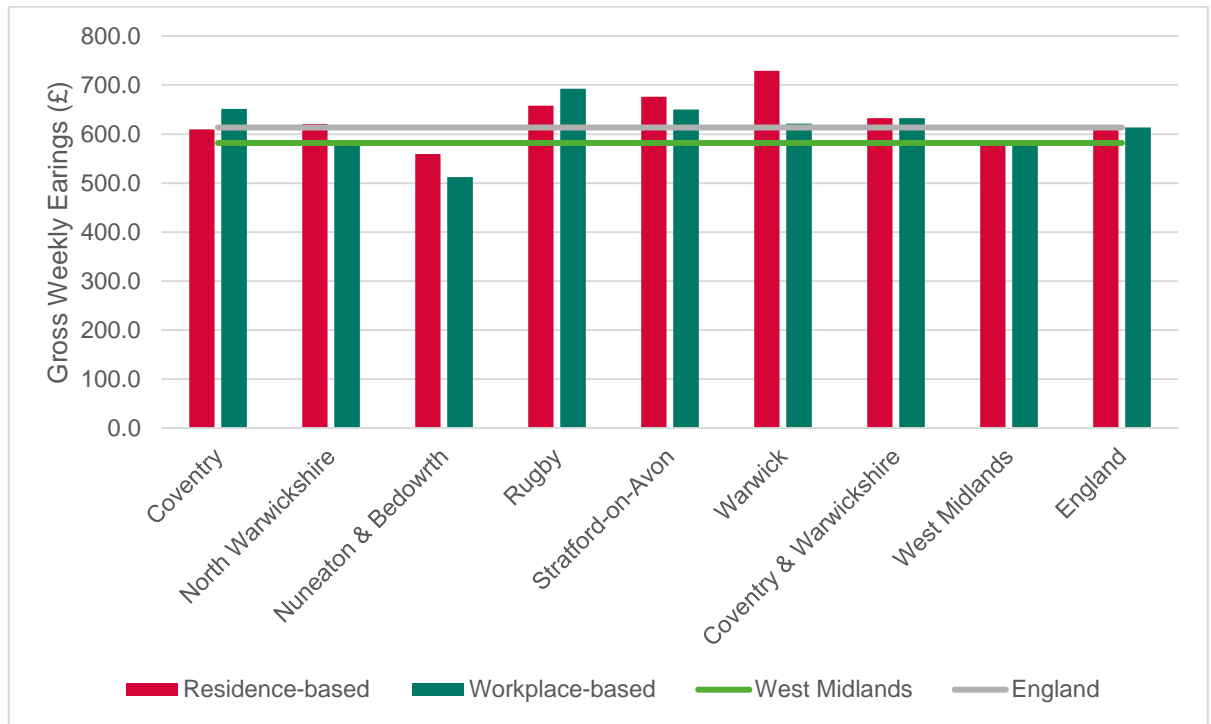


Source: Annual Population Survey

Earnings

- 2.42 Median workplace earnings provide an indication of the quality of the jobs available in an area. Median earnings for full-time jobs in Coventry and Warwickshire (£632 per week) are higher than the West Midlands (£582) and across England as a whole (£613). Median workplace earnings in Coventry (£652) are 12% above the regional and 6% above the national average. Stronger workplace earnings in Warwick and Coventry reflect a greater density of higher paid jobs in these areas.
- 2.43 Coventry and Rugby see higher earnings for those working in the authority than living in it, pointing to in-commuting of higher earners. The converse is true of most Warwickshire authorities, with particular significant differentials in Warwick followed by Nuneaton and Bedworth and North Warwickshire. Earnings of those working in Nuneaton and Bedworth are notably below wider benchmarks with gross weekly earnings of £513. Higher earnings are principally evident in those areas which see a greater concentration of higher paid jobs.

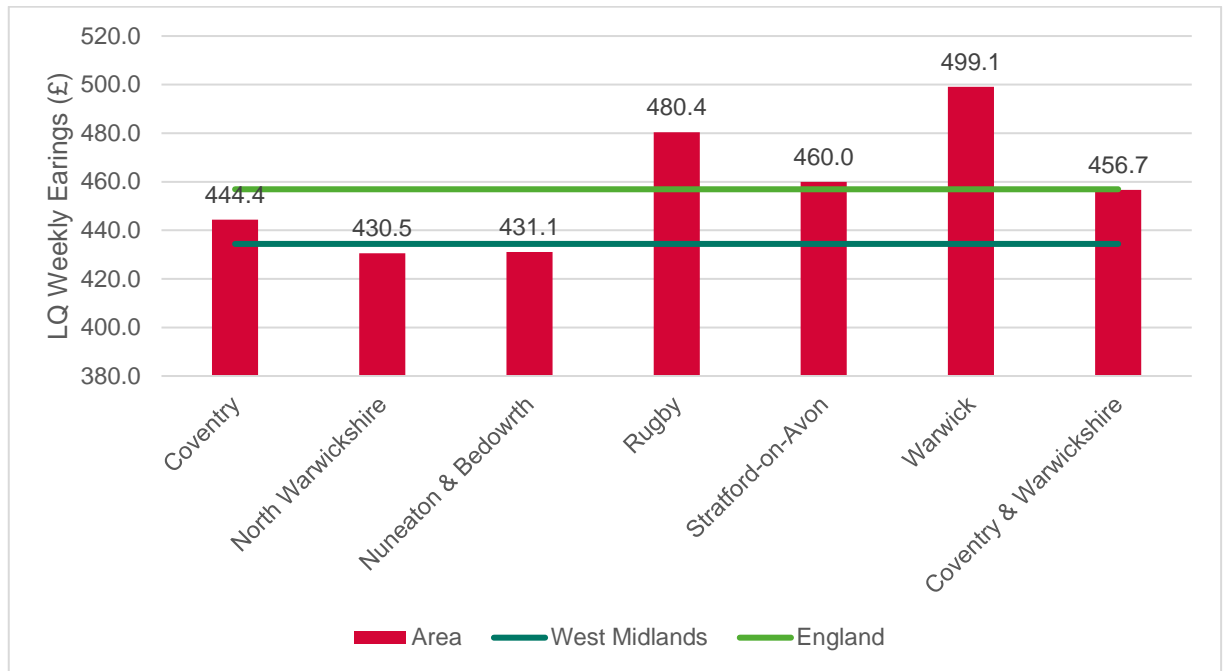
Figure 2.13: Comparison of Residence- and Workplace-based Earnings (2021)



Source: Annual Survey of Hours and Earnings

2.44 Lower quartile workplace earnings provide an indication of the quality of lower paid jobs and prevalence of lower paid jobs available in an area. Lower quartile workplace earnings in Warwickshire (£425) are higher than those across the West Midlands (£410) but lower than across England (£432). In Coventry lower quartile workplace earnings are £430 – higher than the West Midlands.

Figure 2.14: Lower Quartile Gross Weekly Workplace-based Earnings (2020)



Source: Annual Survey of Hours and Earnings

Summary and Key Points

- Coventry and Warwickshire is a £26bn economy and accommodated 526,900 jobs in 2019. It has grown relatively strongly since 2013 and whilst employment has been impacted by Covid-19 we have now seen the economy recover.
- Key sector strengths include manufacturing, which accommodates 58,000 jobs where Brexit is creating uncertainties; as well as warehousing/logistics, where demand is currently strong influenced by growth in e-retailing; and education. The manufacturing and higher education strengths, together with employment in ICT and professional and scientific sectors supports productivity which is above the regional average. There is however a particular concentration of lower paid jobs in Nuneaton and Bedworth which policy should seek to address.
- While 80% of businesses employ less than 10 people, business densities are significantly below the national average influenced in part by larger employers, but also potentially by entrepreneurial activity. There are strong concentrations of small businesses in professional,

scientific and technical activities, ICT and professional services – especially in Warwick District – and in construction.

- Economic participation levels are generally reasonable, at 80%, but lower in Coventry. As with many areas, the pandemic had resulted in growth in unemployment, which appears to remain persistently high in Coventry in particular. Overall labour market conditions are now tight. There are economic uncertainties in the short-term related to impacts of rising costs (inflationary pressures) in particular linked to rising energy costs, initiated by the war in the Ukraine.

3. COMMERCIAL PROPERTY MARKET DYNAMICS

- 3.1 This section provides an assessment of the commercial property market in Coventry and Warwickshire focused on offices (including office and R&D space) and industrial (including industrial and warehouse/ distribution space). The analysis uses the latest data at the time of its original preparation in mid 2021. We have included selected additional comments on more recent trends.
- 3.2 Valuation Office Agency (VOA) and Co-star data have been used to undertake the analysis below. It should be noted that both datasets have caveats and limitations. The VOA database has its own criteria for what is counted as office and industrial space which is different from that used by Co-star. Furthermore, Co-star does not capture all properties in a given area.

UK Office Market Overview

- 3.3 We first consider national office market dynamics over the last few years. Office markets across the UK demonstrated a level of resilience in 2019 set against a context of wider economic uncertainty linked to Brexit. Knight Frank's UK Cities Overview 2019 reports that leasing volumes finished the year 8% above the long-term trend as business change strategies continued to motivate space moves. Notably, despite concern derived from Britain's impending exit from the EU, foreign investment increased by 10% year-on-year to £1 billion representing 37% of total investment turnover.
- 3.4 Cushman and Wakefield reported that office take-up for the whole of 2020 was 7.7 million sqft – comparable to the year after the global financial crisis. During the second quarter, the UK-wide lockdown which saw most offices across the UK become temporarily closed, had a significant impact on take-up. Q2 2020 take-up therefore saw a 73% decrease from the five-year quarterly average. Whilst take-up remained below the long-term average in the second half of 2020, it did grow, particularly in Q4. Furthermore, in the final quarter of 2020, despite being 33% lower than Q4 2019, office investment turnover rose from the previous quarter signalling some growth in confidence in the sector with businesses sentiment indicating that the office remains important.
- 3.5 CBRE report that in the first quarter of 2021 office take-up was 75% down on the same period in 2020. Furthermore, in the 12 month office take up to Q1 2021 was the lowest on record since 2004 – reflecting the impact of the pandemic over a full year. Office availability increased by 7% over the quarter, reaching 23% above Q1 2020. Savills reported that despite decreased take-up on previous years in Q1 2021, there has been a significant increase since the lowest point in the pandemic (Q2 2020) – over 200% in regional office markets (i.e. beyond London). This demonstrates that regional

office markets are in the process of recovery. Furthermore, despite economic uncertainty, rental growth of prime office space continued to grow in almost all regional markets.

- 3.6 The evidence is that the pandemic is resulting in a continuing shift towards more flexible working patterns with increasing numbers of people working at least part of the time from home; but offices remain important in companies' culture, the work community, interaction between colleagues and training. The longer-term more structural trend may be of reduced space requirements as more office workers spend at least part of the week at home; and the market has been seeing occupiers reducing their office footprint on lease events. Alongside this we are seeing a 'flight to quality' with demand remaining for better quality 'Grade A' stock..

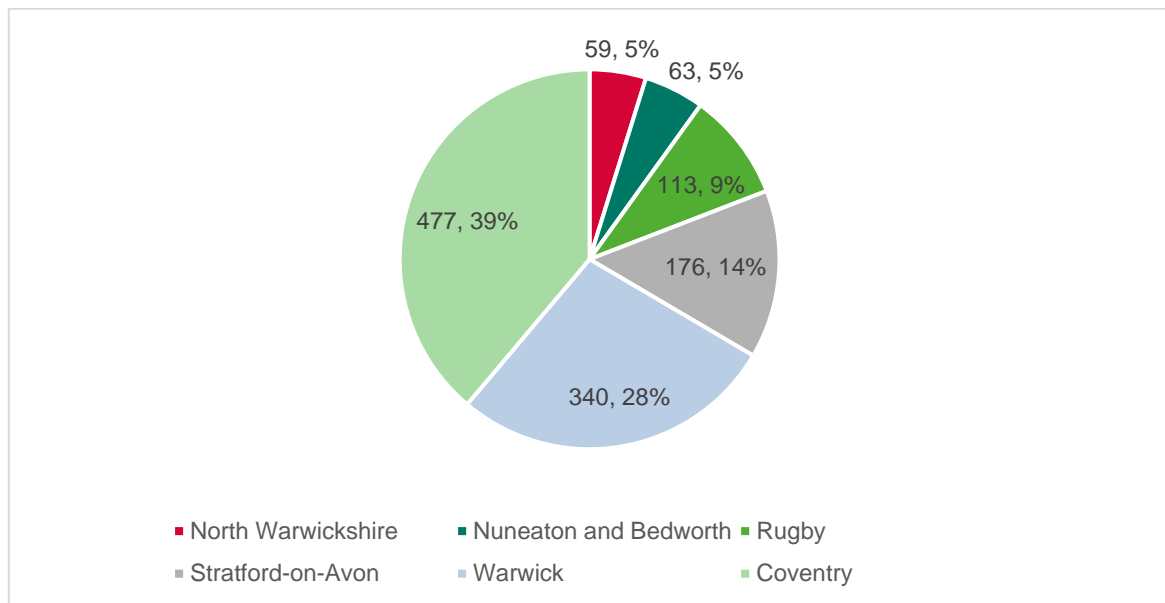
Coventry and Warwickshire Office Market

Office Stock

- 3.7 The VOA⁷ provides information on the number of rateable office properties by administrative area for the period between 2001 and 2020. There were 5,440 office properties in 2020 providing 1,228,000 sqm of office floorspace in total across Coventry and Warwickshire. This represents 18.7% of the office floorspace across the West Midlands. This suggests that the Study Area has a relatively large office sector given its working age population makes up 16.2% of that of the West Midlands.
- 3.8 Coventry supports a large proportion of the Study Area's office stock (39%) at 477,000 sq.m followed by Warwick (28%) with 340,000 sqm. On the other hand, floorspace in North Warwickshire and Nuneaton and Bedworth makes up just 10% of the Study Area's office floorspace.

⁷ VOA: Non-domestic rating: stock of properties including business floorspace, 2019/20

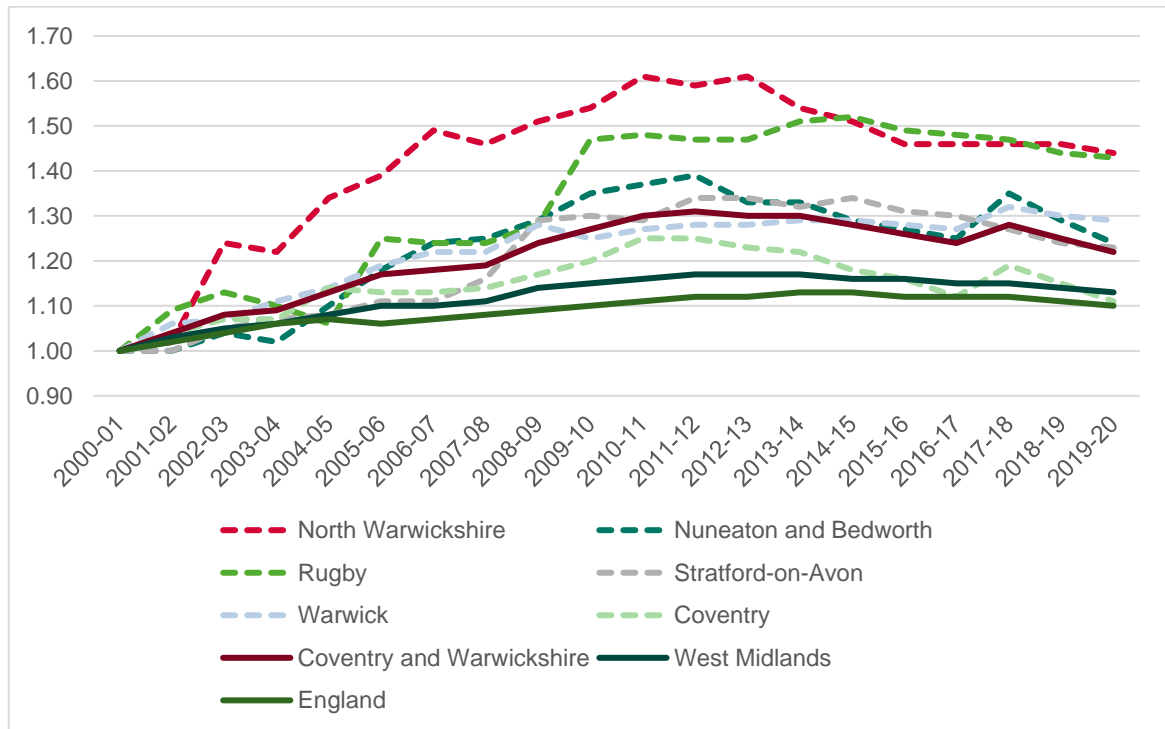
Figure 3.1: Office Floorspace by Authority Area 2019/20 (Thousands of sqm; %)



Source: VOA: Non-domestic rating: stock of properties including business floorspace, 2020

- 3.9 The main office markets are Coventry and Leamington/Warwick, accounting for over half the office space in the sub-region, followed by Stratford-upon-Avon.
- 3.10 The figure below shows the change in total office floorspace by location between 2000 and 2020. It shows that over the last 20 years the total office floorspace across Coventry and Warwickshire has increased at a greater rate than the West Midlands and England as a whole (21.9% compared to 12.8% and 10% respectively). Office floorspace growth across North Warwickshire and Rugby has been even greater (43.9% and 43% respectively). On the other hand, growth across Coventry was lower than the average for the study area – roughly in line with the regional and national values at 11.2%.
- 3.11 Whilst 20 year growth has exceeded that which has occurred regionally and nationally, the quantum of office floorspace peaked in 2012. The decline in office floorspace over the last 10 years has been greater in Coventry and Warwickshire than across the West Midlands and England as a whole (-6.5% compared to -2.4% and -1% respectively).

Figure 3.2: Indexed Office Floorspace by Local Authority 2010/11 - 2019/20



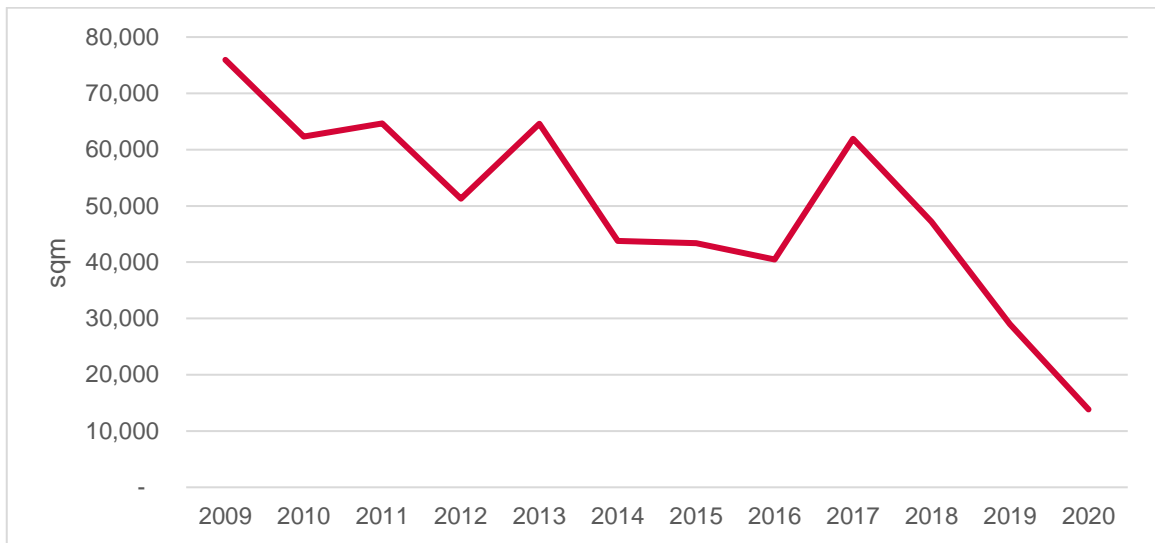
Source: VOA: Non-domestic rating: stock of properties including business floorspace, 2020

Absorption, Delivery and Vacancy Trends

- 3.12 Gross absorption is the amount of space which has become physically occupied (moved in to). It provides an indication of the strength of the market but does not take into account the amount of space vacated and hence is not a measure of new demand.

- 3.13 The figure below shows that gross absorption decreased across Coventry and Warwickshire between 2009 and 2020. This occurred at a greater rate since 2017. The evidence thus points to a relatively sustained decline in the scale of office take-up.

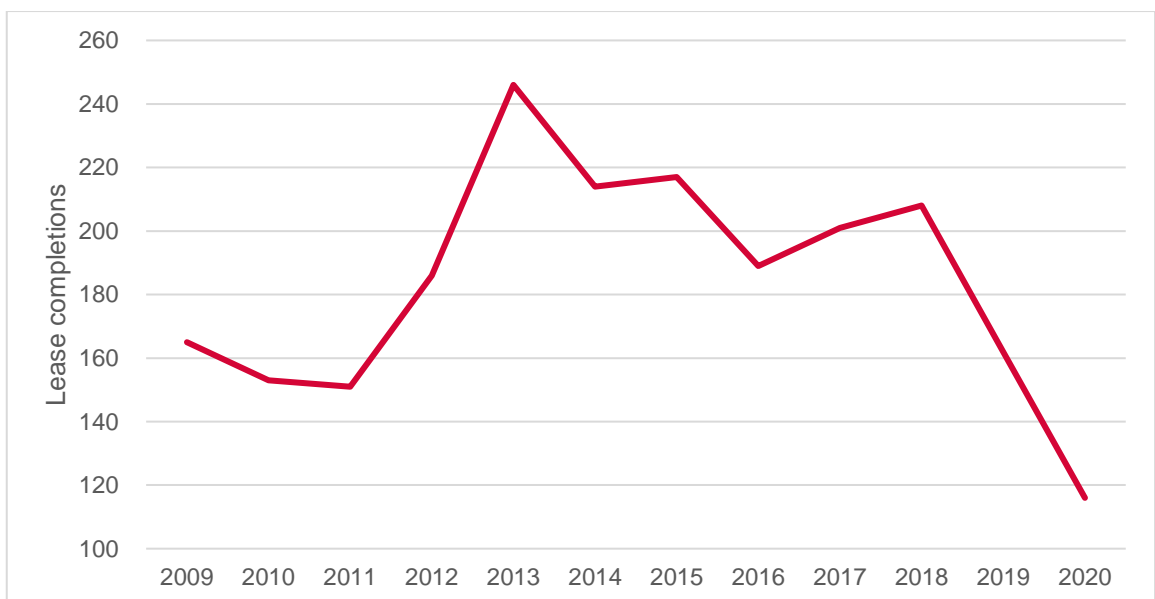
Figure 3.3: Gross Absorption of Office Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

3.14 To supplement gross absorption data (amount of space moved in to), lease completions (number of properties leased) data has also been analysed to help paint a picture of demand for office space without taking into account the size of leases/move ins. The figure below shows that unlike for gross absorption, lease completions actually went up between 2009 and 2013 indicating an increased demand for space. However, since then lease completions have fallen in a similar manner to gross absorption.

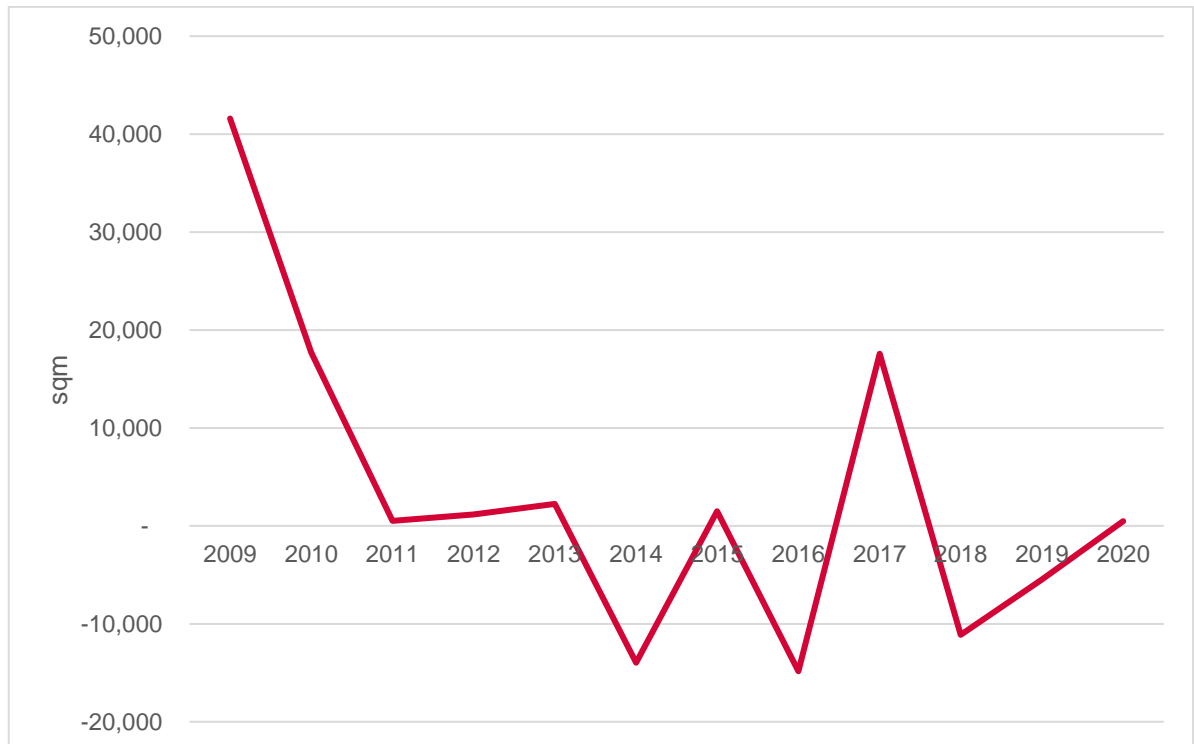
Figure 3.4: Lease Completions for Office Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

3.15 There was around 37,000 sqm of net new office floorspace delivered between 2009 and 2020. However, as can be seen in the figure below, *net* deliveries (the balance between new-build construction and losses) have been varied greatly over this period with a peak of 42,000 sqm in 2009 to a trough of -15,000 sqm in 2016. Over the 2010-20 period as a whole, there was a greater proportion of office space lost than built, resulting (based on CoStar data) in a modest reduction of just over 4,000 sq.m in the sub-region's office stock.

Figure 3.5: Net Deliveries of Office Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

3.16 CoStar provides data on net absorption which describes the net change in physically available space which is calculated by deducting the space vacated by tenants and made physically available within the local market from the total space which becomes physically occupied and is lost (e.g. through demolition). Therefore, net absorption indicates that net change in demand relative to supply of space. A positive net absorption figure means that the proportion of vacant space is falling, whilst a negative level indicates that more space was coming onto the market than being taken-up/lost.

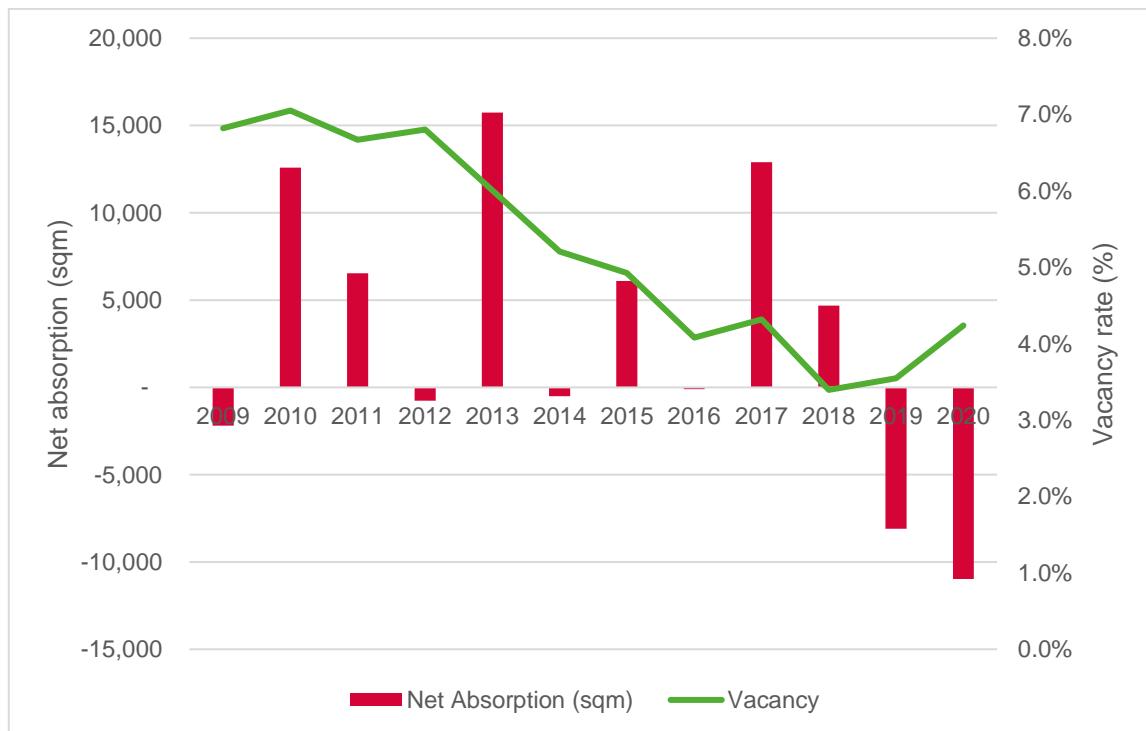
3.17 The figure below shows absolute net absorption and vacancy rates across Coventry and Warwickshire between 2009 and 2020. It can be seen that between 2009 and 2018, net absorption was generally positive resulting in a sustained drop in the level of vacant office floorspace to levels

well below that which might be expected in a functioning market.⁸ However, in 2019 and 2020 net absorption was negative at -87,000 sqm and -118,000 sqm.

3.18 Over the period between 2009 and 2020 there was an overall net absorption of around 36,000 sqm of floorspace. This suggests strong demand relative to the supply of office floorspace. This has arisen through a combination of take-up of space by businesses and declining stock (such as through losses/conversion of office space).

3.19 Since 2009, this positive net absorption rate has led to a declining vacancy rate – from 6.8% in 2009 to 3.4% in 2018. However, since 2018 the vacancy rate has risen slightly as more stock comes onto the market than is taken-up.

Figure 3.6: Net Absorption and Vacancy of Office Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

Vacancy and Rents by Authority Area

3.20 To understand the relative strength of the office market between the authority areas within Coventry and Warwickshire, 2019 and 2021 vacancy rates and rental prices have been gathered and are presented in the table below. Comparing between the 2019 and 2020 vacancy rates provides an

⁸ Some vacant space is required to facilitate moves within a functioning market – typically 7.5%

indication of the impact of Covid-19. Coventry has been broken into Coventry Central (the City Centre) and Coventry Fringe given the significant differences in the office markets of these two areas.

Table 3.1 Vacancy Rates and Rents by Authority Area, 2019 and 2021

	Vacancy Rate (2019)	Vacancy Rate (2021)	Rental price per sqft (2019)	Rental price per sqft (2021)
Coventry Central	5.40%	6.10%	£11.75	£15.72
Coventry Fringe	1.70%	6.10%	£15.84	£16.26
North Warwickshire	5.70%	5.20%	£15.25	£14.56
Nuneaton and Bedworth	1.20%	5.00%	£10.09	£15.98
Rugby	2.30%	1.70%	£11.36	£11.04
Stratford Upon Avon	3.70%	2.80%	£12.24	£12.92
Warwick	4.40%	6.30%	£16.60	£17.73
Coventry and Warwickshire	3.50%	5.30%	£14.92	£16.05
UK	4.80%	7%	£27.17	£26.91

Source: CoStar Commercial Property Data.

- 3.21 In 2019 the vacancy rate across Coventry and Warwickshire was just 3.5%. This is lower than what it generally deemed appropriate for effective functioning of the market (to allow for churn and new demand). It can be seen that in 2019, Coventry Central, North Warwickshire and Warwick had a higher rate of vacancy than Coventry and Warwickshire as a whole, whereas the vacancy rate in Coventry Fringe and Stratford upon Avon was lower.
- 3.22 Between 2019 and 2021, the vacancy rate increased across the study area as a whole to 5.3% (albeit to a level still likely to be lower than optimal⁹). It increased in the main office markets of Coventry and Warwick/Leamington to around 6%. The evidence does not however point to an excess vacancy at the current point; albeit that there is some prospect that this could rise further in the short-term.
- 3.23 CoStar's latest data (as at September 2022) points to some further growth in the vacancy rate which has risen to 6.2% at the sub-regional level, in particular as companies have downsized their floorspace volumes. This is the highest vacancy rate since 2013. Better quality space is more strongly in demand – with evidence of a 'flight to quality.' CoStar nonetheless report that technology is a key growth area, in particular with the 'Silicon Spa' games development cluster in Leamington Spa. Major lettings in this area include the pre-let to Sumo Group of 44,000 sq.ft at Bedford Street Studios in May 2022.

⁹ Around 7.5%

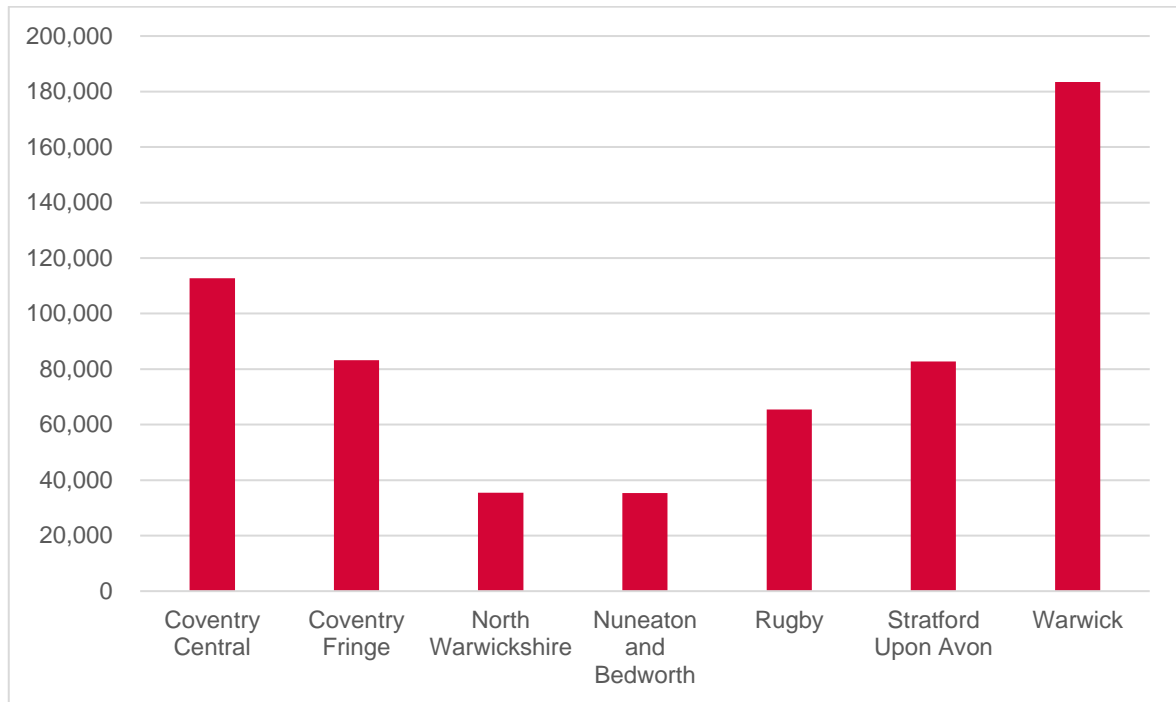
-
- 3.24 Recent leases from tech companies include Tata Consultancy Services signing for 21,800 sq.ft at Aura in May 2021, while Zipabout agreed for 3,300 sq.ft at Chapel Court in April 2021, both in Leamington Spa. Elsewhere, Widgeit Software leased 4,650 sq.ft at Bishops House in August 2021. Serco leased 34,000 sq.ft at The Quadrant in Coventry on a nine-year lease term in April 2022.
- 3.25 Rental prices in Coventry and Warwickshire are much lower than the UK average¹⁰. The strongest markets are Warwick/Leamington and Coventry, with headline rents of around £25 psf currently at Friargate in Coventry City Centre, and £21 psf at Tachbrook Park in Leamington Spa (in 2021). A combination of values and the market sentiment means that no speculative development is currently taking place. Beyond these core markets, values are insufficient to support speculative office development. CoStar report that rental growth has turned negative during the 2021/22 period but growth is expected again in the coming months but not at the face seen in previous years.

Gross Absorption by Authority Area

- 3.26 The figure below shows the gross absorption of office space by authority area between 2009 and 2020. It can be seen the gross absorption is by far highest in Coventry and Warwick/Leamington which are the main office markets. On the other hand the lowest gross absorption of office space took place across North Warwickshire and Nuneaton and Bedworth.

¹⁰ Although this contains London, rents in Coventry and Warwickshire are still relatively low

Figure 3.7: Gross Absorption of Office Space by Authority Area, 2009-20



Source: Icen Analysis of CoStar Commercial Property Data

- 3.27 The table below shows changes in gross absorption over time. It can be seen that gross absorption decreased markedly across the study area between 2009 and 2019; aside from in Coventry Fringe in which gross absorption actually went up as new space was brought forward at locations such as Whitley Business Park and Ansty Park. Between 2014 and 2019, gross absorption declined across each authority area but did so to a much less extent in Coventry influenced by the initial phases of the Friargate scheme in the City Centre.
- 3.28 The change between 2019 and 2020 indicates the impact of Covid-19 on demand in each authority area. It can be seen that gross absorption fell significantly across Coventry and Warwickshire as a whole (the exception being in Stratford-upon-Avon).

Table 3.2 Change in Gross Absorption

	2009 to 2019 change	2014 to 2019 change	2019 to 2020 change
Coventry Central	-60.9%	-14.2%	-89.8%
Coventry Fringe	9.9%	-17.0%	-93.7%
North Warwickshire	-56.5%	-49.0%	-51.4%
Nuneaton and Bedworth	-84.5%	-59.5%	-26.5%
Rugby	-89.4%	-50.9%	-15.4%
Stratford Upon Avon	-74.4%	-52.2%	48.9%
Warwick	-49.7%	-33.6%	-32.5%

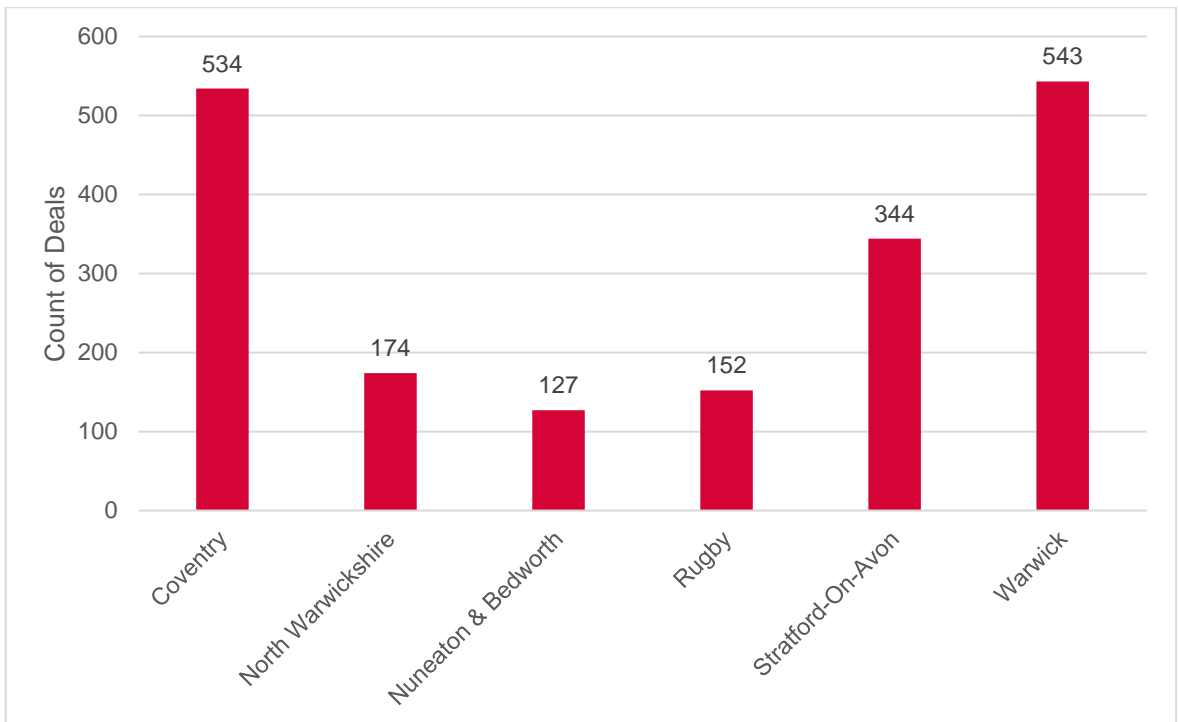
Coventry and Warwickshire	-61.8%	-33.7%	-52.3%
----------------------------------	---------------	---------------	---------------

Source: CoStar Commercial Property Data.

Lease Comps by Authority Area

3.29 The figure below shows the volume of office lease activity by authority area over the last 10 years. It can be seen that out of the 1,874 lease completions in Coventry and Warwickshire, 534 were in Coventry (at least 227 of which were in Coventry Central, likely to be around half) and 542 were in Warwick again highlighting the role of these areas as the main office markets.

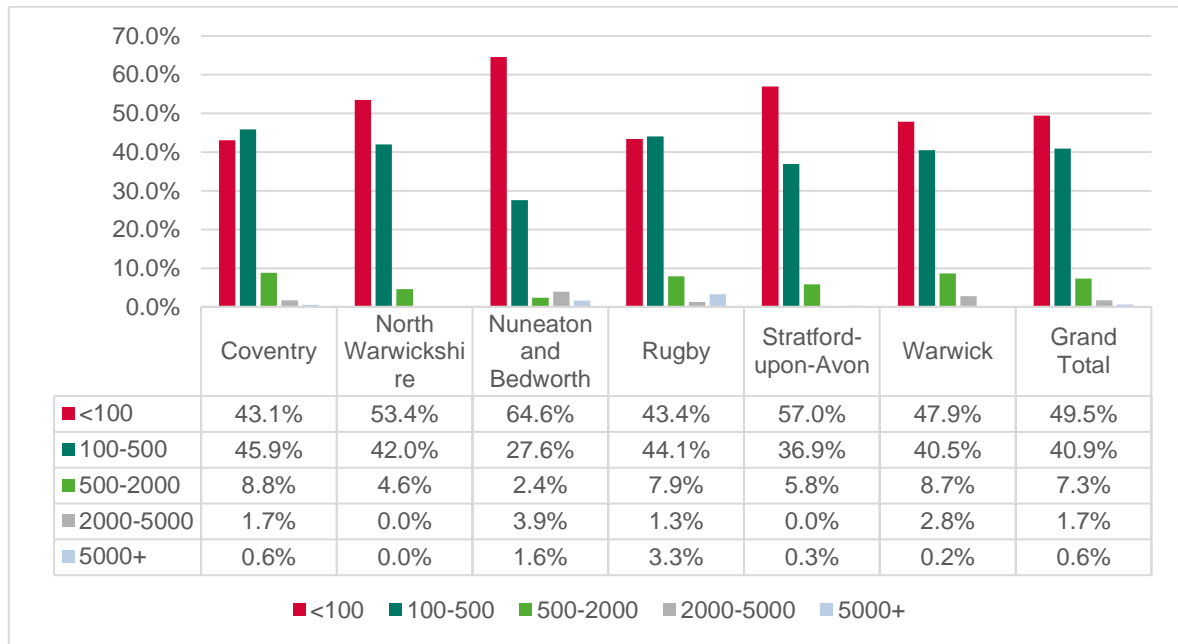
Figure 3.8: Office Lease Completions by Authority Area



Source: CoStar Commercial Property Data (Aug 2011-Aug 2021).

3.30 The figure below shows the proportion of offices leased by size band in each authority area over the last ten years. It can be seen that the vast majority of office leases were of space below 500 sqm (~90%). Coventry, Rugby and Warwick have a larger proportion office space leases (greater than 500 sqm). Looking at incomplete data on the split between Coventry Central and Coventry Fringe, there is a slightly higher percentage of office spaces under 100 sqm in Coventry Central and a slightly higher percentage of larger office spaces in Coventry Fringe.

Figure 3.9: Offices Leased by Size Band (sqm) and Local Authority 2012-2021



Source: IcenI Analysis of CoStar Commercial Property Data

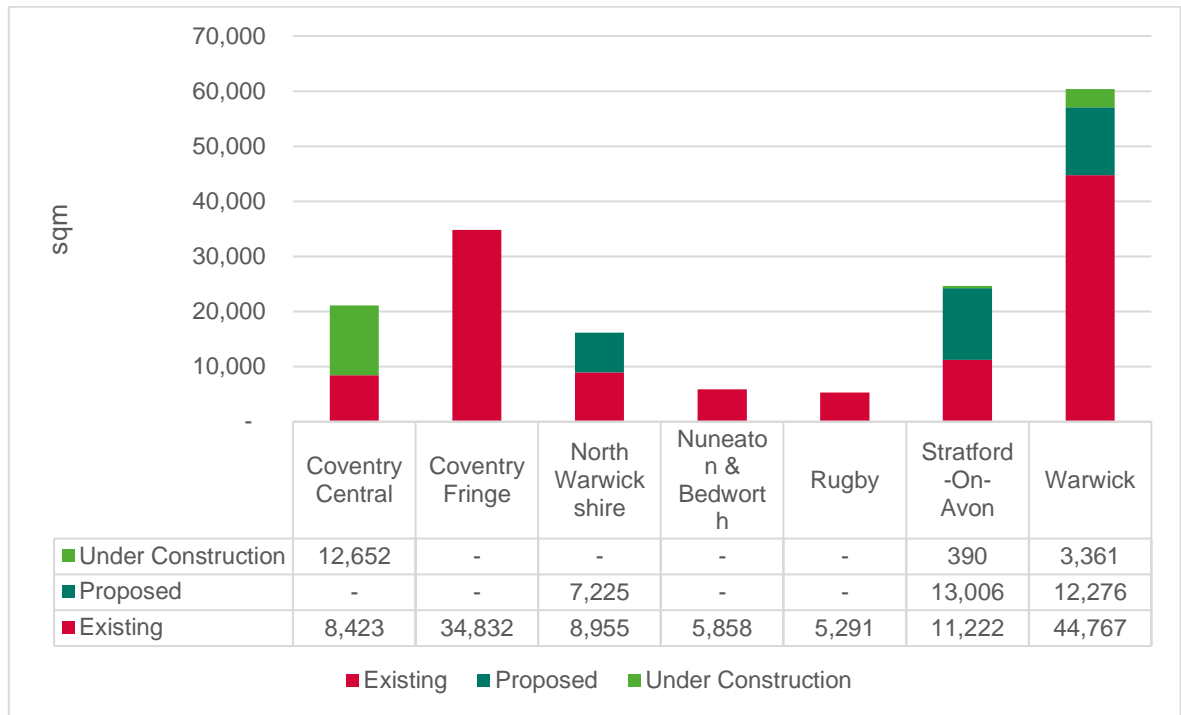
Office Availability

- 3.31 The figure below shows the current available and pipeline office space¹¹ in each authority area as at mid 2021, broken down by status (existing, proposed¹² and under construction).
- 3.32 It can be seen that Warwick has the most available office floorspace, the majority of which is existing, with some proposed and a small fraction under construction. There are very low levels of available floorspace in Nuneaton and Bedworth, Rugby and North Warwickshire and Stratford-on-Avon – i.e. beyond the main office markets in the sub-region.

¹¹ Co-star data on the 29/07/21

¹² Land considered for a particular future use or a building that has been announced for future development. The project is not expected to start construction in the next 12 months.

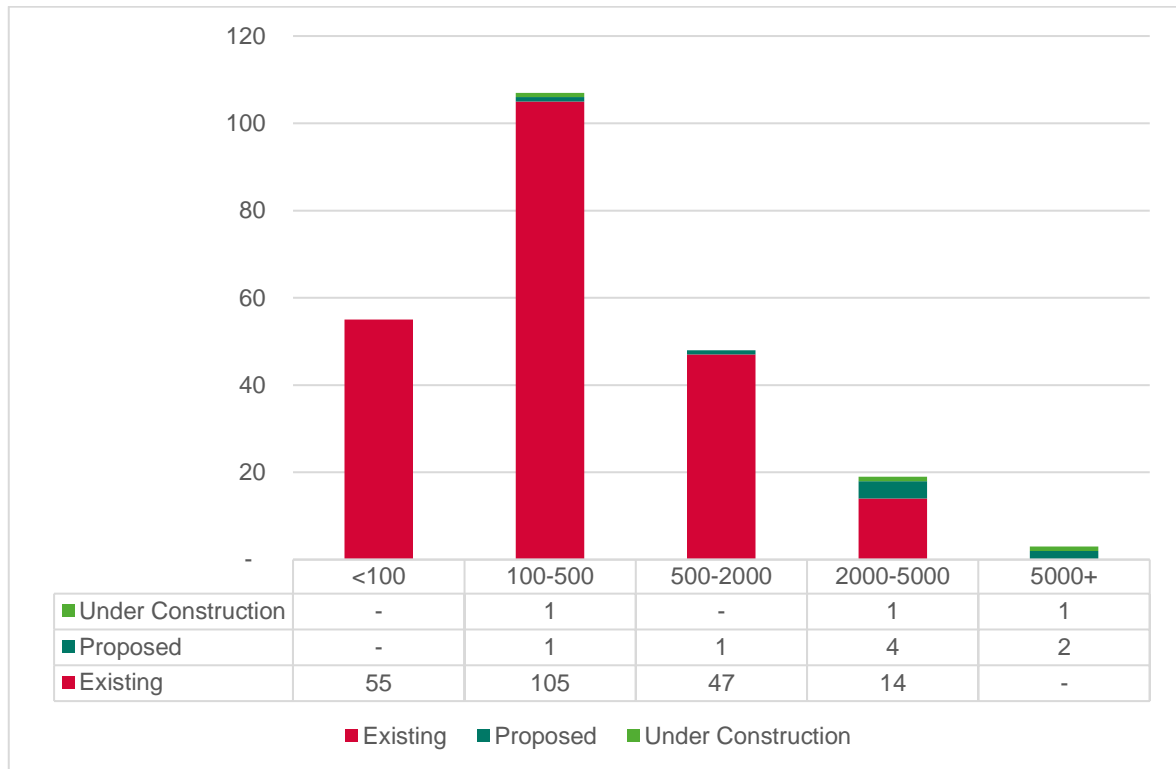
Figure 3.10: Office Floorspace Availability (sqm) by Local Authority and Status, mid 2021



Source: Icen Analysis of CoStar Commercial Property Data

- 3.33 The figure below shows the number of offices available by size band and broken down by status. It can be seen that office space between 100 and 500 sqm has the largest availability. Availability then decreases with size.
- 3.34 It can be seen that a significant proportion of available larger office buildings (2000+ sqm) are proposed – 25% of that between 2,000 and 5,000 sqm and 2 out of 3 above 5000 sqm (the other being under construction).

Figure 3.11: Office Availability by Size and Status



Source: IcenI Analysis of CoStar Commercial Property Data

3.35 The table below shows the split of office space in each authority area by Building Class¹³. It can be seen that only 11.2% of available advertised space is Class A all of which is in Stratford-On-Avon (over half this authorities space is Class A) and Warwick. Most space is Class B – 87.3% across Coventry and Warwickshire as a whole but nearly all in Coventry, North Warwickshire and Nuneaton and Bedworth. Only 1.5% of space across the study area is Class C. However, in Rugby 14.4% of space in Class C pointing to a potential surplus of older/dated space. This reflects build space on the market as at Dec 2020. We would note that Class A space is also being delivered at Friargate in Coventry.

¹³ The office building class designation is a way of differentiating buildings of the same building type into different categories of quality. These classes represent a combination of a subjective and objective quality rating of buildings that indicates the competitive ability of each building to attract similar types of tenants. Assigning class codes allows us to compare individual buildings within a market as well as across markets, and also to compare office market conditions between areas in peer groups. For the purposes of comparison, CoStar groups office buildings into four classes. The options are Class A, B, C, or F, with assignment depending on a variety of building characteristics, such as total rentable area, age, building finishes and materials, mechanical systems standards and efficiencies, developer, architect, building features, location/accessibility,

Table 3.3 Availability in City Centre and Out-of-Town Markets, Dec 2020

	Class A	Class B	Class C
Coventry Central	0.0%	100.0%	0.0%
Coventry Fringe	0.0%	99.8%	0.2%
North Warwickshire	0.0%	98.8%	1.2%
Nuneaton & Bedworth	0.0%	97.3%	2.7%
Rugby	0.0%	85.6%	14.4%
Stratford-On-Avon	52.8%	45.3%	1.9%
Warwick	9.6%	88.9%	1.6%
Overall	11.2%	87.3%	1.5%

Source: IcenI analysis of CoStar Commercial Property Data

Agent Feedback

- 3.36 IcenI has engaged with Coventry-based commercial property surveys, Holt Commercial, to further understand current market dynamics. At the time of writing in August 2021 the market is characterised by significant uncertainty and as a result very limited levels of market activity. Occupiers are unsure of future working patterns and the impact on demand for space from growth in home working (2-3 days per week at home); whether staff will hot desk or require dedicated/more space; and meeting room requirements as how these factors interact will influence future space requirements. As a result activity is low, albeit the volume of inquiries is showing some signs of growing.
- 3.37 Holt Commercial report good demand for serviced office space in the core markets, with schemes such as Friars House in Coventry City Centre performing well. No new-build development of serviced offices is however coming forwards.
- 3.38 Holt Commercial report limited change in rental levels and little current speculative development activity, which is consistent with the above analysis of growing availability. With One Friargate completed in Coventry City Centre, development of Two Friargate has started which provides 136,000 sq.ft of Grade A Space with floorplates from 11,000 sq.ft. We understand that two of the 12 floors are pre-let at the current time. No new development activity is evident in the Coventry Fringe office market, with the exception of the replacement of a 2 storey office block at Westwood Business Park with student accommodation. Within the City Centre, Coventry Point (c. 1m sq.ft) has been demolished to be replaced by student development.
- 3.39 At Tachbrook Park in Leamington Spa, a new 60,000 sq.ft European HQ has been delivered for Tata Technologies Europe Ltd, supporting its relocation from Coventry Technology Park and associated

property manager, design/tenant layout, and much more. Once assigned, a building's class reflects not only characteristics and attributes evaluated objectively, but also the subjective evaluations of finishes and amenities (CoStar Glossary).

growth. Rents were c. £21 per square foot (psf). Developments in the pipeline include the conversion of the former House of Fraser store in Leamington to provide over 60,000 sq.ft of Grade A offices, which is expected to be completed in October 2022. Plato Close, Tachbrook Park in Warwick is due to deliver 40,000 sq.ft of office space in Spring 2023.

- 3.40 Beyond these core markets, occupier interest is limited and development is likely to require a pre-let at a premium, or development to be subsidised by higher value uses such as residential.
- 3.41 The two universities have continued to grow, supporting demand for space in the main science and technology park sites; but there are impacts associated with Covid-related restrictions on overseas students.

Office Market – Summary and Key Points

The office market has been weakened Covid-driven shift towards homeworking and associated uptake of virtual communication technologies is likely to have some impact on future requirements with a range of companies likely to support at least part-time working from home. Whilst this may be in part offset by changing use of office space and associated layouts, it is likely to have some downward impact on future office floorspace needs. It can also be expected to drive a flight towards good quality space.

There is evidence of vacancy levels in the office market rising in the short-term, which could limit new-build development activity; albeit that the starting point in 2020 was of very low availability of space. Older, poorer quality space could be difficult to relet.

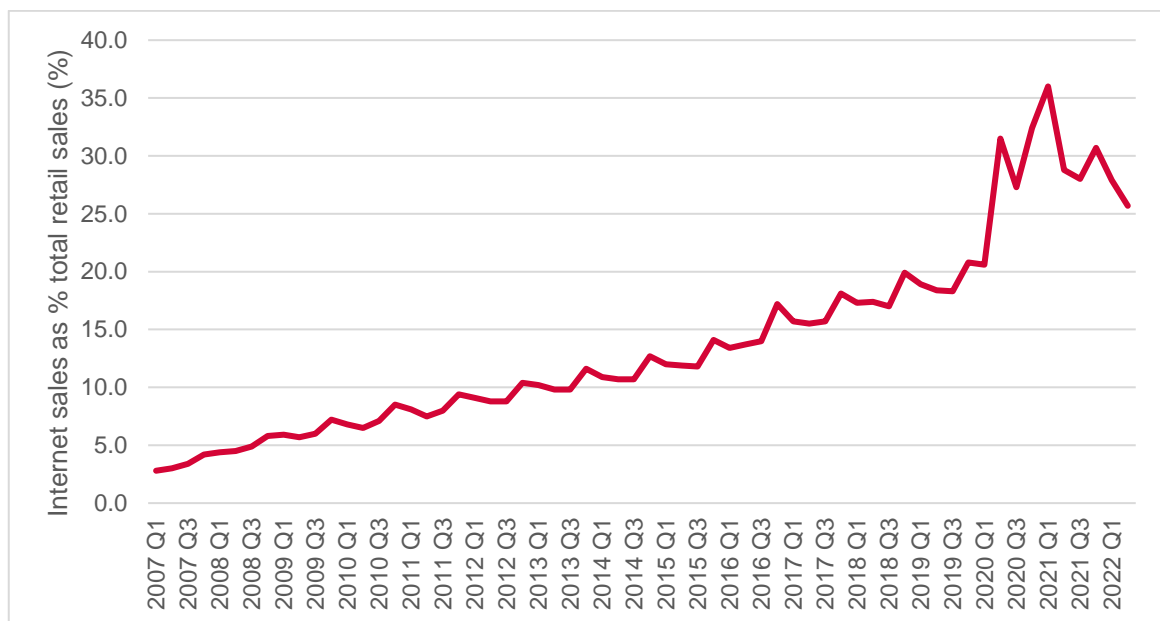
The evidence clearly indicates that the core office markets are Coventry and Leamington/Warwick and we would expect future office supply to be focused on these. Beyond these markets, rental levels mean that delivery of office floorspace is commercially challenging and may require cross-subsidy and/or public sector support/intervention. Policy support may however have a role in supporting job creation in higher value activities in these areas.

Industrial Market Overview

- 3.42 The pandemic and the UK's exit from the EU have evidenced the important role of the logistics sector to keep food and goods moving. 2021 is expected to bring further focus on building more resilient supply chains, increasing stocks and diversifying suppliers to prevent future disruptions. This restructure of logistics networks will require additional warehousing space in the UK.

3.43 The market for logistics space is being buoyed by expanding demand from online retailers who are benefiting from the lasting effects of COVID-19 in consumer behaviour. Retailers wanting to preserve market share will need to continue to secure warehouse space to expand their online channels. The graph below shows national trends in the volume of internet sales – i.e. e-retailing. There is a clear upward trend here, and the level of e-retailing pre-pandemic had grown to over 20% sales (with the current position as at July 2022 having settled at 25.3%). This compares to a figure of around 12% in 2015 and 7% in 2010.

Figure 3.12: Growth in Internet Retail Sales – UK



Source: ONS

3.44 CBRE report that the second half of 2020 saw occupiers opting for longer leases compared to the reactive short-term contracts seen in the second quarter. In 2021 they expect longer commitments for the renewals of those short-term leases in most cases, and occupiers reverting to their planned expansions.

3.45 Savills Big Sheds Briefing (Jan 2021) reports that 2020 broke all previous records with new leases signed for 50.1 million sqft of warehouse space, 12.7 million sqft ahead of the previous record set in 2016 and comprising 165 separate transactions, breaking the previous record of 163 set in 2014. Whilst it is important to say that a large proportion of this space was leased to Amazon (25%) with a number of leases on terms less than five years (12%), take-up would still break new records even if Amazon and short-term deals were removed from the time series. Another key trend in 2020 has been the surge in the take-up of units over 500,000 sqft, with 25 deals recorded, making it the highest year since Savills records began and also more than the previous two years combined. Given the

number of businesses currently in the market for units over 500,000 sqft, this is a trend was expected to continue into 2021. 2021 overall has seen this trend of strong take-up of industrial space continue.

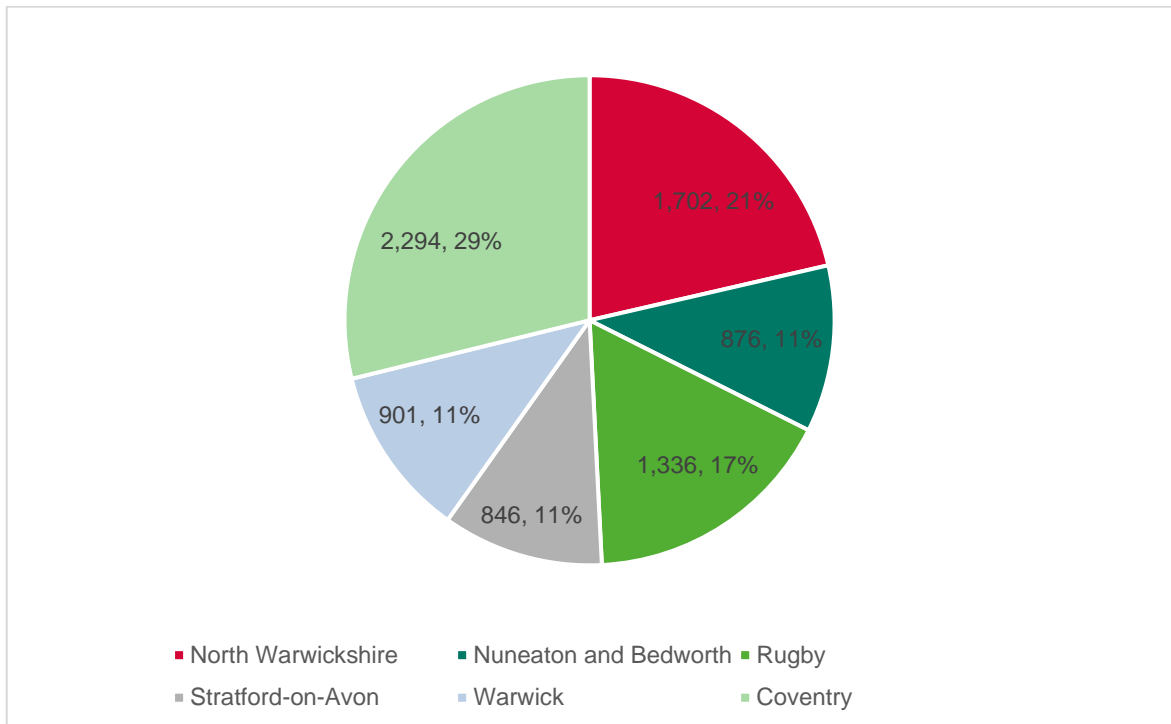
- 3.46 Other influences on market demand include increased stock holding requirements, influenced by Brexit and other factors influencing trade, as well as demand for modern floorspace which aligns with companies' ESG requirements, is energy efficient and has sufficient power capacity, including to facilitate increased automation.
- 3.47 In May 2021, Cushman and Wakefield reported that the industrial and logistical sector showed continued its 2020 momentum in Q1 2021, with a 115% increase in take-up on Q1 2020 and 55% rise on the ten-year average. They also reported that retail, parcel delivery and third part logistics occupiers accounted for 70% of quarterly take-up. Looking forward, Cushman and Wakefield predicted that 2021 would be another strong year for logistics. More recent market evidence points to continues strong take-up across core markets.

Coventry and Warwickshire Industrial Market

Industrial Stock

- 3.48 VOA data shows that in the year 2019/20 the Study Area had 7,800 industrial properties providing 7,955,000 sqm of industrial floorspace in total. This represents 17.5% of the industrial floorspace across the West Midlands. This suggests that the Study Area has a relatively large industrial sector given its working age population only makes up 16.2% of that of the West Midlands.
- 3.49 The figure below shows that industrial floorspace is relatively spread out across the authorities within Coventry and Warwickshire (albeit with a greater concentration in Coventry and the north than South Warwickshire). However, Coventry supports the largest proportion of the Study Area's industrial market (29%) with North Warwickshire also supporting over 20%.

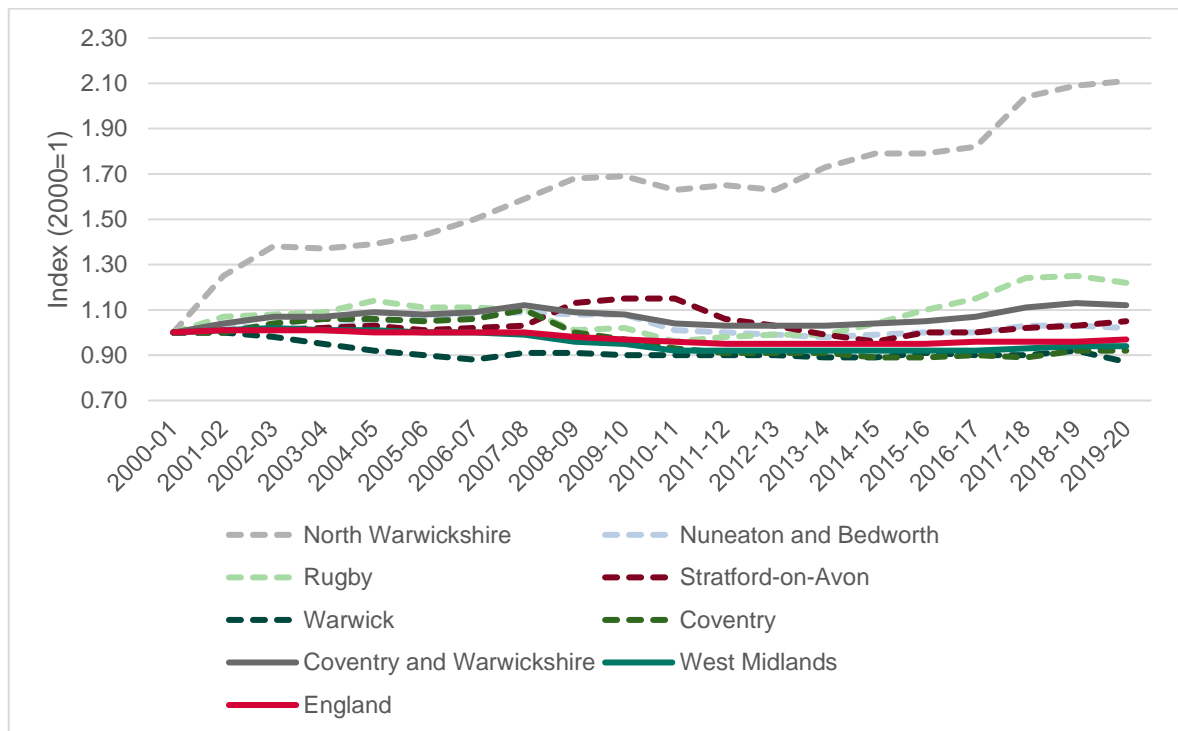
Figure 3.13: Industrial Floorspace by Local Authority 2019/20 (Thousands of sqm; %)



Source: VOA: Non-domestic rating: stock of properties including business floorspace, 2020

- 3.50 The figure below shows the change in the amount of industrial floorspace. Over the last 20 years, the amount of industrial floorspace grew by 12% across Coventry and Warwickshire. This was particularly driven by a 111% growth in North Warwickshire (influenced by development at Birch Coppice in particular) but large growth of 22% also took place in Rugby.
- 3.51 Between 2015 and 2020 the volume of space also grew 1 million sq.ft, out-pacing the ~2% growth regionally and nationally. This growth was again driven in particular by growth of 18% across North Warwickshire and 11% across Rugby.

Figure 3.14: Indexed Industrial Floorspace by Local Authority 2010/11 – 2019/20



Source: VOA: Non-domestic rating: stock of properties including business floorspace, 2020

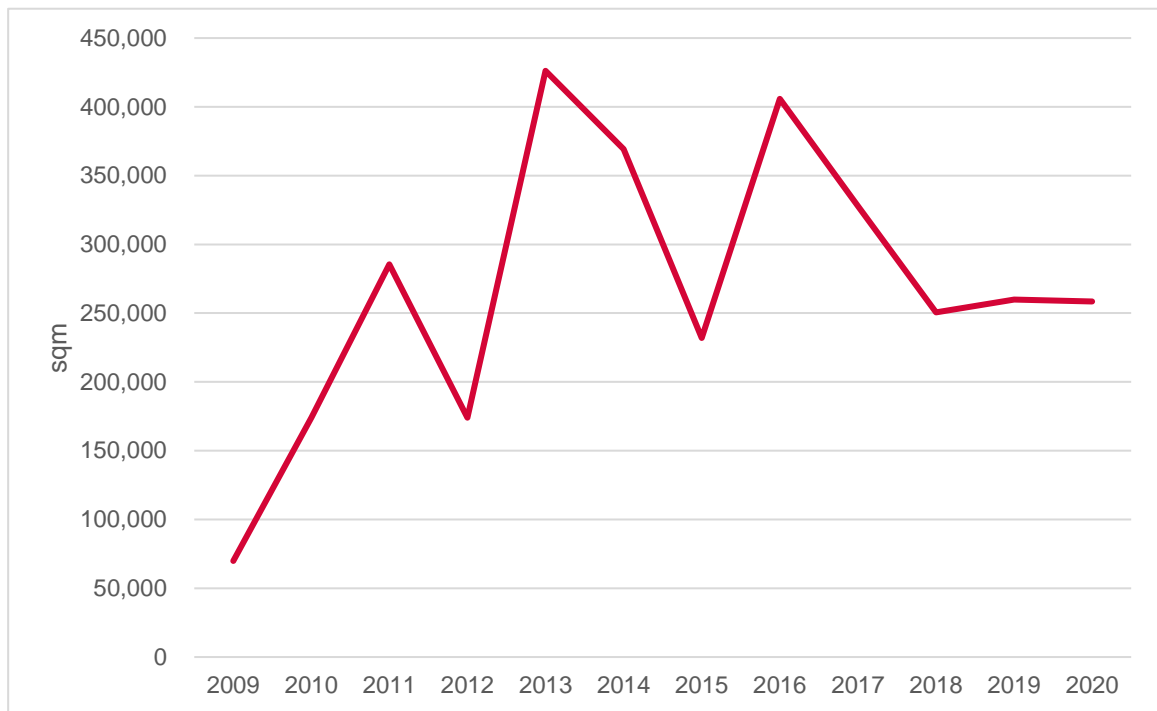
3.52 More recent data indicates that the industrial stock has grown further, to 8,2 million sq.m in 2022. The last 10 years (2012-22) has therefore seen 11.3% growth in industrial floorspace within the sub-region. Over the last 5 years, the strongest increases have been in North Warwickshire and Rugby (291,000 and 179,000 sq.m respectively), with industrial floorspace only falling in net terms in Coventry.

Absorption, Delivery and Vacancy Trends

3.53 As stated above, gross absorption is the amount of space which has become physically occupied (moved in to). It provides an indication of the strength of the market but does not take into account the amount of space vacated. It indicates take-up of space (both new-build and existing).

3.54 The figure below shows that gross absorption increased across Coventry and Warwickshire between 2009 and 2020. Average gross take-up (absorption) of industrial space over the 2013-20 period has been 316,300 sq.m per annum.

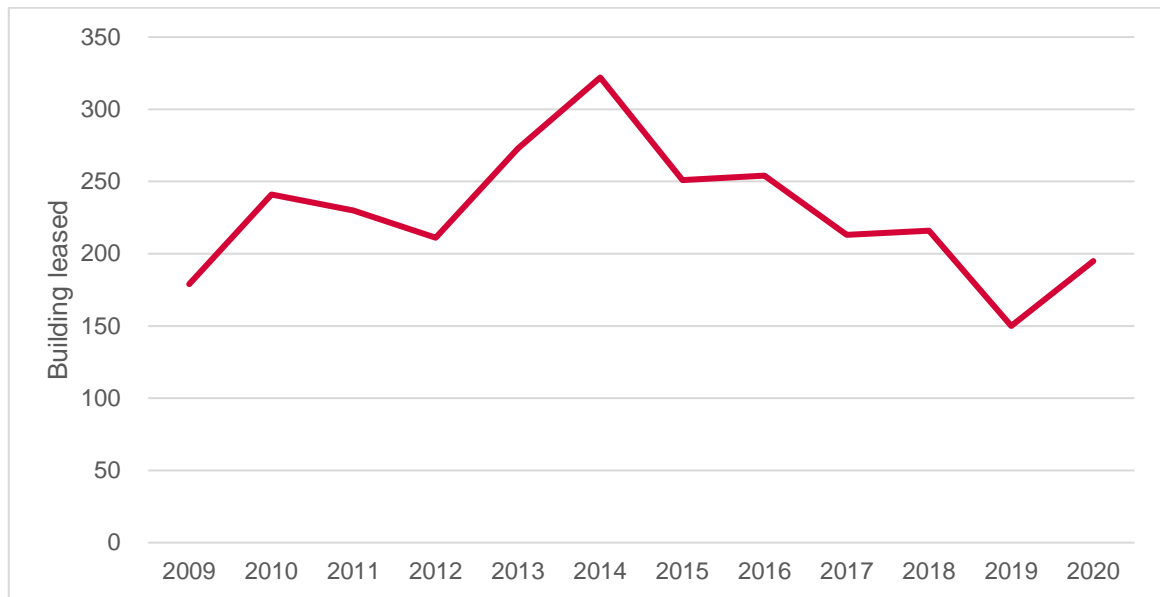
Figure 3.15: Gross Absorption of Industrial Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

3.55 To supplement gross absorption data (amount of space moved in to), lease completions data has also been analysed to help paint a picture of demand for industrial space without taking into account the size of leases/move ins. This is a measure in effect of market activity. It shows a strong recovery in the market in 2013/14 following the previous recession; with lower market activity in 2019/20 likely in part influenced by Brexit-related uncertainties. The pattern is similar to that for gross absorption.

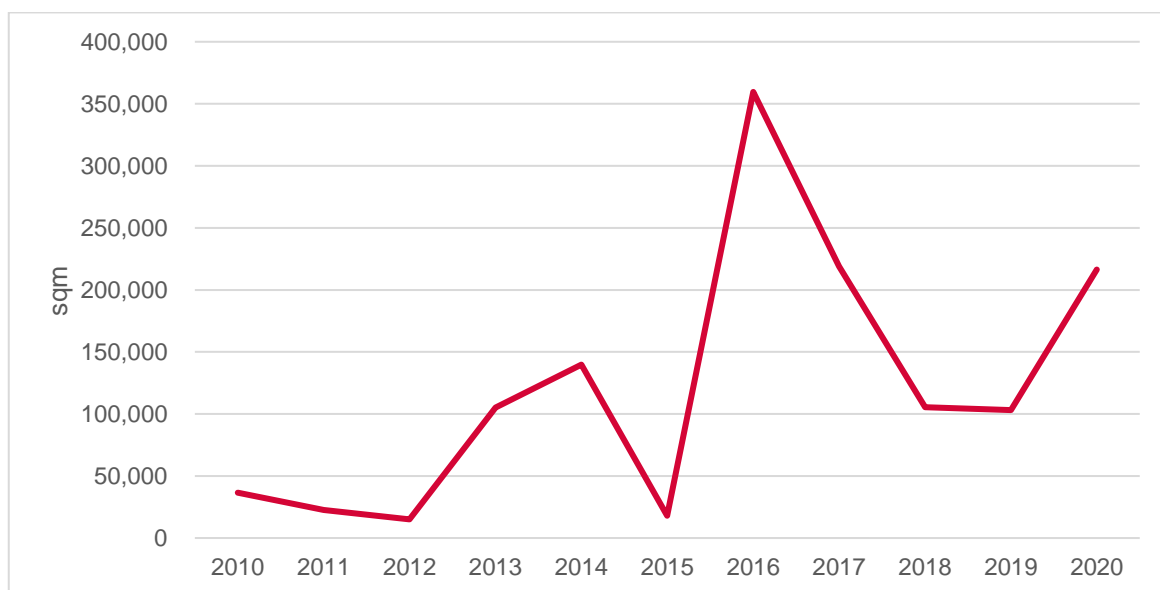
Figure 3.16: Lease Completions for Industrial Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

3.56 Co-star data suggests that there was around 1,340,000 sqm of net new industrial floorspace delivered between 2010 and 2020 which is evidently a very significant volume; of which 1,021,000 sq.m has been delivered over the 2015-20 period. As can be seen in the figure below, net deliveries (the balance between new-build construction and losses) have been varied greatly over this period and 578,00 sqm of these net deliveries came in 2016 and 2017.

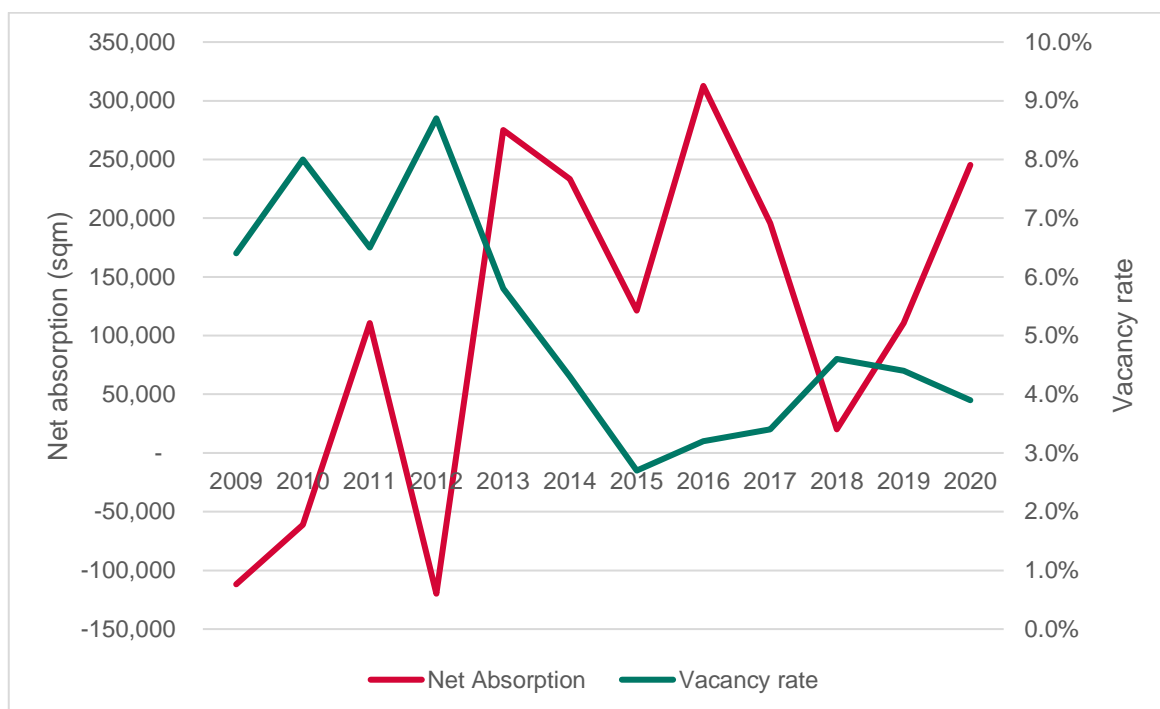
Figure 3.17: Net Deliveries of Industrial Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

-
- 3.57 As stated above, CoStar provides data on net absorption which describes the net change in physically available space which is calculated by deducting the space vacated by tenants and made physically available within the local market from the total space which becomes physically occupied and is lost (e.g. through demolition). Therefore, net absorption indicates that net change in demand relative to supply of space. A positive net absorption figure means that the proportion of vacant space is falling, whilst a negative level indicates that more space was coming onto the market than being taken-up/lost.
- 3.58 The figure below shows absolute net absorption and vacancy rates across Coventry and Warwickshire between 2009 and 2020. It can be seen that between 2009 and 2020, overall net absorption was 1,332,000 sqm. This suggests strong demand relative to the supply of office floorspace. Net absorption was low (and generally negative) between 2009 and 2012 before rising and peaking at over 300,000 sqm in 2016. Since then net absorption fell before rising to around 250,000 sqm in 2020.
- 3.59 Since 2012, the positive net absorption rate has contributed to a declining vacancy rate – from 8.7% in 2012 to 2.7% in 2015. When net absorption is positive, the vacancy rate would be expected to decrease. However, as can be seen in the figure below, the vacancy rate increased by around 1 percentage point between 2015 and 2020 despite positive net absorption. This may be due to the fact that newly delivered space is counted in the vacancy rate calculation before it is counted within the net absorption calculation (Co-star states that space becomes part of the inventory, and hence the denominator in the calculation of the vacancy rate, when it is suitable for occupancy). Nonetheless, the level of vacant space at under 4% in 2020 is low and points to a continuing need for delivery of new industrial floorspace.
- 3.60 Net absorption of industrial space has averaged 189,300 sq.m per annum over the 2013-20 period, with the five year average slightly lower at 167,600 sq.m, across Coventry and Warwickshire.

Figure 3.18: Net Absorption and Vacancy of Industrial Floorspace across Coventry and Warwickshire, 2009-2020



Source: CoStar Commercial Property Data

Vacancy and Rents by Authority Area

3.61 To understand the relative strength of the industrial market between the authority areas within Coventry and Warwickshire, 2019 and 2021 vacancy rates and rental prices have been gathered and are presented in the table below. Comparing between the 2019 and 2020 vacancy rates provides an indication of the impact of Covid-19.

Table 3.4 Vacancy Rates and Rents by Authority Area, 2019 and 2021

	Vacancy Rate (2019)	Vacancy Rate (2021)	Rental price per sqft (2019)	Rental price per sqft (2021)
Coventry	7.1%	2.4%	£5.10	£5.77
North Warwickshire	2.1%	1.2%	£6.48	£6.73
Nuneaton and Bedworth	1.5%	2.7%	£5.65	£6.31
Rugby	4.7%	4.5%	£5.77	£6.49
Stratford Upon Avon	2.7%	8.9%	£4.33	£4.84
Warwick	5.9%	4.9%	£6.62	£6.69
Coventry and Warwickshire	4.4%	3.5%	£5.76	£6.07
UK	3.2%	3.2%	£6.67	£7.24

Source: CoStar Commercial Property Data.

-
- 3.62 In 2019 the vacancy rate across Coventry and Warwickshire was 4.4%. This is lower than what is generally deemed appropriate for effective functioning of the market at around 7.5% (to allow for churn and new demand). It can be seen that in 2019, Coventry and Warwick had a significantly higher rate of vacancy than Coventry and Warwickshire as a whole, whereas the vacancy rate in North Warwickshire, Nuneaton and Bedworth and Stratford upon Avon was lower.
- 3.63 Between 2019 and 2021, the vacancy rate decreased across the study area as a whole to 3.5% (significantly below optimal levels) but increased in some areas including Stratford upon Avon which subsequently has a vacancy rate of 8.9%. Coventry saw a particularly large decrease in vacancy rate to 2.4% - below the average for the study area as a whole. As at September 2022, CoStar report a 3.2% vacancy rate across the sub-region.
- 3.64 The evidence points to a short-term need to bring forward additional industrial space in the sub-region in the short-term.
- 3.65 Average industrial rents in Coventry and Warwickshire are below the UK average (although this contains London, rents in Coventry and Warwickshire are still relatively low). In 2019, the highest rental prices in terms of average rents recorded by CoStar were in Warwick and North Warwickshire. On the other hand rental prices in Coventry and Stratford upon Avon were significantly below the average for the study area. In Coventry this is likely to be influenced by the quality of some space.
- 3.66 Looking at 2021 to date, rental prices in Rugby have risen significantly and are now roughly significantly above the study area as a whole. CoStar in 2022 report a substantial 9.4% growth in industrial rents over the last 12 months; and described rents having been rising since 2014 with rental growth accelerating since the onset of the pandemic, led by demand for logistics. Robust sentiment towards Coventry's industrial market as well as the wider sector, means investor appetite is at an all-time high.
- 3.67 Prime industrial rents for smaller units (1500 – 2000 sq.ft) currently stand at over £10 psf (as at mid 2021), whilst for big box logistics units (100,000 sq.ft/ 9200 sq.m+), prime rents around Coventry are around £7.50 psf according to Holt Commercial. A dwindling supply has been driving rental growth. For the larger units, rents being achieved are some of the highest in the region, pointing to the strength of the sub-region as a market for big box logistics.

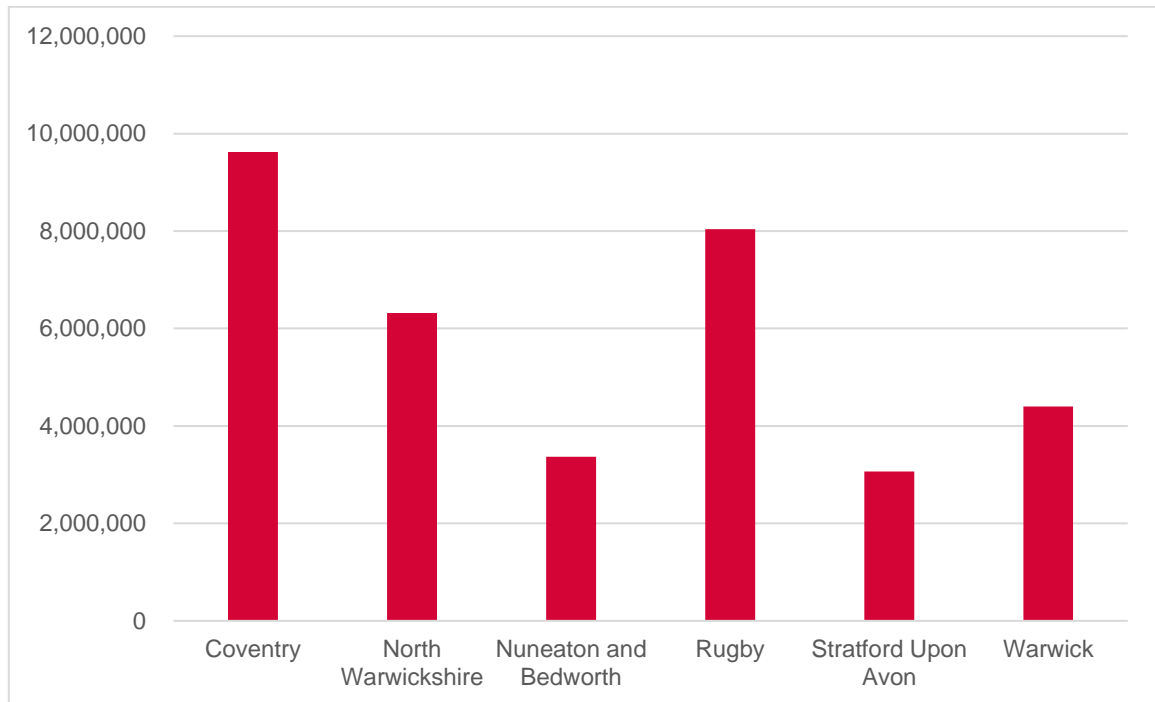
Gross Absorption by Authority Area

- 3.68 The figure below shows the gross absorption of industrial space by authority area between 2009 and 2020. It can be seen the gross absorption is highest in Coventry, closely followed by Rugby, and more generally is focused in the centre and north of the sub-region. On the other hand the lowest gross absorption of industrial space took place across Stratford Upon Avon and Nuneaton and

Bedworth. The low take-up in Nuneaton and Bedworth is however likely in part to have been influenced by supply-side constraints; with the take-up data not really picking up delivery on the allocations made in the 2018 Local Plan.

3.69 Overall the picture is of a greater focus of industrial floorspace demand towards the centre and north of the sub-region.

Figure 3.19: Gross Absorption of Industrial Space by Authority Area, 2009-20



Source: IcenI Analysis of CoStar Commercial Property Data

3.70 The table below shows changes in gross absorption over time. It can be seen that gross absorption increased by 272% across the study area between 2009 and 2019. This was driven by substantial growth in Coventry, North Warwickshire, and Warwick.

3.71 The change between 2019 and 2020 indicates the impact of Covid-19 on demand in each authority area. It can be seen that gross absorption fell by just 1% across Coventry and Warwickshire as a whole highlighting the resilience of the industrial market; and the effect of the pandemic in driving growth in warehousing/logistics demand.

Table 3.5 Change in Gross Absorption

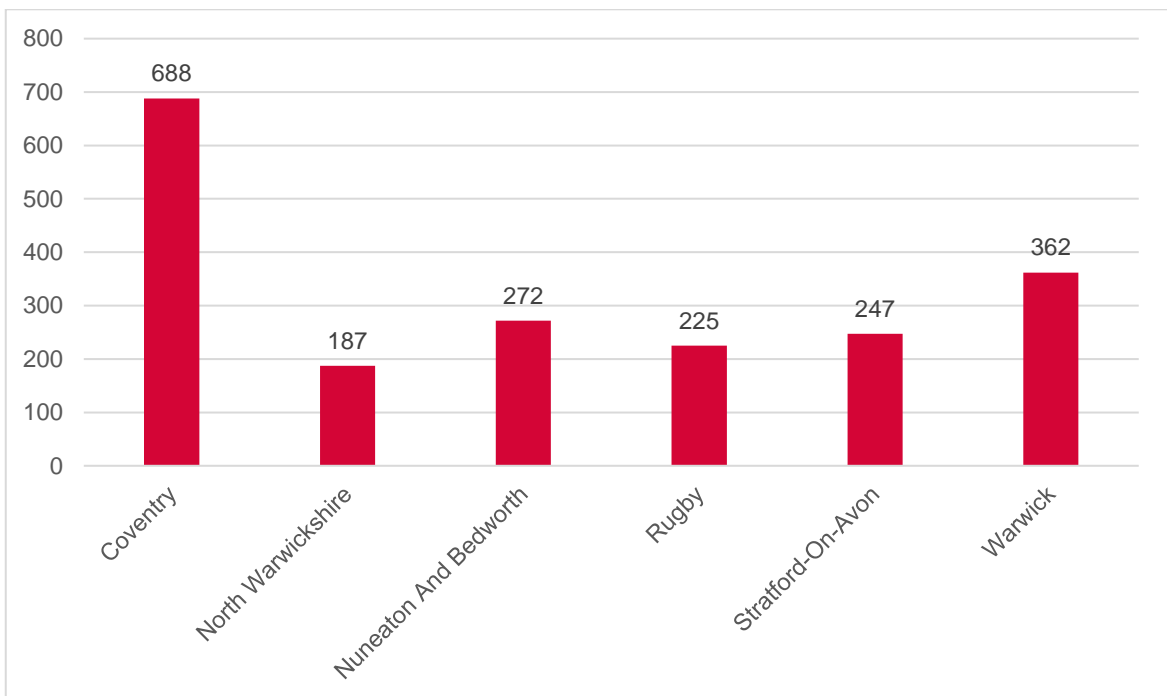
	2009 to 2019 change	2014 to 2019 change	2019 to 2020 change
Coventry	423%	26%	39%
North Warwickshire	541%	-39%	32%
Nuneaton and Bedworth	25%	12%	-45%
Rugby	84%	-86%	200%
Stratford Upon Avon	47%	-73%	-60%
Warwick	901%	103%	-81%
Coventry and Warwickshire	272%	-30%	-1%

Source: CoStar Commercial Property Data.

Leasing Activity by Authority Area

3.72 The figure below shows the number of industrial lease completions by authority area over the last 10 years. It can be seen that out of the 1,981 lease completions in Coventry and Warwickshire, 688 (around a third) were in Coventry.

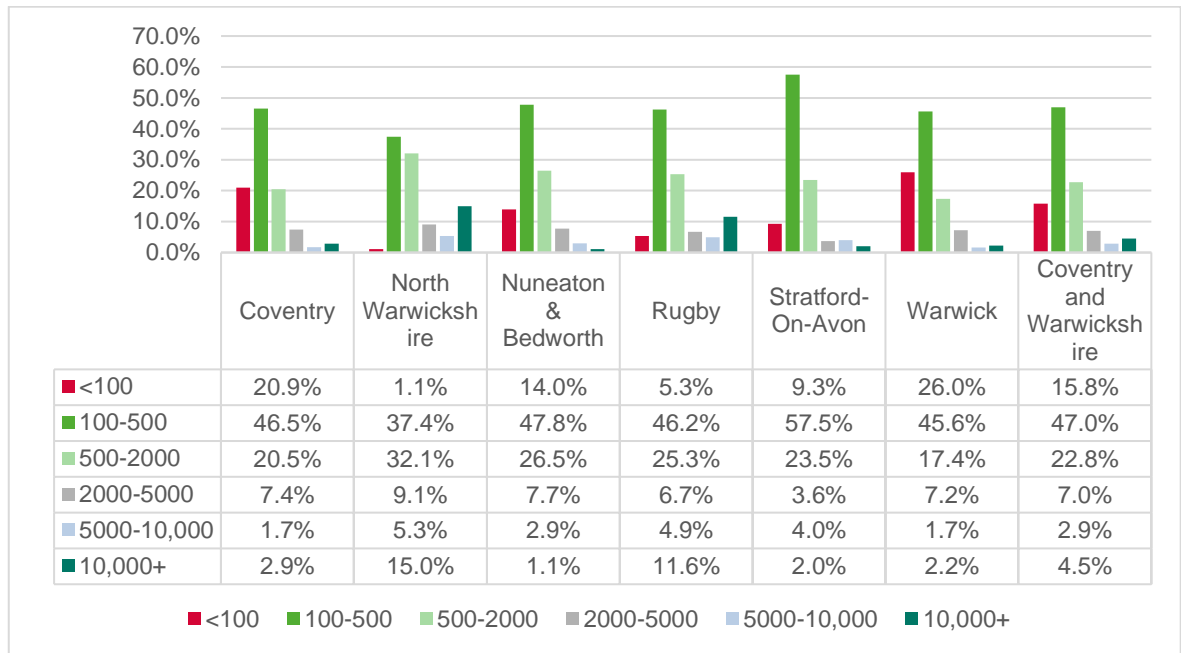
Figure 3.20: Industrial Lease Completions by Authority Area



Source: CoStar Commercial Property Data (Aug 2011-Aug 2021).

3.73 The figure below shows the proportion of industrial units leased by size band in each authority area over the last ten years. It can be seen that nearly half of industrial leases were of space between 100 and 500 sqm. North Warwickshire had a particularly high percentage of large leases – 15% of its leases were for space greater than 10,000 sqm in size.

Figure 3.21: Industrial Units Leased by Size Band (sqm) and Local Authority 2012-2021



Source: Icen Analysis of CoStar Commercial Property Data

Industrial Availability

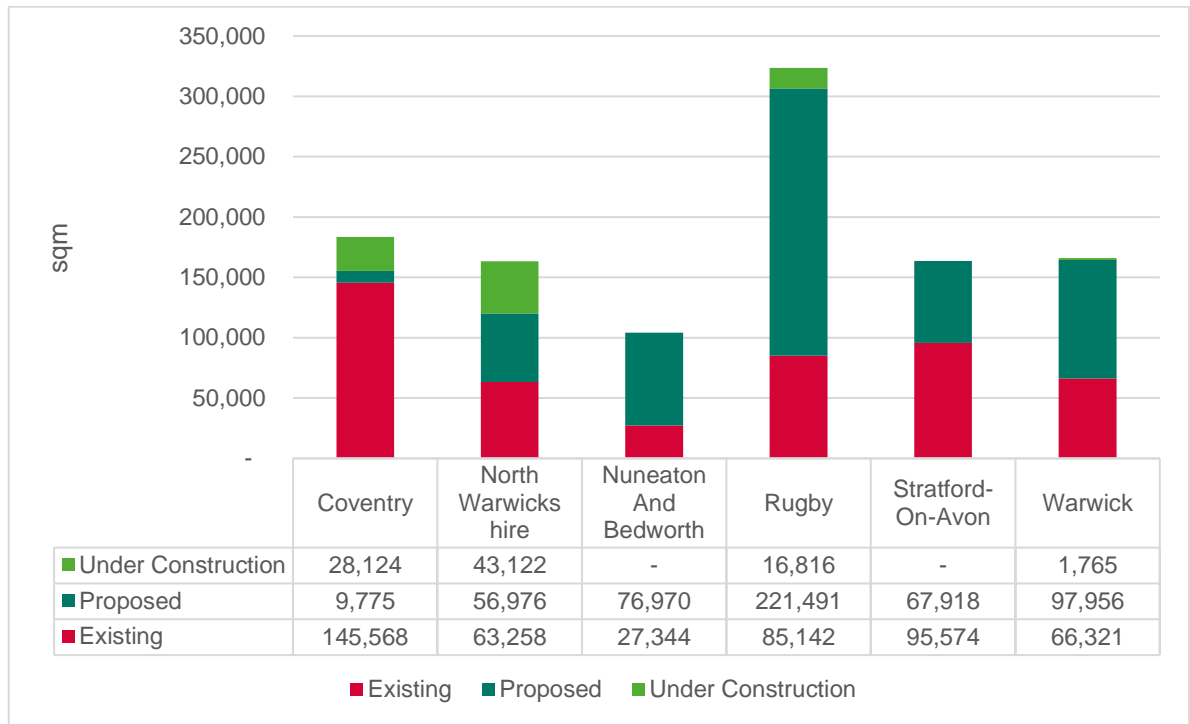
- 3.74 The figure below shows the current available and pipeline industrial space¹⁴ in each authority area, broken down by status (existing, proposed¹⁵ and under construction). It can be seen that Rugby has the most available/proposed industrial floorspace. Looking at existing and under construction floorspace only, Coventry has the most availability.

- 3.75 There are more modest levels of available/proposed floorspace in Nuneaton and Bedworth. The relatively high volumes of proposed and under construction space highlight the strength of market/developer interest in industrial development within the sub-region.

¹⁴ Co-star data on the 29/07/21

¹⁵ Land considered for a particular future use or a building that has been announced for future development. The project is not expected to start construction in the next 12 months.

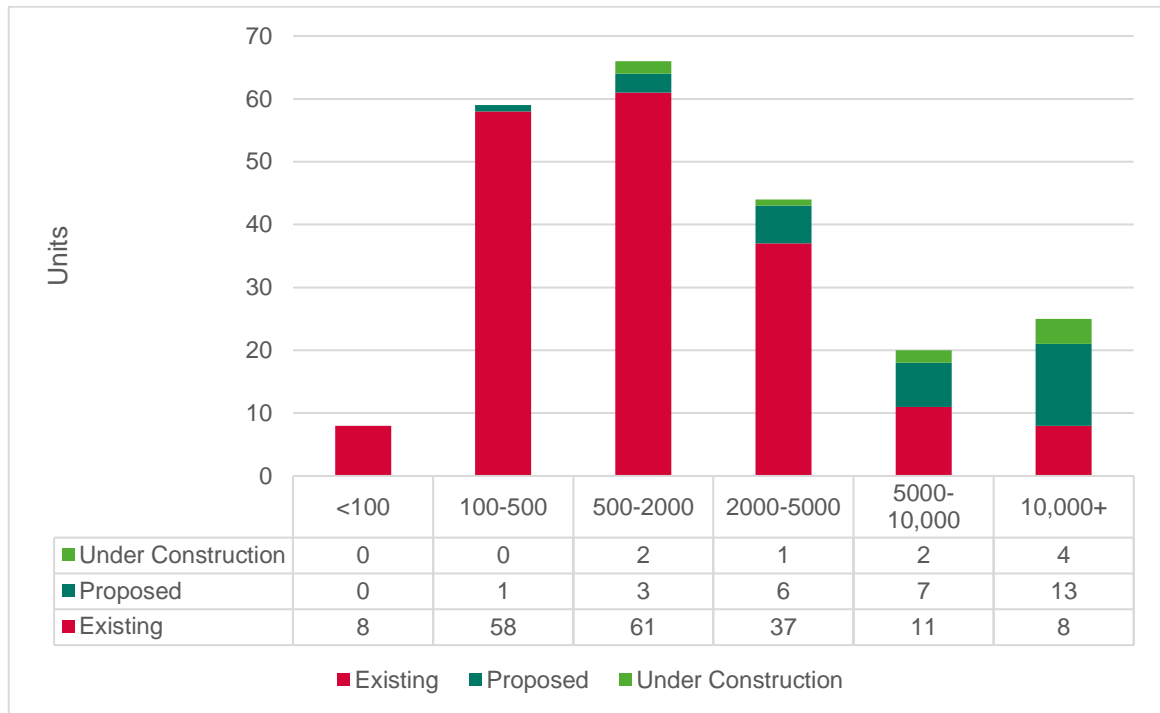
Figure 3.22: Industrial Floorspace Availability (sqm) by Local Authority and Status



Source: Icen Analysis of CoStar Commercial Property Data (dated July 2021)

- 3.76 The figure below shows the number of industrial units available by size band and broken down by status. It can be seen that industrial space between 500 and 2,000 sqm has the largest availability, closely followed by space between 100 and 500 sqm.
- 3.77 It can be seen that a significant proportion of available larger industrial units (5000+ sqm) are proposed – 35% of those between 5,000 and 10,000 sqm and 52% above 5000 sqm (the other being under construction).

Figure 3.23: Industrial Unit Availability by Size and Status



Source: Icen Analysis of CoStar Commercial Property Data

3.78 The table below shows the split of industrial space in each authority area by Building Class. It can be seen that only 34.1% of Coventry and Warwickshire’s available industrial space is Class A, but with higher levels of Class A space in Rugby and Warwick. Most space is Class B – 61.8% across Coventry and Warwickshire as a whole but nearly all in Coventry and Nuneaton and Bedworth. Only 4.5% of space across the study area is Class C.

Table 3.6 Table 4.2: Availability in City Centre and Out-of-Town Markets, Dec 2020

	Class A	Class B	Class C
Coventry	10.0%	84.8%	5.2%
North Warwickshire	27.9%	71.4%	0.7%
Nuneaton And Bedworth	2.5%	94.0%	3.5%
Rugby	52.7%	46.5%	0.7%
Stratford-On-Avon	23.1%	69.2%	7.7%
Warwick	61.1%	29.2%	9.7%
Coventry and Warwickshire	34.1%	61.8%	4.1%

Source: Icen analysis of CoStar Commercial Property Data

Agent Feedback

3.79 Holt Commercial report very strong current demand for industrial floorspace, a shortage of available stock, and as a result growing rents and significant growth in land values. Yields for big sheds are at record levels of 4% or less.

-
- 3.80 Industrial availability in and around Coventry is currently limited but there are a pipeline of schemes coming forwards (principally in surrounding areas) including 55 acres at Chase Point (within Nuneaton and Bedworth Borough) expected to be marketed late 2021/early 2022. Infrastructure is being delivered to bring forward development at Segro's Coventry and Warwickshire Gateway South scheme with potential for up to 3.6m sq.ft of distribution space; with 180,000 sq.ft being developed by Canmore at Whitley Business Park. There is potential for some further space to be delivered as part of Sustainable Urban Extensions.
- 3.81 Industrial demand is currently strong across size bands across much of the centre and north of the sub-region. Recent schemes at Rugby have performed well, with new big box supply expected to come forwards through Prologis' DIRFT3 and through development of land with outline planning permission at the junction of the A45 and M45 (albeit infrastructure works have yet to be started).
- 3.82 Holt Commercial report limited industrial land supply remaining in Warwick/Leamington, with the principle availability being remaining plots at Tournament Fields and Spa Park. Industrial market activity in Stratford District is lower than in other parts of the sub-region, with limiting remaining available supply at Wellesborne and the main prospective growth focused at Gaydon to support growth of the existing Jaguar Land Rover/ Aston Martin operations.

Industrial Market – Summary and Key Points

The sub-region, and in particular the northern and central parts of it, clearly has a strong and dynamic industrial market. The evidence points to a very significant stock of industrial floorspace at over 8 million sq.m of space and sustained high take-up over the period since 2013. Whilst there are some challenges for the automotive sector, which can be relatively cyclical and has influenced strong take-up in recent years, demand for logistics/distribution space looks likely to remain strong buoyed by the growth in e-retailing in particular. Rents and land values have grown to record levels.

Available industrial space remains low and the strength of demand has supported strong recent development activity together with growth in rents, with a very substantial 1.3 million sq.m of space delivered since 2013 with over 1 million sq.m over the 2015-20 period. Average gross take-up since 2013 has been 316,000 sq.m per annum and whilst this has partly resulted from replacement of older space, net absorption of space has equally been very strong at almost 190,000 sq.m per annum. New supply does appear to be coming forwards, not least as sites allocated in the last round of local plans start to progress, but there will likely be a continuing need to replenish industrial supply over time if economic growth is not to be constrained.

4. HOUSING MARKET DYNAMICS

4.1 In this section we move on to consider housing market dynamics, addressing both the sales and rental markets. This section principally sets out the position as at mid 2021 when this section of the report was originally drafted.

Sales Market

4.2 The median house price across the C&W Housing Market Area was £247,000 considering sales over the year to Dec 2020. This was 5% below the national average. Values however vary within the HMA, with the highest prices in Stratford-on-Avon at £325,000; and the lowest in Nuneaton and Bedworth at £185,000.

Table 5.1: Median House Price, Year to Dec 2020

	Median House Price, Year to Dec 2020	Difference to HMA Average
North Warwickshire	£215,000	-15%
Nuneaton and Bedworth	£185,000	-33%
Rugby	£249,950	1%
Stratford-on-Avon	£325,000	24%
Warwick	£319,134	23%
Coventry	£187,000	-32%
C&W HMA	£247,000	0%
West Midlands	£206,000	-20%
England	£259,000	5%

Source: ONS Small Area House Price Statistics Dataset 9

4.3 House prices have grown over the last 20 years (2000-2020) by an average of 6.9% per annum. This is modestly above average for both the region and nationally and in particular reflects stronger recent house price growth.

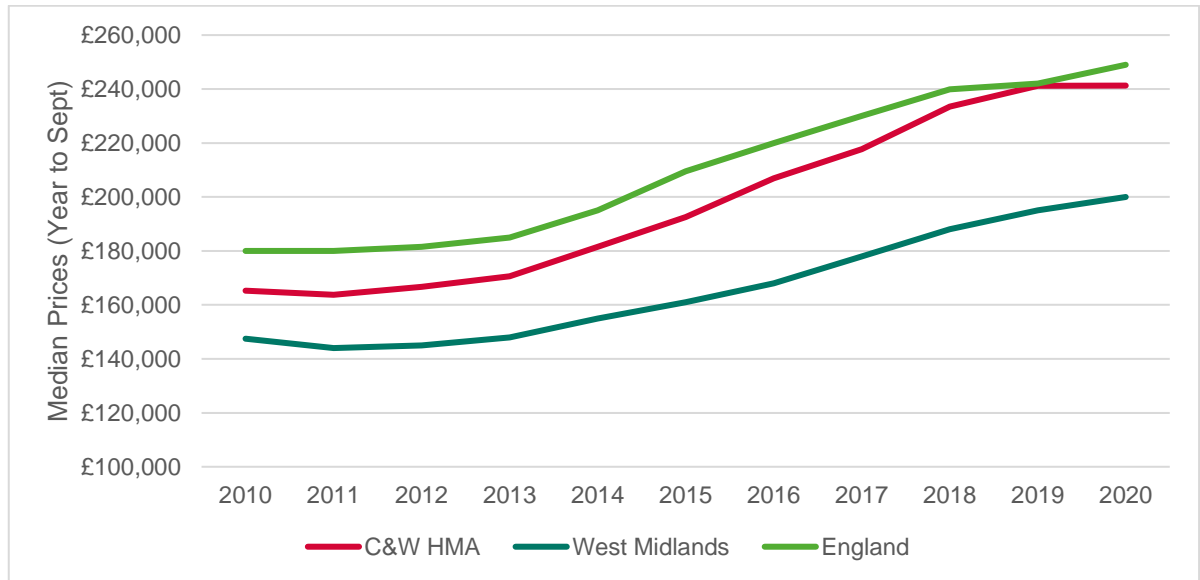
Table 5.2: Annual House Price Growth over different Periods (% CAGR)

CAGR	2005-10	2010-15	2015-20	20 Year
C&W HMA	1.6%	3.1%	4.6%	6.9%
West Midlands	1.0%	1.8%	4.4%	5.7%
England	1.3%	3.1%	3.5%	5.8%

Source: Derived from ONS Small Area House Price Statistics Dataset 9

4.4 As the chart below shows, we have seen stronger house price growth in the HMA relative to the regional and national average since 2013. The median house price in 2020 was £41,000 above the West Midlands average across the HMA.

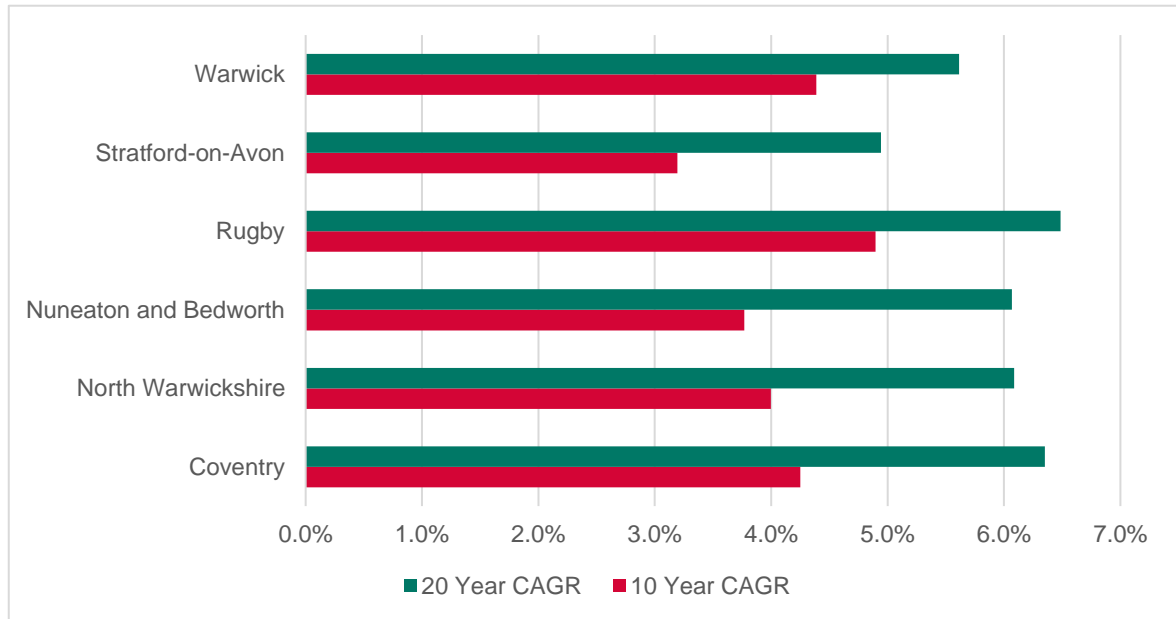
Figure 4.1: House Price Trends in HMA, 2010-2020



Source: Derived from ONS Small Area House Price Statistics Dataset 9

4.5 Within Coventry and Warwickshire, long-term house price growth, looking over the last 20 years, has been strongest in Rugby (at 6.4%+ pa) and weakest in Stratford-on-Avon (4.9% pa). Nuneaton and Bedworth saw particularly strong growth in values over the 2015-20 period (5.7%+ pa).

Figure 4.2: Growth Rates in Median House Prices, to Sept 2020



Source: Derived from ONS Small Area House Price Statistics Dataset 9

4.6 Analysis of actual changes in values also produces interesting results. Over the last 5 years, Warwick and Rugby stand out as having some of the strongest value growth with the median house price growing by £57,750 and £57,500, respectively. In contrast, North Warwickshire, Nuneaton and Bedworth, Stratford-on-Avon and Coventry have all seen value growth that has been weaker than across the West Midlands region, albeit to a moderate degree.

Table 4.1 House Price Growth in C&W Local Authorities

	1 Year	5 Year	10 Year
North Warwickshire	£0	£42,000	£58,000
Nuneaton and Bedworth	£2,500	£45,000	£56,000
Rugby	-£2,500	£57,500	£90,000
Stratford-on-Avon	£0	£47,000	£85,000
Warwick	-£2,750	£57,750	£104,000
Coventry	£3,000	£43,000	£63,000
C&W HMA	£0	£48,700	£76,000
West Midlands	£5,000	£39,000	£52,500

Source: Derived from ONS Small Area House Price Statistics Dataset 9

4.7 Analysis of house prices by type provides a clearer picture of the value geography across the HMA. Warwick District has the highest house prices, with semi-detached properties selling for over £300,000. There are similar values in Stratford-on-Avon with median values for semi-detached

properties at around £272,500 and median values for terraced houses at £235,000. Values in Rugby are lower, with median values for semi-detached properties at £232,000 but still have a higher value than the national average. Coventry, North Warwickshire and Nuneaton and Bedworth are then lower with semi-detached values of around £180,000 - £221,500.

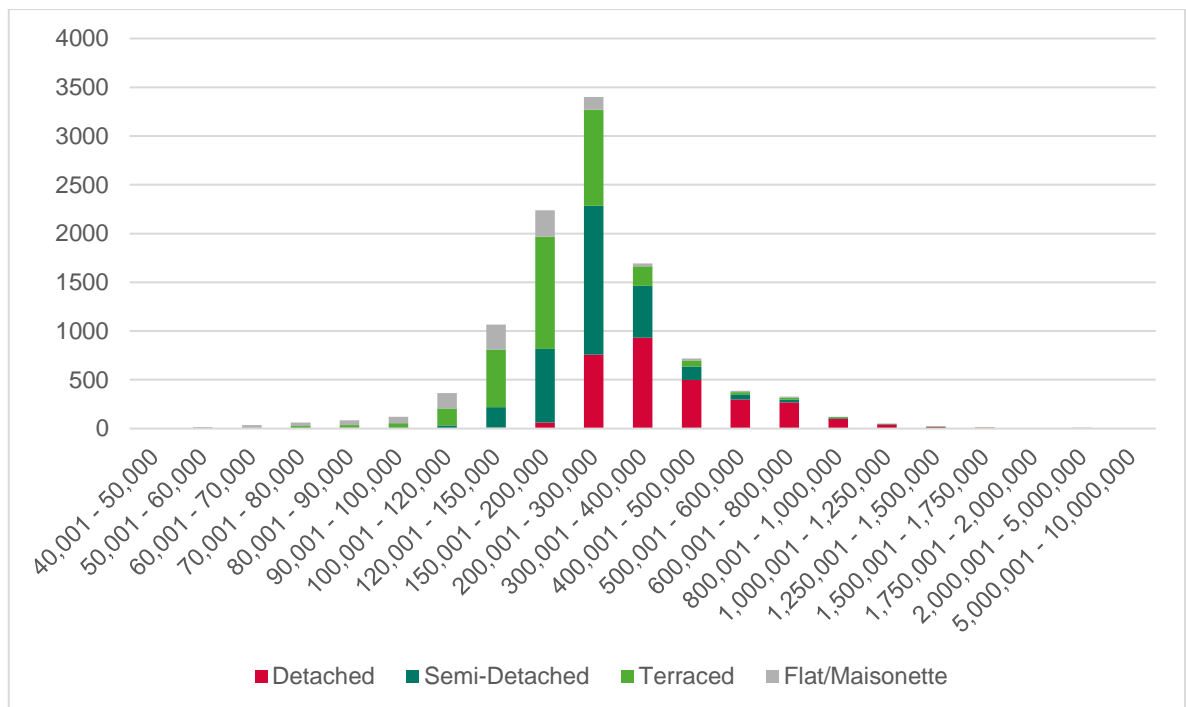
Table 4.2 Median House Prices by Type, Year to Sept 2020

	Detached	Semi-Detached	Terraced	Flat/Maisonette
North Warwickshire	£320,000	£205,000	£159,998	£140,000
Nuneaton and Bedworth	£278,000	£180,000	£138,000	£105,000
Rugby	£350,000	£232,000	£180,500	£122,000
Stratford-on-Avon	£435,000	£272,500	£235,000	£160,500
Warwick	£479,995	£300,000	£270,000	£188,000
Coventry	£313,000	£221,500	£172,000	£128,000
West Midlands	£319,000	£190,000	£159,000	£127,500
England	£350,000	£223,000	£195,000	£216,000

Source: Derived from ONS Small Area House Price Statistics Dataset 9

4.8 The graph below analyses the distribution of property sales by type across the HMA. It shows that most property sales (for the 2020 calendar year) were for properties valued at between £150,000 - £400,000. There is however a level of sales of larger properties – particularly detached – which command higher values still.

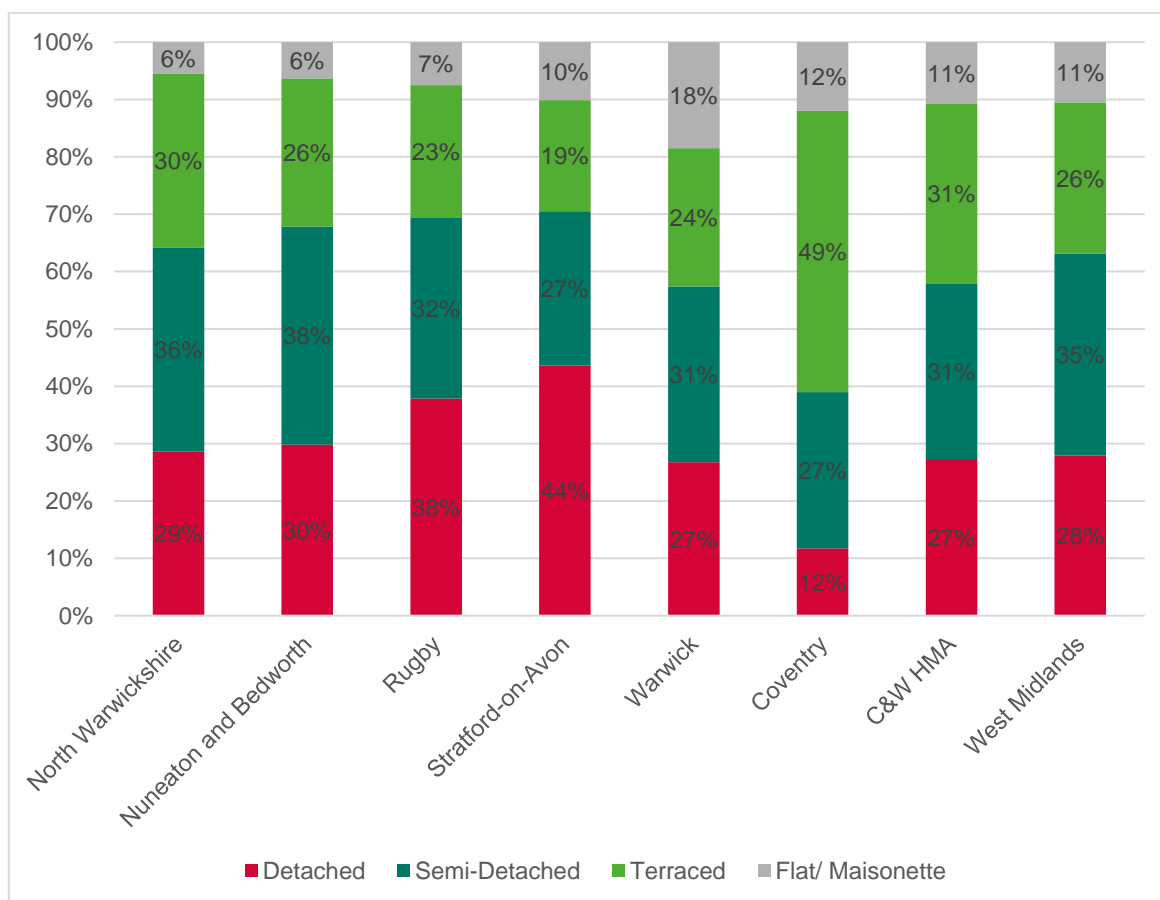
Figure 4.3: Distribution of Sales – Coventry and Warwickshire HMA (2020)



Source: HM Land Registry House Price Index

4.9 The profile of sales by type across the HMA is generally fairly balanced between terraced, semi-detached and detached stock; with a modest volume of flatted sales which accounted for just 11% of sales in 2020. The profile of market demand is thus focused more towards houses. Flatted sales were strongest in Warwick, and to a lesser extent Coventry. Detached sales account for a substantial proportion of overall sales in Stratford-on-Avon District (44%) and Rugby Borough (38%).

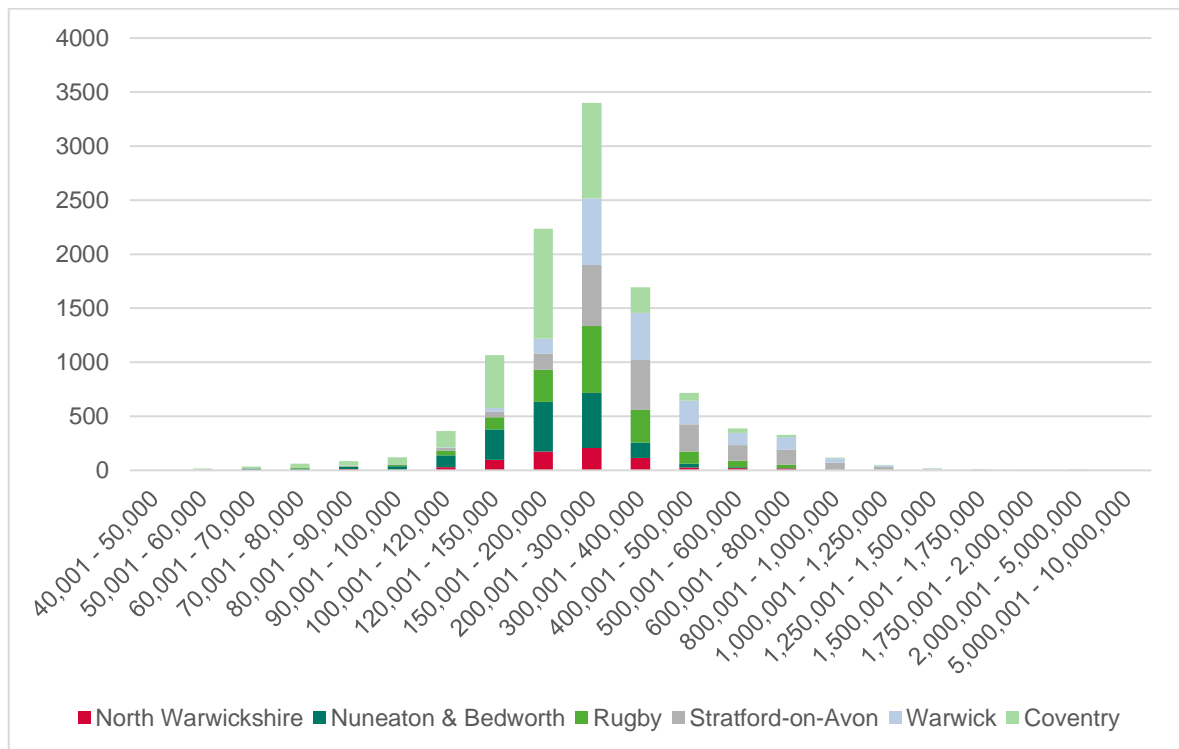
Figure 4.4: Distribution of Sales by Type, Year to Sept 2020



Source: Derived from ONS Small Area House Price Statistics Dataset 6

4.10 The interaction between location and value is shown in the figure below. Sales of properties under £200,000 is focused particularly in Coventry; whereas the majority of sales in Warwick and Stratford-on-Avon District are above this. The distribution of sales in Rugby sits in the middle of those for the sub-region as a whole.

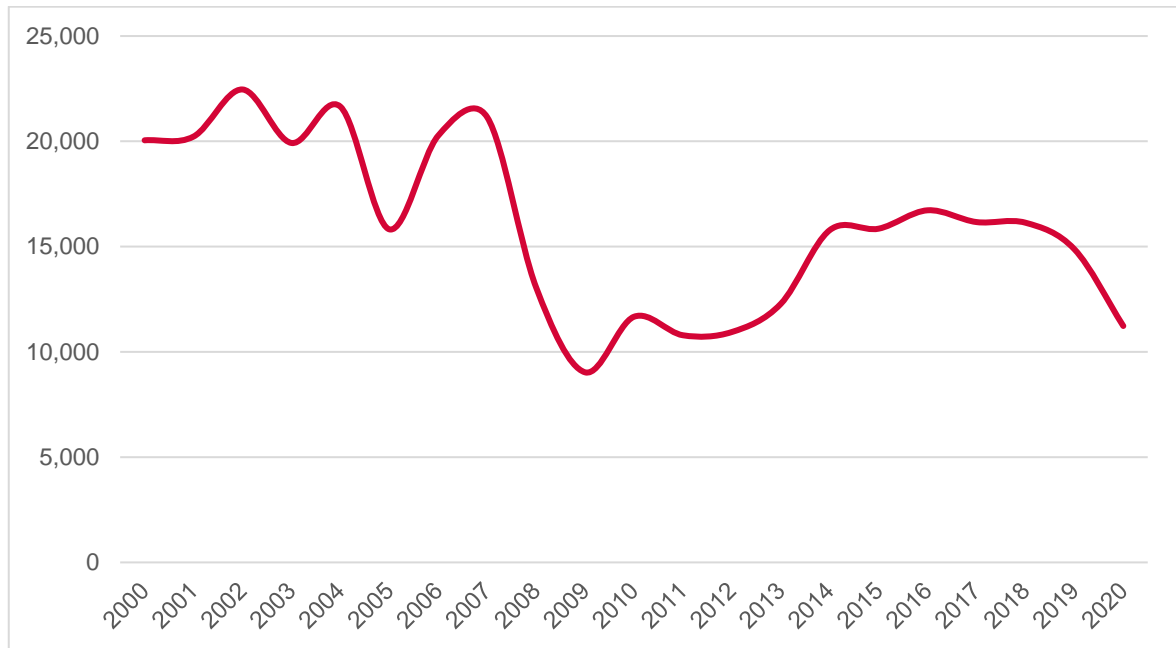
Figure 4.3: Distribution of value of sales by local authority, 2020



4.11 The trend in market housing sales over time highlights the influence of macro-economic factors. A rise in interest rates saw a notable drop in sales in 2005; whilst the onset of the ‘credit crunch’ in 2007 saw a dramatic fall in the ability to access mortgage finance and combined with reduced market confidence and falling values saw a notable drop in sales volumes and market activities between 2007-9. A substantive recovery in market conditions was not seen before 2013, from which point the Bank of England’s Funding for Lending Scheme saw improved mortgage availability; which together with improved economic confidence and the Government’s Help-to-Buy Scheme supported a recovery in the market.

4.12 Sales volumes between 2014-2018 averaged 14,000 a year across Coventry & Warwickshire; which was 40% down on the pre-recession average (pre 2007). Indeed we have seen a decade of lower sales volumes. There are a complex set of factors which appear to have contributed to this, including: a low inflation environment such that inflation is not reducing the value of debt in real terms as it did in previous decades (pre-2000); longer mortgage terms; an ageing population who typically move infrequently; and a policy focus on caring for older persons in their home (resulting in fewer moves). Added to this have been increasing transactional costs of moving, particularly associated with rising values and the costs of Stamp Duty, which have affected both home owners and investors (with 3% additional Stamp Duty applicable to investment purchases from April 2016).

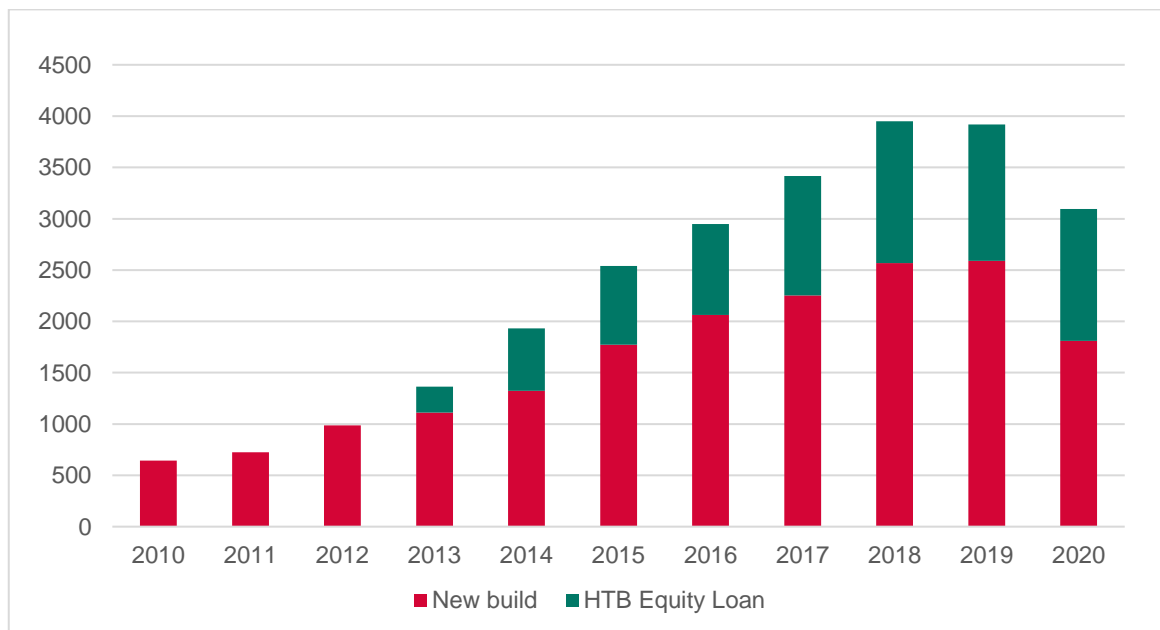
Figure 4.4: Sales Volumes – Coventry & Warwickshire HMA



Source: Derived from ONS Small Area House Price Statistics Dataset 6

- 4.13 The Government’s Help-to-Buy Equity Loan scheme has played an important role in supporting the housing market. Across the HMA it has supported 50% of new-build sales over the last 5 years (to Sept 2020). It will have particularly helped younger households (without existing equity) to buy a home.

Figure 4.5: New-Build Sales in HMA supported by Help-to-Buy Equity Loan Scheme



Source: Icen Analysis of ONS Small Area House Price Statistics Dataset 6 & MHCLG Help-to-Buy Equity Loan Scheme Statistics

- 4.14 This evidence for individual authorities shows some variance within the HMA, with the lowest proportion of new-build sales supported by Help-to-Buy in Warwick, and Stratford-on-Avon (45%) as less affordable markets for new entrants. North Warwickshire's (48%) supported sales were only a little stronger, while more than half of all new-build sales were supported by equity loans in Rugby (51%) and Coventry (54%). Nuneaton and Bedworth quite clearly outperformed all other local authorities (71%).

Table 4.3 Sales supported by Help-to-Buy Equity Loan in HMA – 5 Years to Sept 2020

5 years to Sept 2020	Overall New-Build Sales	HTB Equity Loan Sales	% Sales Supported
North Warwickshire	509	242	48%
Nuneaton and Bedworth	1,619	1,153	71%
Rugby	2,442	1,248	51%
Stratford-on-Avon	2,978	1,340	45%
Warwick	2,246	1,010	45%
Coventry	3,263	1,772	54%
C&W HMA	13,057	6,801	52%

Source: Icen Analysis of ONS Small Area House Price Statistics Dataset 6 & MHCLG Help-to-Buy Equity Loan Scheme Statistics

- 4.15 Icen's analysis indicates that 87% of those supported by the Help-to-Buy Scheme in the HMA have been First-time Buyers. This rises to 90% in Nuneaton and Bedworth, 95% in Rugby and 97% in North Warwickshire.

Table 4.4 First Time Buyers Supported by Help-to-Buy Equity Loan, to Sept 2020

	HTB Equity Loan Sales	Sales to First-time Buyers	% First-time Buyers
North Warwickshire	255	262	97%
Nuneaton and Bedworth	1,083	1,206	90%
Rugby	1,276	1,346	95%
Stratford-on-Avon	1,147	1,324	87%
Warwick	848	966	88%
Coventry	1,592	2,032	78%
C&W HMA	6,201	7,136	87%

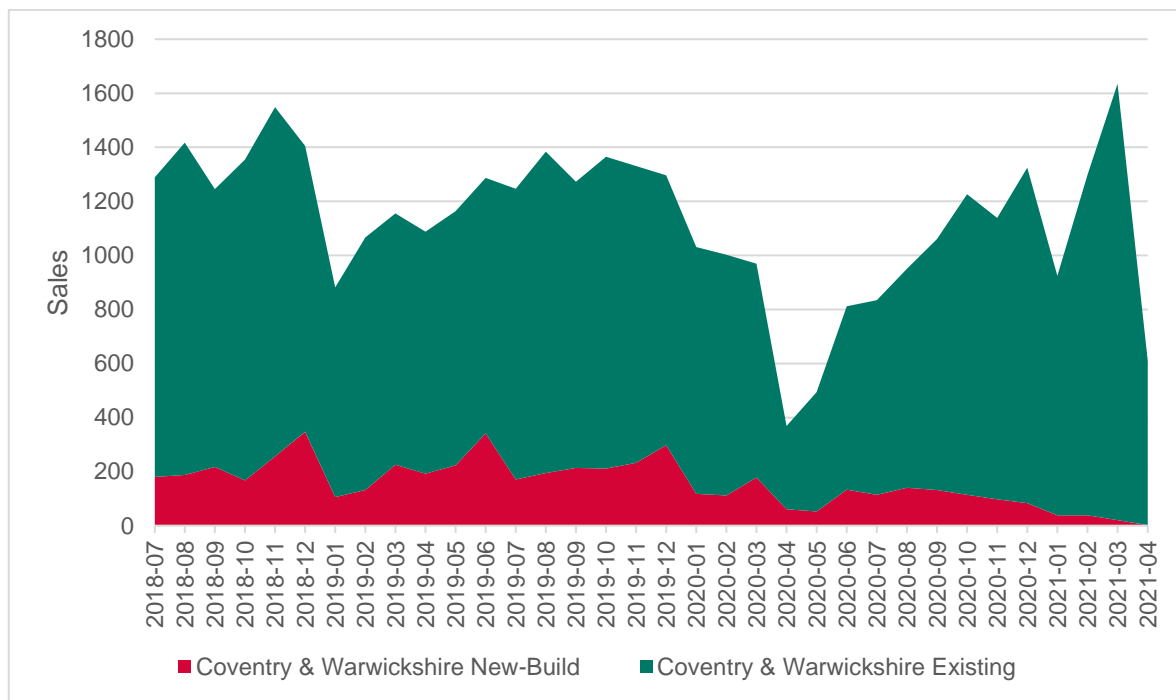
Source: MHCLG Help-to-Buy Equity Loan Scheme Statistics

- 4.16 It is very clear that the Help-to-Buy scheme has played a very important role in supporting First-time Buyers to purchase properties.
- 4.17 A more detailed recent picture of market activity can be gleaned by analysing HM Land Registry monthly data. This shows a particular dip in sales in April and May 2020 influenced by the first Covid-

19 lockdown. Sales volumes however grew through the second half of 2020 recovering to around 1,150+ sales per month; but this remains below longer-term trends and does not point to particular buoyancy within the local markets. As the figure below also shows, there has been a downward trend in new-build sales.

4.18 A combination of rising house prices and limited availability of mortgages with higher loan-to-value ratios has been restricting first-time buyer numbers; with first-time buyers also more likely to be younger and affected by the furlough scheme or rising unemployment. There are however signs of the availability of mortgages with a 5% or 10% deposit improving and the Government has provided support through the Mortgage Guarantee Scheme. The change to the Help-to-Buy Scheme may be having some impact.

Figure 4.6: Short-term Sales Volumes – Coventry & Warwickshire HMA



Source: Derived from HM Land Registry House Price Index

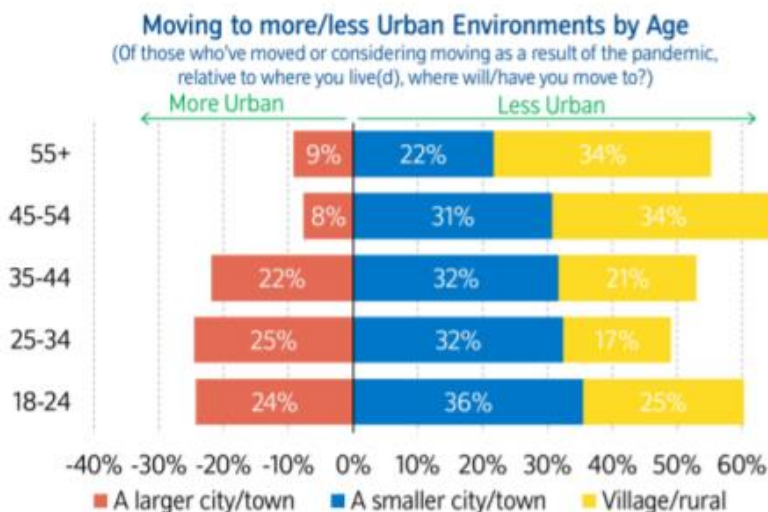
4.19 Monthly house price data from the HM Land Registry index shows a month-on-month growth in house prices over the last year, with a growth in average values of around £13,400 in Coventry and £22,500 in Warwickshire over the period from May 2020 (when the market reopened) to March 2021. Strong market conditions appear to have been influenced by a variety of factors including:

- Government support to the market through the Help-to-Buy scheme and the Stamp Duty Holiday, which was due to end in March 2021 but was subsequently extended to June 2021;

- The influence of the pandemic on people’s housing need and choices, from both a growth in home working which is reducing the requirement for being close to a workplace (with evidence that households are looking further from the workplace as a result) to changing space requirements including space to work and a requirement for outdoor space.

4.20 Nationwide reported in May 2021 house price growth of 10.9% over the last year nationally (which accords with our analysis), with values growing at the fastest rate since 2014. Whilst their research suggested that the Stamp Duty Holiday was a factor, three quarters of homeowners surveyed indicated that they would have been moving even if the Stamp Duty Holiday had not been extended. Of those moving or considering a move they found 33% were moving to a different area, whilst nearly 30% were doing so to access a garden or outdoor space more easily. The majority were looking to move to less urban areas, as the chart below shows.

Figure 4.7: Preferences of those looking to move, Spring 2021



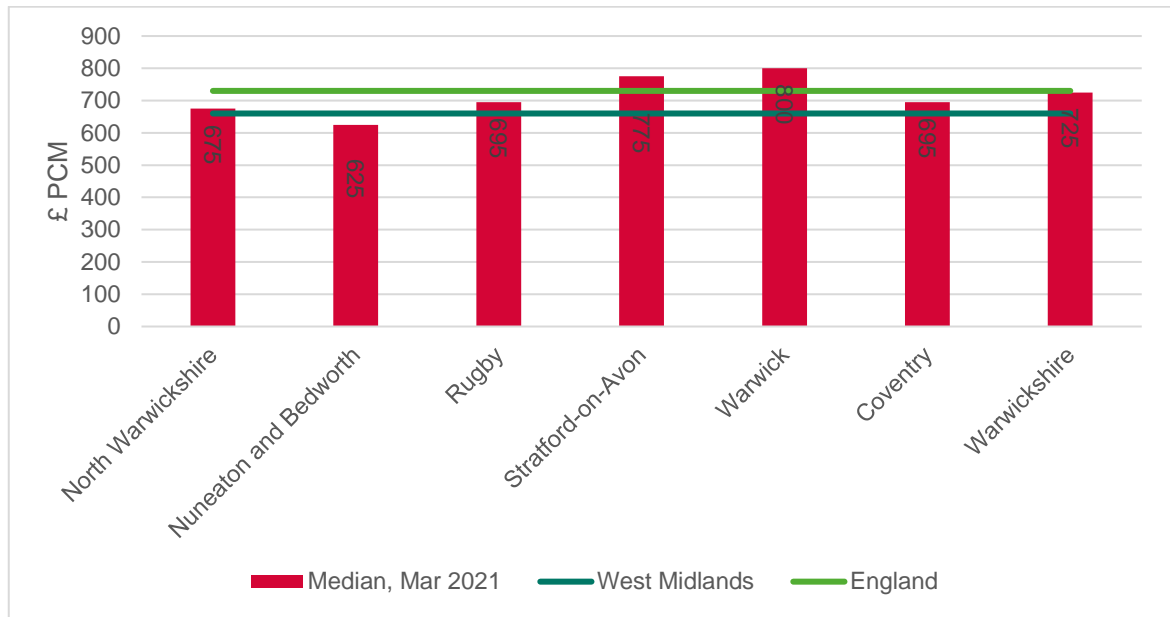
Source: Nationwide House Price Index Press Release, May 2021

4.21 However over a third (36%) of those surveyed also indicated that they were more likely to consider enhancing their home as a result of Covid, with nearly half (46%) of these looking to add or maximise space; and 35% looking to improve energy efficiency or reduce their home’s carbon footprint.

Lettings Market

4.22 Across the Study Area, median rents are slightly higher than the regional average of £660 per calendar month at £725, with median rents in Nuneaton and Bedworth slightly lower than in other areas; and rents the highest in Stratford-On-Avon (£775) and Warwick (£800) per calendar month (higher than the national average).

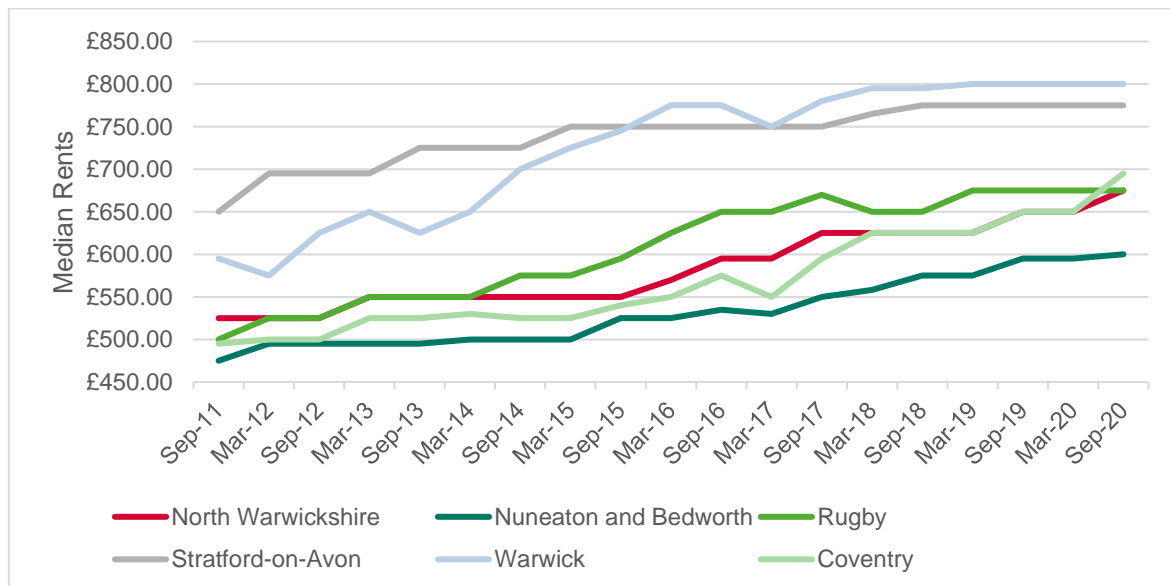
Figure 4.8: Median Rents, Year to March 2021



Source: ONS/VOA Private Rental Market Statistics

4.23 The chart below tracks changes in rental costs over time. Over the period since 2011 the medium-term trend has been of rental growth in line with the regional trend. It is notable however that Coventry has seen stronger relative growth in rents since 2017; albeit that over the period since 2018 rentals have been flat (and on average across the County have fallen slightly).

Figure 4.9: Median Rents, 2011-20



Source: ONS/VOA Private Rental Market Statistics

4.24 The table below considers growth in median and lower quartile (entry level) rents over the last 5 years. The strongest rental growth has been in Coventry, North Warwickshire and Nuneaton and Bedworth over the last 5 years (2014/15 – 2019/20), with notably weaker growth in median rents in Warwick. Lower quartile rents are highest in Stratford-on-Avon; but Coventry has seen the strongest rental growth over the last 5 years by some margin.

Table 4.5 Trends in Median and Lower Quartile Rents

	Median Rent	5 Year Growth		LQ Rent	5 Year Growth
North Warwickshire	£ 675	£ 125		£ 595	£ 100
Nuneaton and Bedworth	£ 600	£ 125		£ 540	£ 90
Rugby	£ 675	£ 80		£ 595	£ 70
Stratford-on-Avon	£ 775	£ 25		£ 700	£ 52
Warwick	£ 800	£ 55		£ 600	£ 50
Coventry	£ 695	£ 155		£ 600	£ 175
Warwickshire	£ 725	£ 75		£ 600	£ 75
West Midlands	£ 650	£ 100		£ 550	£ 100
England	£ 725	£ 100		£ 550	£ 56

Source: ONS/VOA Private Rental Market Statistics

Engagement with Estate and Lettings Agents – Authority Wide

4.25 IcenI has engaged with a number of estate and lettings agents across the HMA to gather information and market insight around house prices, sales, rental values and overall buoyancy to supplement our data analysis from national sources. This engagement took place in **early August 2021**. The sub-sections below deal with each segment of the market in turn.

Sales Market

4.26 This sub-section outlines the key findings of consultation with local housing agents in the district. The agents IcenI engaged with were located in the major towns in Warwickshire. These included Stratford-upon-Avon, Warwick, Royal Leamington Spa, Rugby and Nuneaton. Agents in Coventry were also contacted as well as a few agents in more rural settings of North and South Warwickshire to give a well rounded analysis of the housing market.

4.27 The general findings were that Coventry & Warwickshire’s residential market is extremely buoyant with a wide mix of buyers and the market has seen an influx of interest after Covid-19 restrictions have been lifted. The HMA generally attracts buyers of all ages although there is typically more demand from first time buyers in the northern parts of Warwickshire compared to a demand for larger and more expensive family homes in the south of the HMA.

4.28 There is a trend for buyers to be local. However, there is some demand from Londoners looking to relocate around the commuter towns of Rugby, Nuneaton and Stratford-upon-Avon, as well as from

-
- other cities such as Birmingham and Leicester. The increase in purchasers from outside the HMA were buyers looking for more space and for a cheaper price now that commuter patterns have changed in light of Covid-19, according to the agents we spoke to.
- 4.29 The strongest relative demand at the time of the assessment was for 3-bedroom detached and semi-detached properties. Agents describe there is less demand for flats as people were demanding more space and would like to have gardens. There has been a distinct lack of supply for 3-bedroom homes and an increase in demand for the larger 4-bedroom family homes, certainly in the south of the Authority. Agents suggested buyers were taking advantage of the Stamp Duty Land Tax holiday and therefore seeking higher value properties, but the demand was high as those looking lower down the chain allowed the unlocking of properties further up, as families upsized.
- 4.30 The end of the Stamp Duty Land Tax has not stopped people looking to buy and sell in the market. Many agents noted that people would have moved regardless due to a need for more space, more available cash and flexibility in location with businesses not expecting employees to return to the office full-time.
- 4.31 Across the HMA agents highlighted an acute need for Bungalows, often for elderly people. These plots when they became available were usually sold immediately when they came to market.
- 4.32 There was a lack of investor interest in flats across the area, unless it was in or close to a commuter town centre. Some agents revealed that some flats had failed to sell for some time while on the market.
- 4.33 There were mixed reviews across the HMA in respect of new builds. In Warwick, one sales agent mentioned that there was a general move away from new builds with people preferring character housing. Conversely, in Rugby an agent referred to the 6,200 home new build development of Houlton where the demand is outstripping the supply.
- 4.34 Agents suggested overall demand is greatest for middle range value properties around the £250,000 to £350,000 as people often currently own lower value properties and are looking to move homes and increase the amount spent on a property. However, this varied greatly depending on the area, with North Warwickshire having an overall lower average house price, compared to South Warwickshire. The recent effect of Covid-19 and the subsequent Stamp Duty Land Tax holiday meant there are more buyers of all ages looking to buy in Warwickshire, hence the market is very buoyant. Despite the Stamp Duty Land Tax holiday coming to an end, the market continues to be busy.
- 4.35 All agents agree the residential sales market in the district performed well when Covid-19 restrictions were reduced in Summer/Autumn 2020. However, there has been a distinct lack of stock on the

market to supply this demand in most towns, as properties are being sold particularly quickly compared to the pre Covid-19 housing market with agents having to cap viewings on some properties and the asking price being regularly exceeded. House prices have continued to rise over the past year with many agents highlighting a 7-15% increase across all bands, with 3-bedroom houses showing the strongest growth. Demand has started to slow as the summer holidays begin, but many agents predict a more consistent and stable market to the end of 2021.

Rental Market

- 4.36 IcenI have undertaken market research speaking to local estate agents and letting agents in different parts of HMA to understand local market dynamics in August 2021. This included a selection of agents across Coventry & Warwickshire including, Stratford-upon-Avon, Warwick, Nuneaton, Leamington Spa, Henley-in-Arden and Shipston-on-Stour. Agents indicated the rental market across the whole district is active and has remained consistently busy over the past year with an increase in demand once Covid-19 restrictions were lifted.
- 4.37 More generally the market is varied with people of all ages renting within the authority however there is a definite trend of younger single people, couples and young families looking to rent within the area. Most of those seeking rental properties in Warwickshire live locally or used to live locally and are looking to move back into the area, looking for a return to a more rural life. Some agents highlighted that family rental properties within school catchment areas were in particularly strong demand.
- 4.38 Agents referred to the lack of supply of housing on the sales market leading to families wanting to rent so they could wait until the right property came to market. Some agents referred to the trend of those living in towns near the trainlines that commute out to London and Birmingham for work, such as Nuneaton, Leamington Spa and Rugby. In South Warwickshire a lower proportion of people commute outside of Warwickshire but the area still sees a number of people moving from London, preferring the areas closeness to the Cotswolds.
- 4.39 Coventry and Warwick/Leamington are the only areas with student rental markets, but these have been less busy as many students have opted to stay at home. Many students prefer to rent in the area of Earlsdon (in Coventry) for both the University of Warwick and Coventry University and in Leamington Spa in areas such as the 'Old Town'. Agents in Coventry highlighted that many Asian students continue to rent in the area while studying as well as strong demand from medical students.
- 4.40 Agents in the southern part of Warwickshire covering Shipston-on-Stour, Henley-in-Arden, Warwick and Leamington Spa describe a popular rental market with greater relative demand from younger people often with families seeking 2 and 3 bed properties in particular. However, people of all ages

do rent within the area thus properties of all sizes are popular on the rental market with the exception of flats and properties with no garden.

- 4.41 Agents describe those who live in the towns with train stations such as Nuneaton, Leamington Spa and Rugby utilise the train stations with a percentage commuting out of Warwickshire to go to work. Rural dwellers are more likely to work more locally or from home. Agents describe a very strong rental pre Covid-19, but the demand has increased since Covid-19 leading to a current undersupply of properties on the rental market. Many agents highlighted a desperate need for all kinds of properties and that viewings would have to be capped to prevent an unmanageable amount of applications. The market has remained consistently busy for a number of years and agents expect it to remain so.
- 4.42 Rental values have increased modestly in the previous few years but Covid-19 has quite notably impacted the rental prices as demand outstrips the supply of available properties, especially in South Warwickshire. The average prices for a 2-bed property in the south of the authority is £750- £950 per calendar month. Agents mentioned that the asking price would often be surpassed, particularly for 2-3 bedroom homes.
- 4.43 Similarly, in the northern part of the sub-region covering Coventry, Rugby and Nuneaton agents describe the rental market varied with different ages but there is a focus on students, couples and small families seeking 2 or 3-bed properties; the key driver behind this focus in the market is price orientated, many smaller and therefore cheaper properties are on the rental market, hence couples and young families rent these properties.
- 4.44 Rental values are less than in South Warwickshire with a 2- bed property average rental price of £650-£750 per calendar month. It was suggested there has been an increase in the number of renters due to potential buyers of properties (particularly first-time buyers) being priced out of the sales market by investors and particularly those moving on from their first property, but eager to move out of their family homes. Again, in the northern part of the HMA the rental market is very active often with a greater demand than supply of rental properties.
- 4.45 All agents which we spoke to suggest a strong rental market at the current time across Coventry and Warwickshire often there is insufficient number of rental properties on the market relative to demand, this demand has increased since Covid-19. One agent suggested that tax changes and a surge in the price of houses prompted landlords to sell. This has left to a further deficit in the number of rental properties.

Engagement with Estate and Lettings Agents- Sub-Areas

4.46 Below is a more detailed account from agents on the sales and lettings market in specific sub-areas of Coventry and Warwickshire.

Coventry

4.47 The City is currently active with great demand up to the end of the Stamp Duty Tax relief but has since calmed down. First-time buyers, young families and investors seem to be the most active profile of buyers. The supply could not keep up with demand for the first six months of 2021 and anything below £200,000 was sold immediately.

4.48 Families look to buy and rent 2- and 3-bedroom semi-detached and detached properties within the catchment areas of good schools. There is a good mix of all types of buyers in the area. Students tend to gravitate towards the area of Earlsdon in the South of the City for access to both Warwick and Coventry University. One agent believes the market could get quieter over the next six months.

Stratford-upon-Avon

4.49 Stratford-upon-Avon has an incredibly busy market and has remained so during the pandemic due to its high-end housing market which remains relatively undisrupted. There has been constant demand for 3 to 5-bed properties with families and couples looking to move locally and from London. The number and variety of good public, grammar and comprehensive schools attracts young families as well as access to the outdoors; the Cotswolds being only a short distance away. Access to the A46 and M40 also makes accessing different points of England easy.

4.50 Properties are going for more than asking price and the agents we spoke to have said they have been busier than ever. They mention that any character property up to £800,000 is likely to go quite quickly. This area is particularly hard for first-time buyers due to the high cost of housing in the area and being outbid by cash buyers. Flats and apartments have a harder time of selling. They expect Londoners and city-dwellers to continue to flock to the area in search of more space and prices to continue rising.

Leamington Spa

4.51 Agents have noticed less properties coming to market recently, but demand has been consistently strong in Leamington Spa. There have been a number of first-time buyers and young relocators moving to the area, generally from bigger cities and two agents mention an influx of renters coming from Hong Kong.

4.52 3-bed detached and semi-detached homes are in the most demand with an average property selling for between £350,000-£400,000, a price that has increased by around 10% over the last year. One

agent commented that not many people are bothered about town centre living, preferring space with a garden, although the Victorian terraces and character homes have always sold quickly. Connections by rail into London Marylebone and short distance to the M40 and A46 make Leamington Spa very well connected, and access to good schools and industry make it very attractive.

Warwick

- 4.53 Warwick is no different to the other areas in Warwickshire with an incredibly buoyant market with one agent describing it as a record-breaking year, although things have slowed down over July and August 2021 (agents suggesting this is normal with school holidays). There has been a real mix of buyers from investors to first-time buyers, young professionals and families. A majority are local but perhaps 30 per cent are people from London buying a second home. Apartments are the only type of property that agents are struggling to sell.
- 4.54 The £220,000-£300,000 band is the most active but there has been high demand and a lack of supply for 5-bedroom properties. One agent described there being strong interest in town centre living with access to amenities. A theme across all towns in Warwickshire was the lack of bungalows that came to market and were in very high demand for older people. This was distinctly so in Warwick.

Rugby

- 4.55 Again agents have described an extremely busy period for the market where people are going above the asking prices. There seems to have been a higher demand from first-time buyers in Rugby and investors and a split of 80% are moving locally compared to the other 20% coming from London. Across the board there is demand for all kinds of houses, but perhaps more so for 2 to 3-bed properties.
- 4.56 One agent described how they believed a flood of people looking and selling at the bottom of the market has unlocked the market above them, allowing price bands of £400,000-£500,000 to sell quickly, which have struggled to move in the past. Even flats are selling and prices are very inflated due to the demand. One agent described one property having around 50 viewings when it came to market which is unprecedented. The demand is down to a mix of Stamp Duty Tax relief and a need for movers to find more space and relocate for work.
- 4.57 The new development in Houlton (which is planned for c 6,200 homes) has sold extremely well according to one agent and they can not build them fast enough.

Nuneaton

- 4.58 Nuneaton has remained busy with some slight tail off in the July and August period, but the market has always been consistently busy. There has been a mix profile of buyers but as many as 70% of

are first-time buyers. Young professionals are looking as well as a handful of investors. The bottom of the market seems to be doing better than the higher end, with properties up to £250,000 going very quickly and for over asking price, although one agent said prices have and will remain static. A majority of movers have come from Coventry and Warwickshire, but also from Milton Keynes, Luton and London.

- 4.59 Agents in Nuneaton expect the market to continue to be strong. Demand from Londoners and city-dwellers is expected to continue as Nuneaton has fantastic transport links, good schools and a great community.

Shipston-on-Stour

- 4.60 Agents in Shipston-on-Stour state that the market has been and is very busy but supply has been short in comparison to the strong demand. A lot of first-time buyers have been coming forward as well as agents dealing with those downsizing due to divorces, kids moving out etc. The lower end of the market, however, seems to be weakest with the higher end stuff, which wouldn't sell a year ago, receiving plenty of viewings. The £300,000 to £500,000 is the strongest price band, although there is nothing in the £500,000 to £700,000 range that is coming to market and would be quickly purchased.

- 4.61 The area is particularly attractive for its proximity to the Cotswolds and Oxford and recent investment in the town has led to new restaurants and boutique stores opening. Around 50% of people looking in the area are local while the other 50% are coming from London and either purchasing or buying a second home. New developments in the area are less popular and people are more interested in character properties.

Henley-in-Arden

- 4.62 Another buoyant market according to agents in Henley-in-Arden with all properties selling well with the exception of flats. There is a gap in the market at the higher end of properties where demand is out stripping supply. The buyers have now moved from cash back to the more traditional chain and seem to be moving in from Birmingham or staying local, attracted by the idea of more space and less crime.
- 4.63 Families are the predominant buyers looking for 3 to 4-bed semi-detached and detached housing. Agents expect the market to remain the same until the end of the year. Bungalows have always been in demand by older residents.

PART B: CONSIDERING OVERALL DEVELOPMENT NEEDS

5. DEMOGRAPHIC DYNAMICS AND OVERALL HOUSING NEED

5.1 This section of the report considers overall housing need set against the framework of Planning Practice Guidance (PPG) – specifically the Standard Method for assessing housing need. The section also considers demographic trends; with publication of new 2021 Census data in 2022 it is possible to reset some of the previous population estimates from ONS. The Census is particularly important as ONS had faced some criticism for significantly over-estimating population growth in Coventry and this seems to be confirmed through Census data.

5.2 The Census data has been used, alongside other data, to develop a new trend-based projection for all authorities in the area, which can again be considered within the framework of the Standard Method. Where projections are discussed in this report, the analysis mainly looks at the 2022-32 period (as this fits with the Standard Method) with data generally being shown on an annual basis that can be rolled forward for plan periods post 2032.

Standard Method

5.3 The analysis below considers the level of local housing need for Coventry & Warwickshire having due regard to the Standard Method. The methodology for calculating housing need is clearly set out by Government in Planning Practice Guidance and follows a four-step process worked through in the following sub-sections. We consider first the implications of use of the 2014-based Household Projections, the use of which is mandated by in the Planning Practice Guidance.

Step One: Setting the Baseline

5.4 The first step in considering housing need against the Standard Method is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten-year period, with the current year being the first year i.e. 2022 to 2032. This results in household growth of 38,935 households (3,894 per annum) over the ten-year period for the whole of the study area.

5.5 Although this figure is calculated over a ten-year period from 2022 to 2032, Paragraph 12 of the PPG states that this average household growth and the local housing need arising from it can then “be applied to the whole plan period” in calculating housing need.

Step Two: Affordability Adjustment

5.6 The second step of the standard method is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the

published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available.

- 5.7 The latest (workplace-based) affordability data is for 2020-based and was published by ONS in March 2021. The Government's Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by 6.25%, with the calculation being as follows:

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

- 5.8 The ratio varies from 5.96 in Coventry, up to 10.93 in Warwick, giving a range of uplifts from 12%-42%. The specific calculations are set out in Table 5.1.

Step 3: The Cap

- 5.9 The third step of the standard method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:

- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan.
- The second situation is where plans and evidence are more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth (step 1) or the housing requirement in the most recent plan, where this exists.

- 5.10 Only Stratford-on-Avon and Warwick have an affordability ratio above 40%, however in both areas the adopted plans are for higher housing numbers than the Standard Method (730 dwellings per annum in Stratford-on-Avon and 932 in Warwick) – therefore no cap is applied.

Step Four: Urban Uplift

- 5.11 The fourth and final step in the calculation means that the 20 largest urban areas in England are subject to a further 35% uplift. This uplift ensures that the Governments stated target of 300,000 dwellings per annum is met and that “homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable.” (Paragraph: 035 Reference ID: 2a-035-20201216).

- 5.12 Coventry City is listed within the top 20 urban areas in the country it is therefore subject to this additional uplift.

Standard Method Calculation using 2014-based Household Projections

- 5.13 The table below works through the Standard Method calculations and for the whole of the study area shows a need for 4,727 dwellings per annum before the urban uplift; this increases to 5,554 with the inclusion of this uplift, a further 826 dwellings pa in Coventry.

Table 5.1 Standard Method Housing Need Calculations using 2014-based Household Projections

	Coventry	North Warwks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	C & W
Households 2022	154,763	27,351	56,500	46,728	56,445	63,486	405,273
Households 2032	175,801	28,742	60,025	50,968	60,435	68,237	444,208
Change in households	21,038	1,391	3,525	4,240	3,990	4,751	38,935
Per annum change	2,104	139.1	352.5	424	399	475.1	3,894
Affordability ratio (2021)	5.96	8.23	7.73	7.47	10.62	10.73	-
Uplift to household growth	12%	26%	23%	22%	41%	42%	-
Initial need (per annum)	2,362	176	435	516	564	675	4,727
Capped	NA	NA	NA	NA	NA	NA	-
Urban uplift	35%	0%	0%	0%	0%	0%	-
Total need (per annum)	3,188	176	435	516	564	675	5,554

Source: Derived from a range of ONS and MHCLG sources

- 5.14 This is above previous assessments of need. The 2015 SHMA Update identified a need for 4,272 dpa, albeit that this was based on a different methodology as derived from the 2012 NPPF/ 2013 Planning Practice Guidance.

Divergence from the Standard Method (Exceptional Circumstances)

- 5.15 The table above sets out housing need using the Standard Method and whilst this is a relevant consideration Planning Practice Guidance does allow for divergence from these figures (in both an upward and downward direction) where exceptional circumstances can be demonstrated. An important start point is to understand Government Guidance on this topic. This can be found in Planning Practice Guidance 2a and below are some key quotes for the purposes of this document.

“Is the use of the standard method for strategic policy making purposes mandatory?”

No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances.” - Paragraph: 003 Reference ID: 2a-003-20190220

"If authorities use a different method how will this be tested at examination?"

Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination. Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method." - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated)

5.16 The guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be applied where relevant. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include using more recent versions of published SNHP. The PPG does not specifically set out examples of exceptional circumstances but it is considered that there are likely to be two main considerations:

- Firstly that demographic data on which projections are based is demonstrably wrong and cannot realistically be used for trend-based projections on which the Standard Method is based; and
- Secondly that demographic trends have changed so much that it is unrealistic to use a set of projections based on information in a trend period to 2014, which is now over 8-years old.

5.17 In summary, this report concludes that both of these factors are relevant. In particular, population growth for Coventry appears to be systematically over-estimated, which leads to trend-based projections that are demonstrably too high. Additionally, there is evidence that more recent trends in population growth (confirmed by Census data) in many parts of Warwickshire have been stronger than in the period to 2014 – mainly due to changes in migration levels – and so the 2014-based figures can be thought of as unreliable. It is also the case that other key aspects of population projections (fertility and mortality rates) have diverged significantly from those projected in the 2014-based projections.

5.18 The analysis below therefore looks at some of the issues around population growth and projections in Coventry and Warwickshire before moving on to look at what might be seen as a reasonable trend-based projection using available information. The focus is particularly on population projections and the report does not seek to challenge the market signals element of the Standard Method with the latest figures published affordable by ONS being used to generate estimates of need.

Reviewing Population Trends

5.19 As noted previously, 2021 Census data was published in 2022 which allows a view of the current population size and age structure in different areas. It is however the case that ONS when developing

population projections tends to draw on its mid-year population estimates (MYE) the latest running to 2020.

- 5.20 The analysis below looks at key data about demographic trends in Coventry & Warwickshire, particularly focussing on past population growth and the components of population change. This allows consideration of whether there are exceptional circumstances and if there is a case for alternative projections to be developed to estimate housing need.

Population

- 5.21 The table below shows ONS estimates for the population by authority in 2020. The population of Coventry & Warwickshire was estimated to be around 963,200 with around two-fifths of people living in Coventry (379,400 persons). Warwick District is the next most populous area.

Table 5.2 Estimated Population by Local Authority (2020) – Coventry & Warwickshire

	Estimated population	% of population
Coventry	379,387	39.4%
North Warwickshire	65,452	6.8%
Nuneaton and Bedworth	130,373	13.5%
Rugby	110,650	11.5%
Stratford-on-Avon	132,402	13.7%
Warwick	144,909	15.0%
Coventry & Warwickshire	963,173	100.0%

Source: ONS MYE

- 5.22 The data above can be contrast with more recent information from the 2021 Census (albeit this is for one year later than the MYE). This shows a much lower population in the HMA than previously estimated with the biggest difference being in Coventry.

Table 5.3 Estimated Population by Local Authority (2021) – Coventry & Warwickshire

	Estimated population	% of population
Coventry	345,300	36.7%
North Warwickshire	65,000	6.9%
Nuneaton and Bedworth	134,200	14.2%
Rugby	114,400	12.1%
Stratford-on-Avon	134,700	14.3%
Warwick	148,500	15.8%
Coventry & Warwickshire	942,100	100.0%

Source: 2021 Census

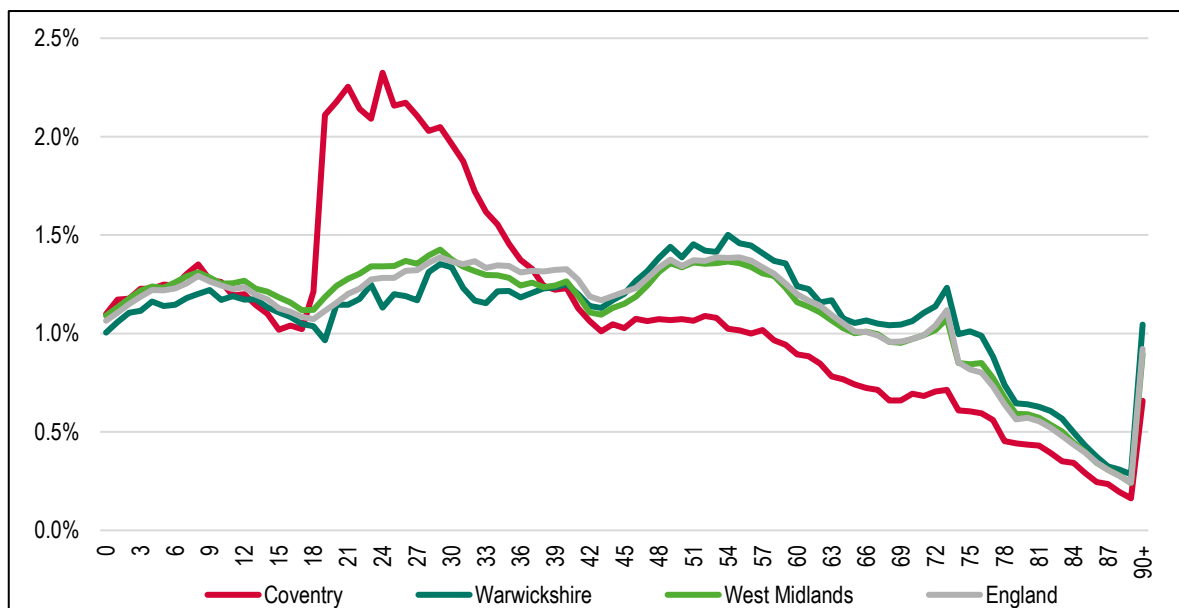
5.23 The analysis below was undertaken prior to publication of 2021 Census data and looked at a range of sources to estimate what the population and age structure of each area in the HMA might be given the likelihood (subsequently confirmed by Census data) that ONS population monitoring through the MYE is substantially wrong. Whilst the analysis below is quite lengthy, it is considered useful to include as it does clearly identify an exceptional circumstance regarding demographic data in the HMA.

5.24 The analysis below finishes by estimating population in 2020, which has then been rolled forward a further year to 2021 to allow for a comparison with the 2021 Census. Census data is then used (along with other demographic data (e.g. about birth and death rates) to construct a trend-based projection, which can then be used within the framework of the Standard Method to estimate housing need across the HMA.

Age Structure

5.25 The figure below shows the population age profile of Coventry & Warwickshire compared with a range of other areas based on the ONS Mid-Year Estimates. For Coventry, the data shows a relatively young age structure in comparison with the regional and national position with Warwickshire having a profile more in line with that seen across other areas. Notably, the proportion of the population in Coventry is lower than seen regionally or nationally for all age groups from about 40 onwards. The City also sees a particular spike of people in their late teens and early twenties which will be related to the student population. It also has a relatively high number of people in their late 20s and 30s.

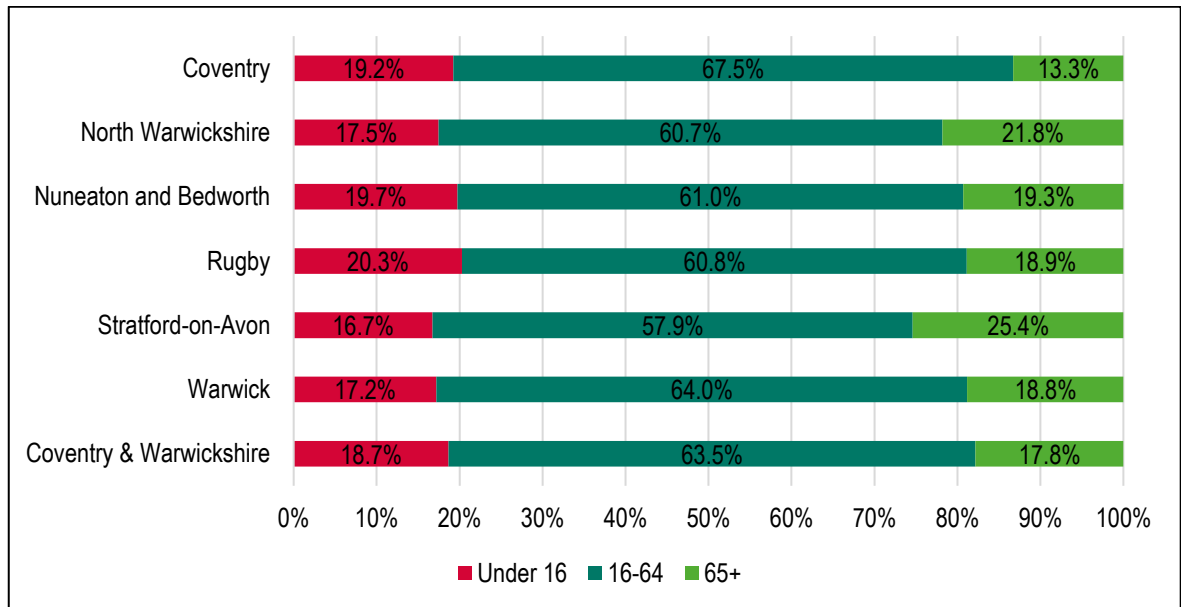
Figure 5.1: Population Profile (2020)



Source: ONS Mid-Year Population Estimates

5.26 The figure below considers the broad age profile by local authority based on the ONS Mid-Year Estimates (MYEs). The analysis shows slightly different are profiles in local authorities in the County, with Stratford-on-Avon having the highest proportion of people aged 65 and over and Warwick seeing the highest proportion aged 16-64 (outside of Coventry), linked to its student population.

Figure 5.2: Population Profile by Local Authority (2019) – Coventry & Warwickshire

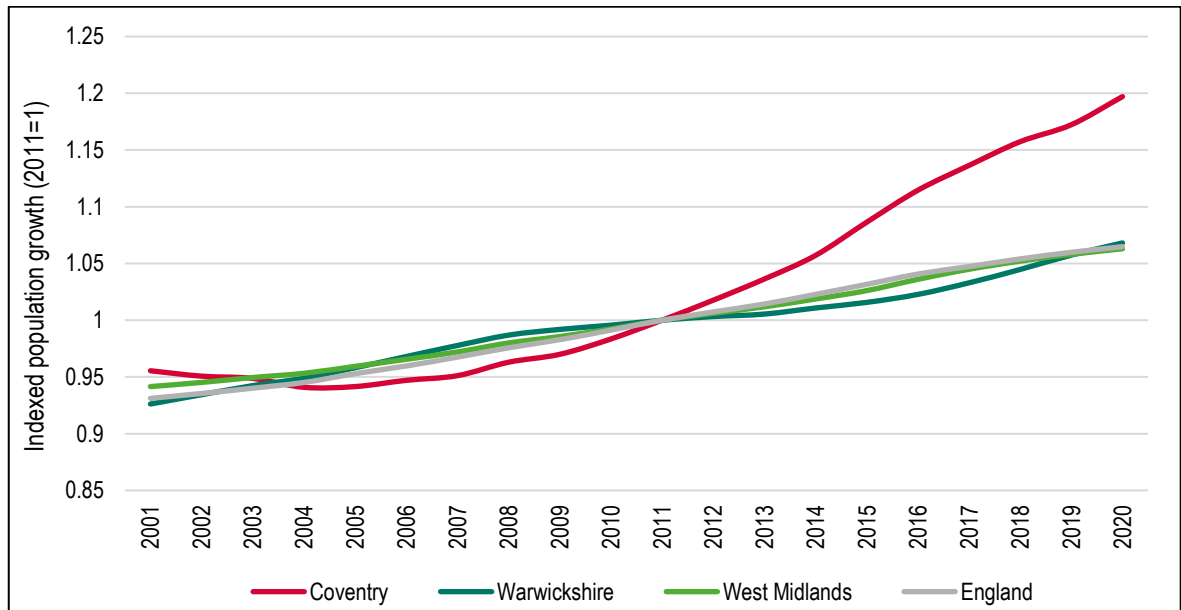


Source: ONS Mid-Year Population Estimates

Past Population Change

5.27 The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011) shown in the ONS MYEs. Over this period that the population of both Coventry and Warwickshire has increased, with the ONS estimates suggesting particularly strong growth in Coventry. In 2020, it is estimated that the population of Coventry had risen by 25% from 2001 levels, with a 15% increase seen in Warwickshire. These figures are in contrast with a 13% rise across the region and 14% nationally. The ONS estimates suggest the population of Coventry has risen by 20% in just the last 9-years.

Figure 5.3: Indexed Population Growth (2001-2020)



Source: ONS Mid-Year Population Estimates

5.28 The table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the starting point of 2011 has data is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of Coventry increased by 19.7% with a 6.8% increase for Warwickshire. For Coventry, this is a high level of population change and compares with increases of 6.3% in the West Midlands and 6.5% across England.

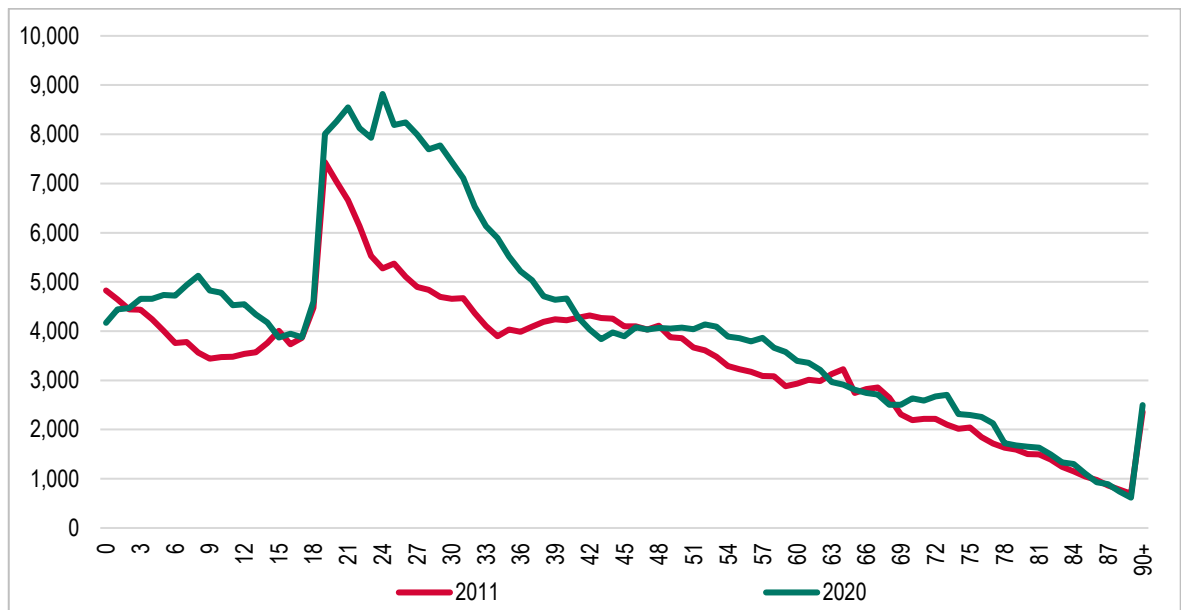
Table 5.4 Population Change (2011-20)

	Population (2011)	Population (2020)	Change	% change
Coventry	316,915	379,387	62,472	19.7%
Warwickshire	546,554	583,786	37,232	6.8%
West Midlands	5,608,667	5,961,929	353,262	6.3%
England	53,107,169	56,550,138	3,442,969	6.5%

Source: ONS Mid-Year Population Estimates

5.29 The figures below show population change by age (again for the 2011-20 period). In Coventry, the analysis suggests there has been a notable change to the age structure with the proportion of people aged in their 20s and early 30s increasing significantly – there has been relatively little change in the number of people in age groups from about 40 onwards. The analysis shows that all of the three broad age bands have seen an increase in population but the 16-64 age band has seen the highest proportionate increase in population, and also the highest increase accounting for 78% of all population increase.

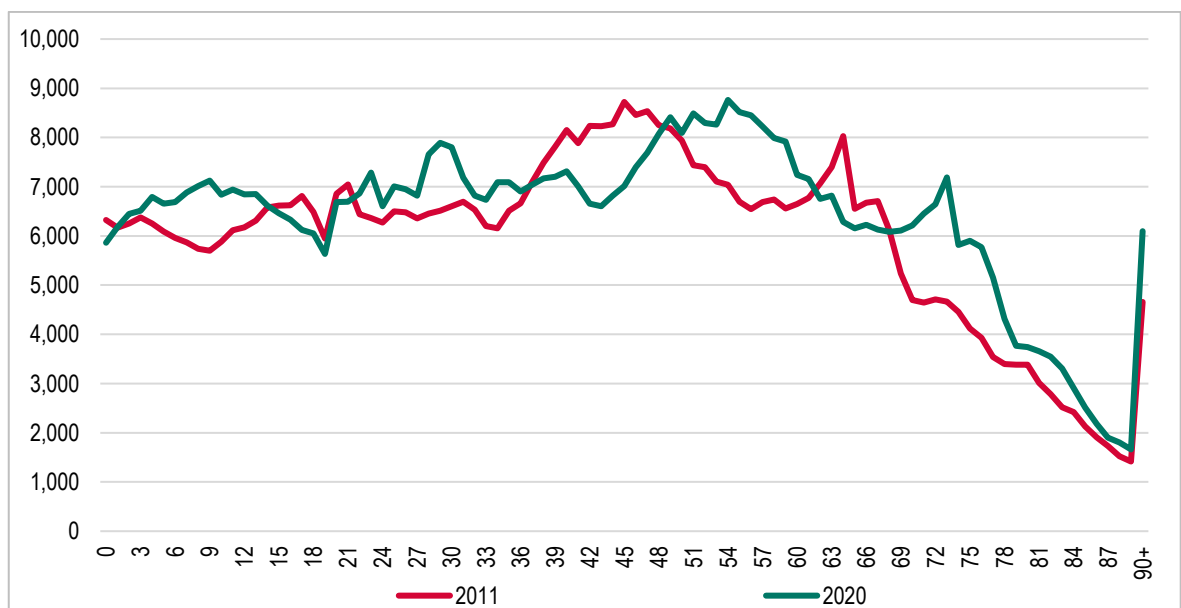
Figure 5.4: Population Age Structure in 2011 and 2020 – Coventry



Source: ONS Mid-Year Population Estimates

5.30 In Warwickshire, there are differences between 2011 and 2020 across many age groups although when looking at the single year of age data it is clear that some of this will be due to cohort effects (such as the high population aged 64 in 2011 developing into a high population aged 73 nine years later). When looking at broad age bands, it can again be observed that all age groups have seen an increase in population. An ageing of the population is notable; the population aged 65 and over increased by 21% over the 9-year period and accounted for over half of all population growth.

Figure 5.5: Population Age Structure in 2011 and 2020 – Warwickshire



Source: ONS Mid-Year Population Estimates

- 5.31 Additional analysis is provided below for individual local authorities. The data shows for the 2011-20 period that all the Warwickshire authorities have seen an increase in population; the highest increase being in Coventry (20%) followed by Rugby (10%). At the other end of the scale, Nuneaton & Bedworth (4%) has seen more modest changes to population.

Table 5.5 Change in Population by Local Authority (2011-20)

	2011	2020	Change	% Change
Coventry	316,915	379,387	62,472	19.7%
North Warwickshire	62,089	65,452	3,363	5.4%
Nuneaton and Bedworth	125,409	130,373	4,964	4.0%
Rugby	100,496	110,650	10,154	10.1%
Stratford-on-Avon	120,824	132,402	11,578	9.6%
Warwick	137,736	144,909	7,173	5.2%
Coventry & Warwickshire	863,469	963,173	99,704	11.5%

Source: ONS

Components of Population Change

- 5.32 The tables and figures below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated. UPC relates to the 2001-11 period.
- 5.33 For Coventry, the data shows a high positive level of natural change throughout the period (i.e. more births than deaths). Internal migration has been quite variable – negative in all years with the data for 2018/19 showing a particularly high number of people (net) moving from the City to other locations. The last five years for which data is available shows an average of about 2,200 people (net) moving from the area to other parts of the United Kingdom. International migration is also variable, although the data does suggest a positive net level for each year back to 2001/2. Over the past five years international migration has averaged about 7,800 people per annum (net).
- 5.34 For Warwickshire, the data also shows a positive level of natural change throughout the period (apart from 2019/20), but at a lower level than seen in the City. Internal migration has been positive in all years (all years apart from 2011/12 and 2012/13) and generally has been on an upward trend over the past decade or so. The last five years for which data is available shows an average of about 4,200 people (net) moving to the area from other parts of the United Kingdom. International migration has also been positive throughout the period studied. Over the past five years international migration has averaged about 1,200 people per annum (net).

5.35 The data also shows a negative level of UPC in Coventry, suggesting that between 2001 and 2011, ONS may have initially *overestimated* population growth within population estimates (and this was corrected once Census data had been published). For Warwickshire, there is a modest positive UPC, suggesting a potential *under-estimate* of population growth in the 2001-11 period.

5.36 The UPC is particularly high in Coventry, where in total over the 10-years to 2011, it appears as if ONS mid-year estimates were a total of 14,900 people different from the actual count in the 2011 Census. For Warwickshire, the discrepancy is 1,700 people in total (in the opposite direction). The findings about UPC are important in the context of the analysis in this section and subsequent Census data as it seems clear that UPC has continued post 2011 and in the case of Coventry actually increased significantly.

Table 5.6 Components of Population Change, mid-2001 to mid-2020 – Coventry

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	707	-2,566	1,887	-23	-1,514	-1,509
2002/3	672	-1,899	2,109	-14	-1,498	-630
2003/4	847	-2,861	1,005	28	-1,510	-2,491
2004/5	910	-2,280	3,093	-13	-1,498	212
2005/6	1,153	-1,732	3,825	-19	-1,484	1,743
2006/7	1,388	-2,775	4,206	-25	-1,494	1,300
2007/8	1,735	-1,487	4,994	-4	-1,481	3,757
2008/9	1,691	-1,355	3,376	-16	-1,489	2,207
2009/10	2,079	-946	4,668	-33	-1,487	4,281
2010/11	2,252	-774	5,206	48	-1,491	5,241
2011/12	2,078	-992	4,474	29	0	5,589
2012/13	1,872	-596	4,593	50	0	5,919
2013/14	1,929	-264	4,938	-8	0	6,595
2014/15	1,737	-379	7,912	0	0	9,270
2015/16	1,800	-501	7,652	-24	0	8,927
2016/17	1,667	-1,014	6,306	-25	0	6,934
2017/18	1,470	-2,273	7,630	-191	0	6,636
2018/19	1,451	-4,241	7,577	-51	0	4,736
2019/20	1,013	-3,036	9,780	109	0	7,866

Source: ONS

Table 5.7 Components of Population Change, mid-2001 to mid-2020 – Warwickshire

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	107	3,634	554	-1	204	4,498
2002/3	124	3,425	647	-24	193	4,365
2003/4	361	2,854	121	55	190	3,581
2004/5	508	3,025	1,337	-23	169	5,016
2005/6	496	2,206	2,558	-11	157	5,406
2006/7	1,085	2,592	1,428	-2	219	5,322
2007/8	1,179	1,341	2,345	-6	144	5,003
2008/9	1,168	701	704	5	169	2,747
2009/10	1,294	476	161	-46	150	2,035
2010/11	1,348	690	182	54	114	2,388
2011/12	1,513	-6	268	-9	0	1,766
2012/13	1,090	-488	502	93	0	1,197
2013/14	1,123	433	1,236	141	0	2,933
2014/15	427	966	1,246	65	0	2,704
2015/16	661	1,338	1,768	70	0	3,837
2016/17	502	3,561	1,510	-2	0	5,571
2017/18	208	5,040	963	237	0	6,448
2018/19	504	5,768	617	34	0	6,923
2019/20	-543	5,329	1,027	40	0	5,853

Source: ONS

Accuracy of Population Estimates

- 5.37 It can be seen from the analysis above that the population of Coventry is estimated to have increased at a substantially faster rate than seen across Warwickshire, or indeed for any of the local authorities in the County. The estimates of the population of Coventry have been criticised - most notably by CPRE (Warwickshire) - as being too high and therefore having an impact on future projections (which in turn lead to estimates of housing need).
- 5.38 The analysis below therefore focusses on population growth in Coventry. This has been driven by public discussion of this matter over the past few years, which has included ONS being asked to consider the methods by which they prepare their mid-year population estimates (MYE). Below is a brief overview of some of the context to recent discussions on population estimates. Whilst the focus is on Coventry, it is important for this study to also consider similar issues across the wider Housing Market Area given the migration and housing market interactions between authorities.

CPRE Criticisms of ONS

- 5.39 On the 13th November 2020, Sir Andrew Watson (Chair of CPRE Warwickshire) and others wrote to Ed Humpherson (Director General for Regulation at the Office for Statistics Regulation (OSR)) and Sir David Norgrove on the topic of '*population projections and mid-year population estimates for Coventry*'. In the correspondence it was requested that the United Kingdom Statistics Authority (UKSA) conduct a review of population estimates and projections for Coventry as it was believed that figures had been greatly inflated for Coventry with impacts on planning policy development and decisions being made on the back of bad data.
- 5.40 In particular, and relevant to the HEDNA, it was stated by CPRE that "*projections and associated household projections are used as the basis for forward planning by all local planning authorities, the very high figures for Coventry have led that authority and neighbouring Warwickshire authorities to over-allocate land for housing in their local plans.*"
- 5.41 The correspondence suggests when "*a very wide range of administrative data for Coventry is examined, it fails to show any sign of exceptional growth in the City. All the vital signs of the town – births, deaths, voters, cars registered, pensioners, school admissions, houses built, benefits claimed, A&E attendances, gas and electricity used, and domestic waste produced are completely average for the region*". A copy of correspondence setting out some of the CPRE analysis can be found in a letter dated 13th November 2020.¹⁶
- 5.42 Mr Humpherson first replied to Mr Watson in December 2020¹⁷, noting "*in light of the matters raised within your letter we have decided to undertake a review of the population projections and population estimates produced by the Office for National Statistics (ONS) and how they are used*". This was followed up with the publication of a document "*Review of population estimates and projections produced by the Office for National Statistics*" on the 10th May 2021.¹⁸
- 5.43 That concluded that estimating population is not straightforward and figures are challenging to produce. It was recognised that projections use past estimates and that such data is important in policy making. It was also suggested that ONS takes a sensible approach to population estimates but that they may miss the 'bigger picture' of what the population data informs; it was suggested that ONS should be more open to reflecting any local challenges highlighted and that any feedback should be used to help sense check the official figures. Overall it was concluded that ONS should a)

¹⁶ See <https://www.cprewarwickshire.org.uk/local-planning-matters/coventry-city-council/coventry-news/>

¹⁷ <https://osr.statisticsauthority.gov.uk/correspondence/sir-andrew-watson-to-ed-humpherson-and-sir-david-norgrove-population-projections-and-mid-year-population-estimates-for-coventry/>

¹⁸ <https://osr.statisticsauthority.gov.uk/publication/review-of-population-estimates-and-projections-produced-by-the-office-for-national-statistics/>

improve methods; b) enhance communication; and c) embrace challenge. The OSR asked for ONS to report back with its plans for addressing the findings in July 2021.

5.44 On the 29th July, ONS published its response setting out a work plan to address the OSR recommendations.¹⁹ ONS recognised that there were concerns about population estimates and projections (specifically mentioning Coventry) and that this can have an impact on household projections and therefore calculations of housing need. **It is notable that both ONS and the OSR have acknowledged issues with the population estimates for Coventry and its impact on the City's calculated housing need.**

5.45 The ONS Report set out a number of recommendations. These included ensuring future population statistics are based on sound methods and suitable data (including a commitment to complete detailed case studies on cities with large student populations and also consider concerns raised about population estimates from administrative data). A further recommendation was to improve the transparency of approaches used and any changes to approaches. The full set of recommendations set out by ONS are listed below:

- R1: Ensuring future population statistics are based on sound methods and suitable data
- R2: Enhancing the transparency of developments concerning the quality of the statistics
- R3: Continuation of plans for the future of migration data
- R4: Enhancement of approach to quality assurance
- R5: Supporting users' understanding of the uncertainty associated with ONS statistics
- R6: Maximising the use of ONS variant projections
- R7: Ensuring that ONS statistics remain relevant to users
- R8: Increasing public value of ONS statistics and supporting their use

5.46 Whilst it is clear that the comments made about population estimates in Coventry have been taken seriously, it is also the case that **at this point no attempts have been made by ONS to amend either population estimates or the projections they feed into.** Indeed the ONS document discusses the use of 2021 Census data to understand how and why the estimates based on Census 2021 differ from those based on the mid-year estimates rolled forward from 2011. Whilst Census

19

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/futureplansforresearchonpopulationestimatesandprojections/2021-07-29>

data has now been published, and does confirm the population of Coventry to be significantly lower than previously estimated, ONS have not yet released revised MYE or any projections linked to this data.

5.47 Therefore, the situation currently is one where **there are question marks over the components of change data in Coventry but no official alternative**. The analysis set out in the subsequent sections of this report therefore seeks to consider a range of data that might help to provide a view about recent population growth. In doing this the analysis is also mindful of work carried out locally (and drawn on by CPRE in their initial correspondence with the OSR).

5.48 Again, as previously noted, the analysis below was undertaken prior to publication of the 2021 Census, but does help to demonstrate the exceptional circumstances relevant to demographic data for Coventry in particular.

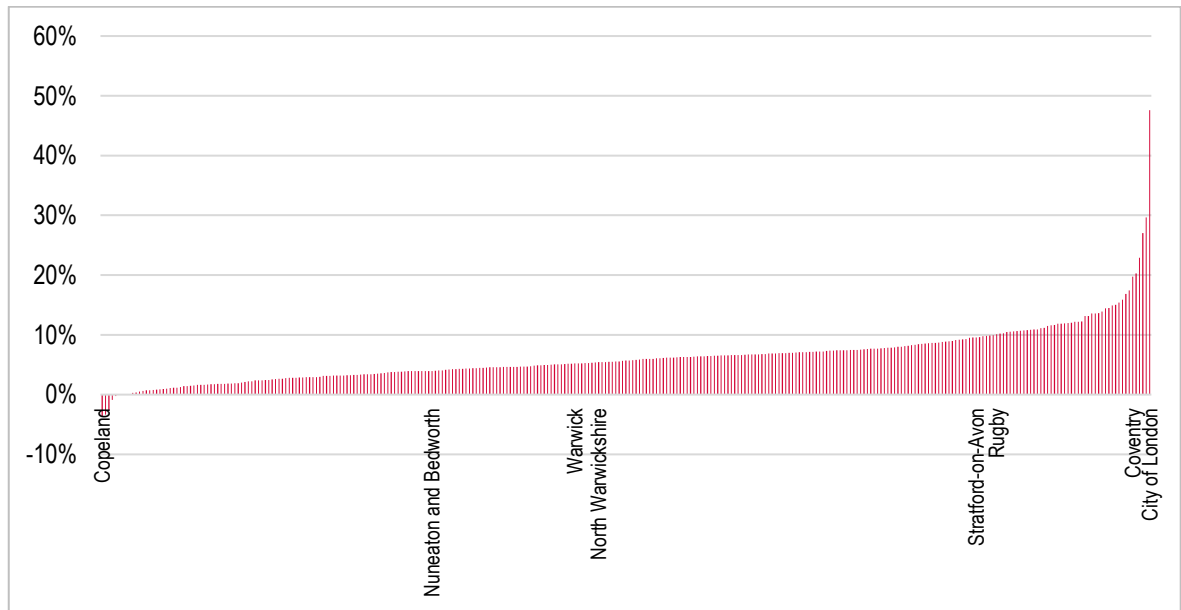
Overall Population Growth

5.49 The first analysis below seeks to put past population growth in Coventry in context with the rest of the country. The figure below shows estimates of percentage population growth for all local authorities in England over the 2011-20 period, with key areas being listed on the figure (including the highest and lowest growth and also the six authorities in this study area).

5.50 Overall, it can be seen that population growth in Coventry is very much at the top end of the scale. Indeed, ONS MYE only estimated five local authorities as having a higher recorded level of population growth than Coventry, and all of these were in Central London (listed below for clarity):

- Islington
- Westminster
- Camden
- Tower Hamlets
- City of London

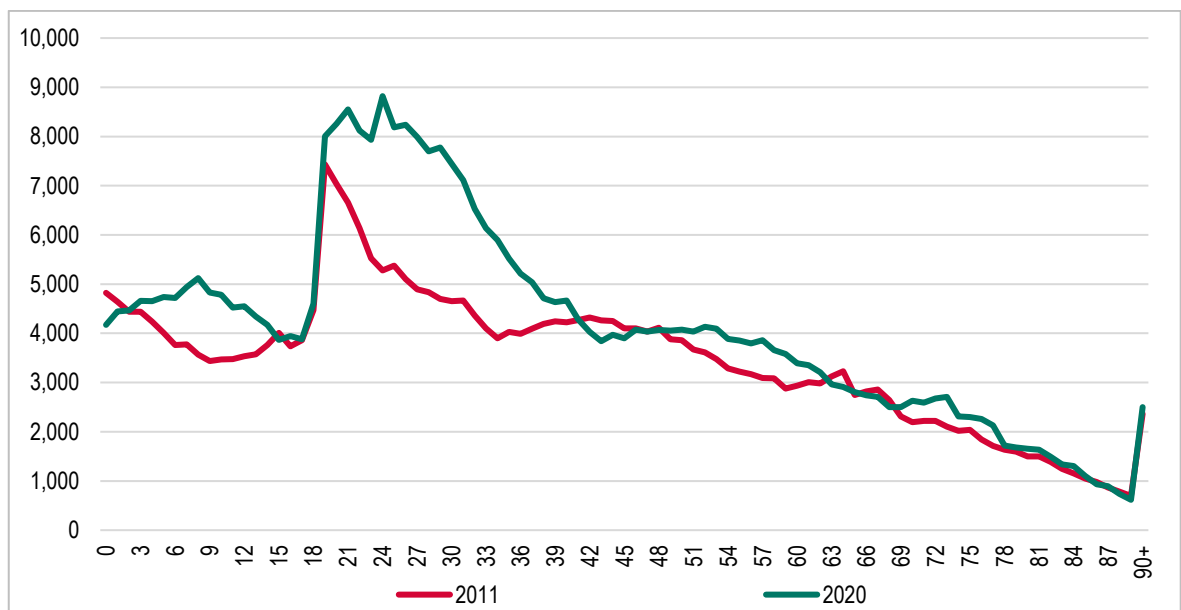
Figure 5.8: Estimated % Population Growth (2011-20) – all local authorities in England



Source: ONS MYE

5.51 It is of interest to understand which age groups have driven the population estimates. The main growth is thought to have been in age groups from about 20 onwards. Given the number of students in Coventry it looks as if ONS have recorded students and young people moving into the City, but not then recorded them moving out. It is possible that Coventry has seen a greater retention of students but at first glance the change from 2011 to 2020 does not look realistic.

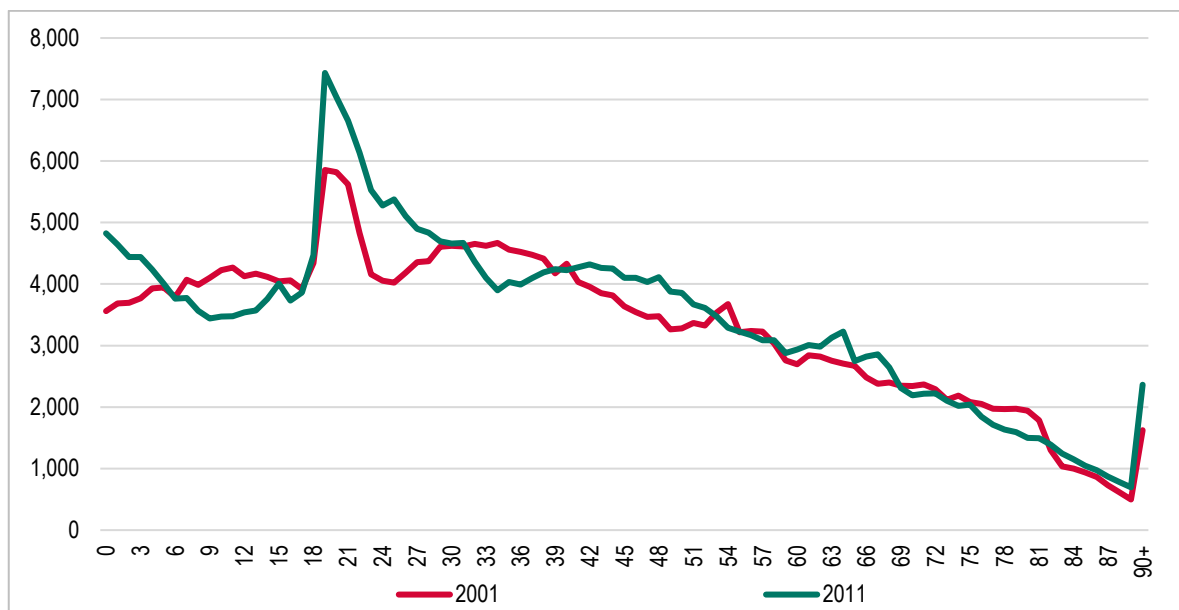
Figure 5.9: Population Age Structure in 2011 and 2020 – Coventry



Source: ONS Mid-Year Population Estimates

5.52 Firstly to look at this issue, analysis has been carried out to look at comparative population in the 2001-11 period. Data for 2011 will be data fixed by reference to the Census and should therefore have a reasonable degree of accuracy. When focussing on student age groups it can be seen that the general age structure in both 2011 and 2011 is similar, albeit in 2011, the number of people in key age groups is higher. Data for both 2001 and 2011 does point to a clear patterns of students moving to the City and then the majority leaving soon after their studies finish. It does however show growth of people in their 20s and in the 40s (with younger children) over the 2001-11 decade.

Figure 5.10: Age Structure (2011-20) – Coventry



Source: ONS Mid-Year Population Estimates

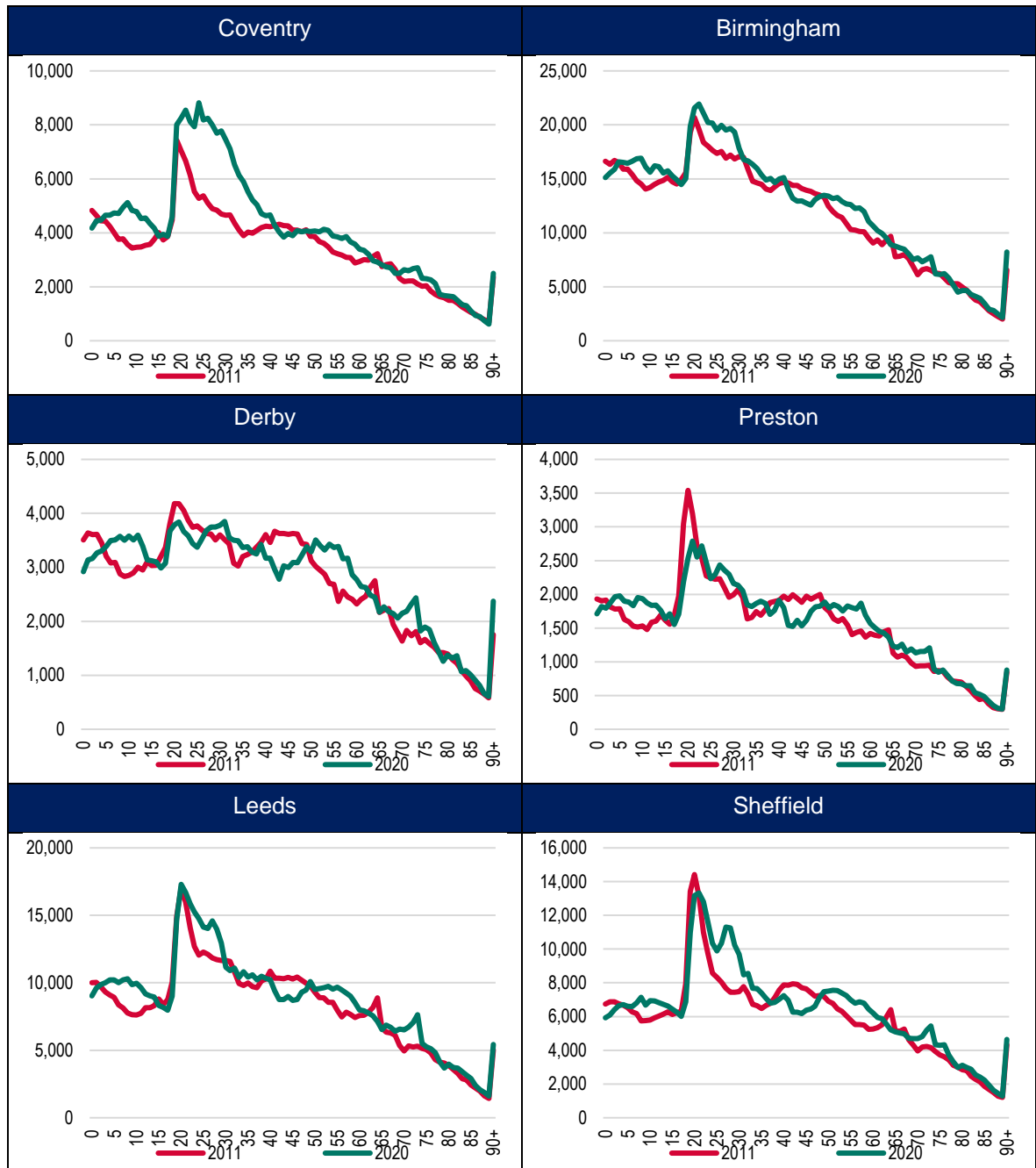
5.53 It is perhaps more interesting to compare Coventry with other similar authorities. Following the 2011 Census, ONS provided a list setting out the most similar authorities (in socio-economic terms) for each area. For Coventry, the most similar authorities were considered to be:

- Derby
- Preston
- Leeds
- Birmingham
- Sheffield

5.54 Whilst the ONS classification of similar is not just regarding student populations, it is the case that the five authorities listed above do all have notable student populations and can be considered as reasonable comparators.

5.55 The figure below plots the age structure in 2011 and 2020 for each of the above authorities (plus Coventry). From this it can be seen that **the projected age structure changes shown in Coventry are really quite different from any other location**. For all other areas there is a clear trend of students moving to the area and then leaving following completion of studies (although there does appear to be some degree of retention, albeit not on the scale seen in Coventry). This does point to there being a problem with the data for Coventry.

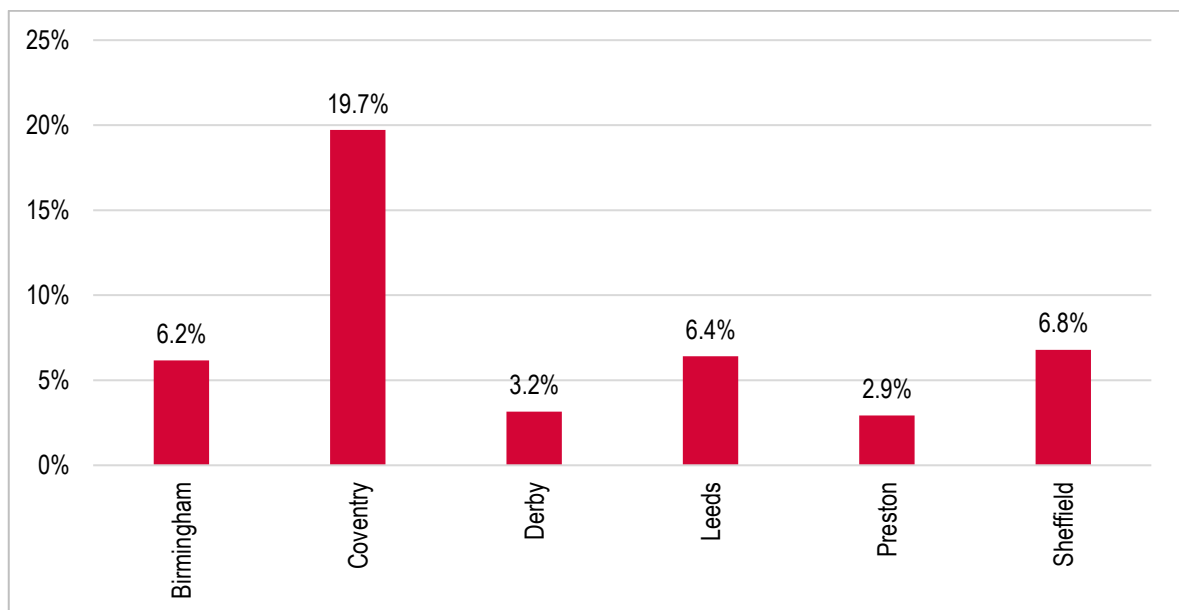
Figure 5.11: Estimated Population Change in Coventry and other 'Similar' Areas



Source: ONS Mid-Year Population Estimates

5.56 The figure below shows the overall estimated population growth in the 2011-20 period in each of the similar areas. This clearly shows population growth in the City has been substantially above that recorded in any other area. Indeed, at 19.7%, population growth is nearly three times the next highest area (Sheffield at 6.8%). Whilst it is clearly possible for Coventry to be growing faster than other locations, the differences are stark; given the comments above about how the age structure is estimated to have changed, there must be serious doubts about the validity of this level of population growth.

Figure 5.12: Population Growth (2011-20) in Coventry and 'Similar' Areas



Source: ONS

5.57 It would be theoretically possible that the population of Coventry has increased by as much as is estimated due to a high level of housebuilding, (i.e. if homes are provided then it provides an opportunity for people to move to the area and/or for people to remain living in the area). The table below shows that of the similar areas, Coventry does indeed have the highest net change to its dwelling stock, increasing by 8.6% over the 9-year period. However, unlike population estimates, this is not a substantially different level of dwelling growth to those seen in a number of the other similar cities. Preston saw stock increase by 7.5% but ONS has only recorded a 2.9% population increase. In Sheffield (which has the next highest level of population growth) dwelling stock has increased by 6.4%, lower than in Coventry, but a much smaller difference when compared with population data.

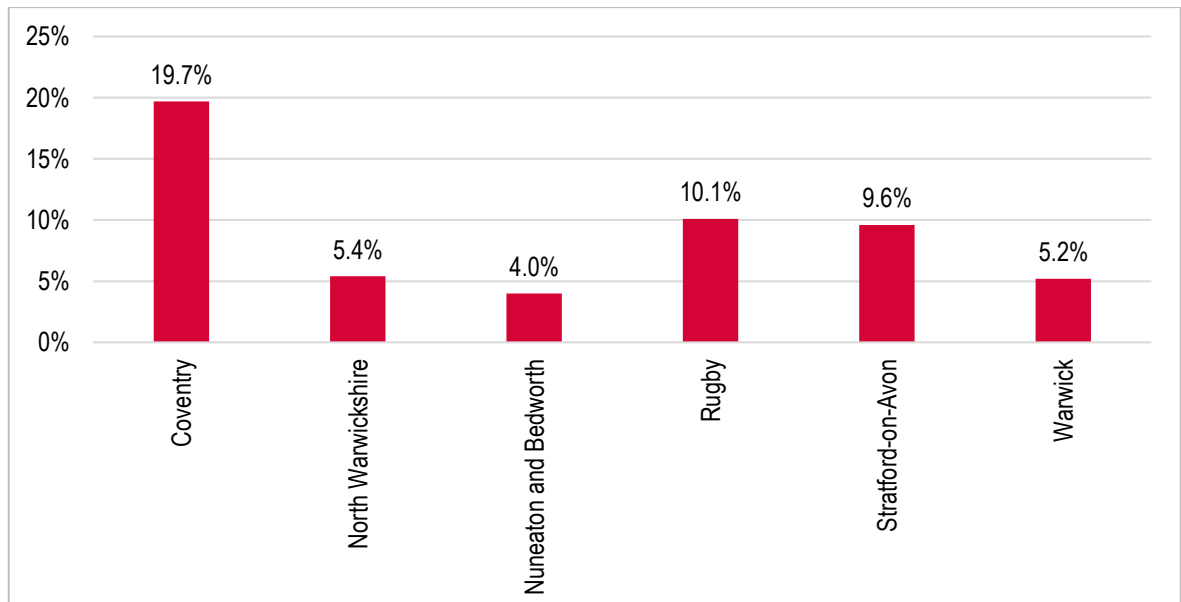
Table 5.8 Dwelling Stock Growth (2011-20) – Coventry and ‘Similar’ Areas

	Birmingham	Coventry	Derby	Preston	Leeds	Sheffield
2011	423,633	132,891	106,509	60,337	331,819	236,811
2012	424,820	133,803	106,770	60,513	333,750	237,244
2013	426,192	134,782	107,143	60,613	335,308	238,005
2014	427,790	135,871	107,590	60,774	337,537	238,922
2015	429,599	136,980	108,018	61,289	339,516	240,687
2016	432,438	138,386	108,502	61,773	341,990	242,276
2017	434,189	139,515	109,291	62,577	344,814	244,524
2018	437,349	140,610	110,078	63,315	347,097	246,828
2019	441,536	142,109	110,687	64,100	350,524	248,804
2020	445,276	144,350	111,227	64,847	353,857	251,887
Change (11-20)	21,643	11,459	4,718	4,510	22,038	15,076
% change	5.1%	8.6%	4.4%	7.5%	6.6%	6.4%

Source: MHCLG Live Table 125

5.58 As well as looking at Coventry compared with ‘similar’ areas, our analysis has looked across the HMA with the figure and table below showing population growth and the dwelling stock change. As with the previous comparison, the data for Coventry looks to be out-of-kilter with population growth being roughly double the next highest area (Rugby) but yet the change in dwellings is higher in three of the areas (Stratford-on-Avon, Rugby and Warwick).

Figure 5.13: Population Growth (2011-20) across Coventry and Warwickshire



Source: ONS

Table 5.9 Dwelling Stock Growth (2011-20) – Coventry and Warwickshire

	Coventry	North Warwickshire	Nuneaton and Bedworth	Rugby	Stratford-on-Avon	Warwick
2011	132,891	27,033	54,167	43,192	54,781	60,427
2012	133,803	27,115	54,406	43,520	54,936	60,563
2013	134,782	27,153	54,685	43,854	55,304	60,728
2014	135,871	27,208	54,838	44,249	55,634	60,952
2015	136,980	27,408	55,240	44,681	56,342	61,576
2016	138,386	27,616	55,652	45,215	57,400	62,201
2017	139,515	27,942	56,052	45,596	58,619	63,261
2018	140,610	28,169	56,549	46,174	59,955	64,160
2019	142,109	28,506	57,197	47,113	61,363	65,121
2020	144,350	28,721	57,816	47,984	62,705	66,157
Change (11-20)	11,459	1,688	3,649	4,792	7,924	5,730
% change	8.6%	6.2%	6.7%	11.1%	14.5%	9.5%

Source: MHCLG Live Table 125

Electoral Register

- 5.59 A further piece of analysis is to look at the number of people on the Electoral Register. Given that the ONS MYE suggest that much of the population growth in Coventry is of people aged 16 and over, it might be expected that the number of people registered to vote would also have increased.
- 5.60 The tables below show the number of people on the register and compares this with a number of other areas – the first table compares Coventry with Warwickshire and England, with the second table showing data for each of the individual local authorities. The first table shows that the number of people registered in Coventry has actually fallen in the 2011-20 period, whilst for Warwickshire there was a 5.4% increase, this is a higher increase than seen nationally.

Table 5.10 Persons on Electoral Register (2011-20) – Coventry, Warwickshire and England

	Coventry	Warwickshire	England
2011	227,296	410,420	38,654,024
2012	226,540	415,204	38,837,344
2013	221,669	411,458	38,597,137
2014	214,724	407,881	37,831,553
2015	210,031	401,316	37,399,942
2016	215,348	413,640	38,386,864
2017	214,219	419,347	38,693,859
2018	211,069	416,110	38,371,414
2019	218,047	420,800	39,476,140
2020	217,818	432,462	39,860,421
Change (11-20)	-9,478	22,042	1,206,397
% change	-4.2%	5.4%	3.1%

Source: ONS

5.61 When looking across local authorities it can be seen that most have seen an increase in the Electoral Register, including over 10% increase in the case of Warwick. North Warwickshire saw a small decline, but much lower than the decline recorded for Coventry. Again this evidence points to population growth in Coventry as being likely to be somewhat lower than recorded by ONS. The growth in those on the electoral roll in Warwick in comparison looks high relative to the population growth shown in the ONS MYEs.

Table 5.11 Number of people on Electoral Register (2011-20) – Coventry and Warwickshire Authorities

	Coventry	North Warwickshire	Nuneaton and Bedworth	Rugby	Stratford-on-Avon	Warwick
2011	227,296	49,788	94,713	72,426	95,227	98,266
2012	226,540	49,987	95,735	73,069	96,193	100,220
2013	221,669	49,456	94,069	73,362	96,494	98,077
2014	214,724	48,520	92,436	73,393	95,396	98,136
2015	210,031	47,339	90,571	71,187	94,292	97,927
2016	215,348	48,761	93,023	73,539	97,284	101,033
2017	214,219	48,994	94,409	74,005	97,272	104,667
2018	211,069	48,511	93,870	73,330	97,515	102,884
2019	218,047	48,421	94,623	74,224	99,096	104,436
2020	217,818	49,542	96,134	75,851	102,450	108,485
Change (11-20)	-9,478	-246	1,421	3,425	7,223	10,219
% change	-4.2%	-0.5%	1.5%	4.7%	7.6%	10.4%

Source: ONS

The Patient Register

- 5.62 A further source of population estimates is the Patients Register (PR). The table below shows estimated population growth in both the MYE and the ONS Mid-Year Estimates (MYEs).
- 5.63 For Coventry that the MYE is showing a notably higher level of population growth than the PR. This is the complete opposite to the trend seen in all other areas. Generally, in the 2011-20 period the PR shows proportionate population growth that is about 50% higher than the MYE, but in Coventry the PR is about 25% lower. This would again potentially point to population estimates in Coventry being over-estimated, this area is clearly out-of-line with the other studied.
- 5.64 It will also be noted that the PR consistently shows a higher population than the MYE, this is to be expected as the PR is reliant on people unregistering with a GP when joining a new one. Therefore the actual levels of population should be treated with some caution, but the growth trends can be seen as indicating relative changes across areas.

Table 5.12 Comparing ONS Mid-Year Population Estimates with Estimates of Population from the Patient Register

		2011	2020	Change	% change
Coventry	MYE	316,920	379,430	62,510	19.7%
	Patient Register	344,060	397,000	52,940	15.4%
Warwickshire	MYE	546,560	583,820	37,260	6.8%
	Patient Register	563,960	623,250	59,290	10.5%
West Midlands	MYE	5,608,680	5,961,970	353,290	6.3%
	Patient Register	5,807,710	6,350,570	542,860	9.3%
England	MYE	53,107,200	56,550,160	3,442,960	6.5%
	Patient Register	55,312,750	60,870,990	5,558,240	10.0%

Source: ONS

- 5.65 The table below shows the same information for each of the local authorities in the HMA. In all cases (apart from Coventry) the PR shows higher estimated population growth, although there are some differences in terms of the gap between the two.

Table 5.13 Comparing ONS mid-year population estimates with estimates of population from the Patient Register – local authorities

		2011	2020	Change	% change
Coventry	MYE	316,920	379,430	62,510	19.7%
	Patient Register	344,060	397,000	52,940	15.4%
North Warwks	MYE	62,110	65,520	3,410	5.5%
	Patient Register	63,580	67,380	3,800	6.0%
N & B	MYE	125,440	130,410	4,970	4.0%
	Patient Register	129,220	139,780	10,560	8.2%
Rugby	MYE	100,500	110,670	10,170	10.1%
	Patient Register	103,290	119,120	15,830	15.3%
SoA	MYE	120,830	132,410	11,580	9.6%
	Patient Register	127,540	141,480	13,940	10.9%
Warwick	MYE	137,760	144,910	7,150	5.2%
	Patient Register	140,350	155,600	15,250	10.9%

Source: ONS

- 5.66 Additionally on the topic of the Patient Register it is worth briefly considering if the trends seen in Coventry are simply due to the nature of the area and the table below shows the same analysis as above, but with comparisons to the 'most similar' authorities. Again it can be seen that all areas (apart from Coventry) see higher estimated growth in the Patient Register than the MYE. This would point to this being a specific issue for Coventry rather than being linked to the type of area (e.g. an area with a large student population).

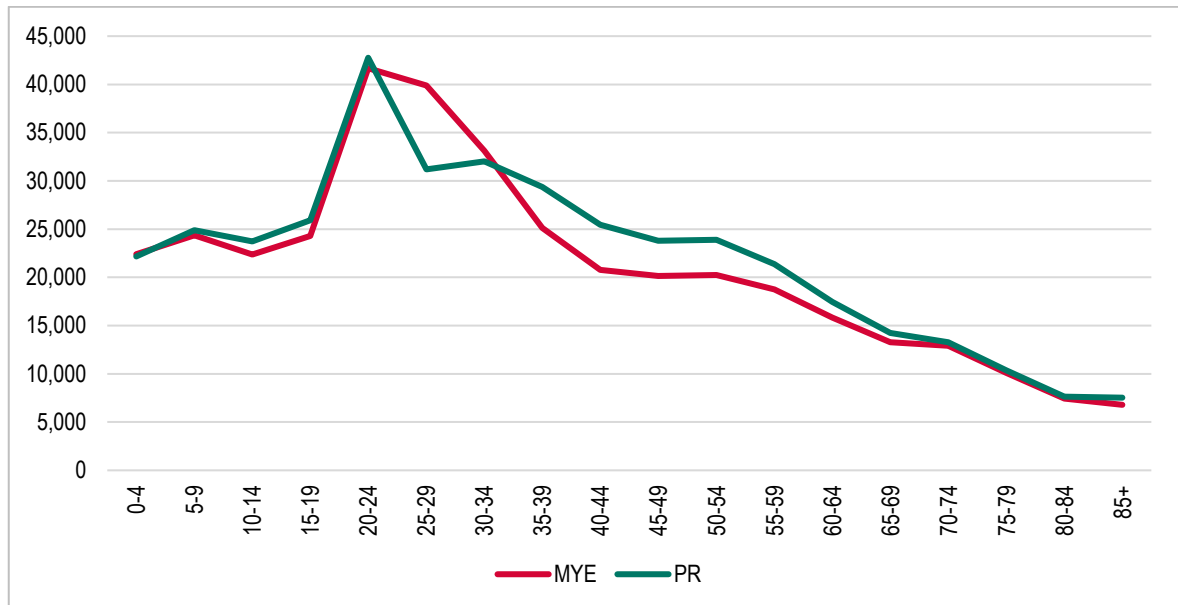
Table 5.14 Comparing ONS Mid-Year Population Estimates with estimates of Population from the Patient Register – Coventry and similar areas

		2011	2020	Change	% change
Coventry	MYE	316,920	379,430	62,510	19.7%
	Patient Register	344,060	397,000	52,940	15.4%
Birmingham	MYE	1,074,290	1,140,550	66,260	6.2%
	Patient Register	1,146,670	1,297,090	150,420	13.1%
Derby	MYE	248,950	256,860	7,910	3.2%
	Patient Register	262,310	284,070	21,760	8.3%
Leeds	MYE	750,700	798,790	48,090	6.4%
	Patient Register	806,180	889,560	83,380	10.3%
Preston	MYE	140,070	144,160	4,090	2.9%
	Patient Register	149,480	162,590	13,110	8.8%
Sheffield	MYE	551,770	589,240	37,470	6.8%
	Patient Register	563,220	612,270	49,050	8.7%

Source: ONS

5.67 Finally, analysis is provided below to look at the age structure of the population in each of the MYE and PR (for 2020). This is shown in the figure below which shows the PR has a higher population estimate for most age groups; the main exception to this is for people aged 25-29, where the PR is some 8,700 people lower (for the 30-34 age group there is an 1,100 difference). This does strongly support earlier suspicions, in that the MYE is recording people coming into the area (notably students) but has then not been very good at recording them moving out again.

Figure 5.14: Comparing estimated age structure in 2020 – Coventry (MYE and Patient Register)



Source: ONS

Other Comments on Population Dynamics in Coventry

5.68 The analysis above has looked in some detail at a range of sources to see if there is evidence of the population of Coventry as having been over-estimated in the 2011-20 period, and it is fair to say that all of the sources would support that conclusion. Below are a few further layers of analysis which also investigate this.

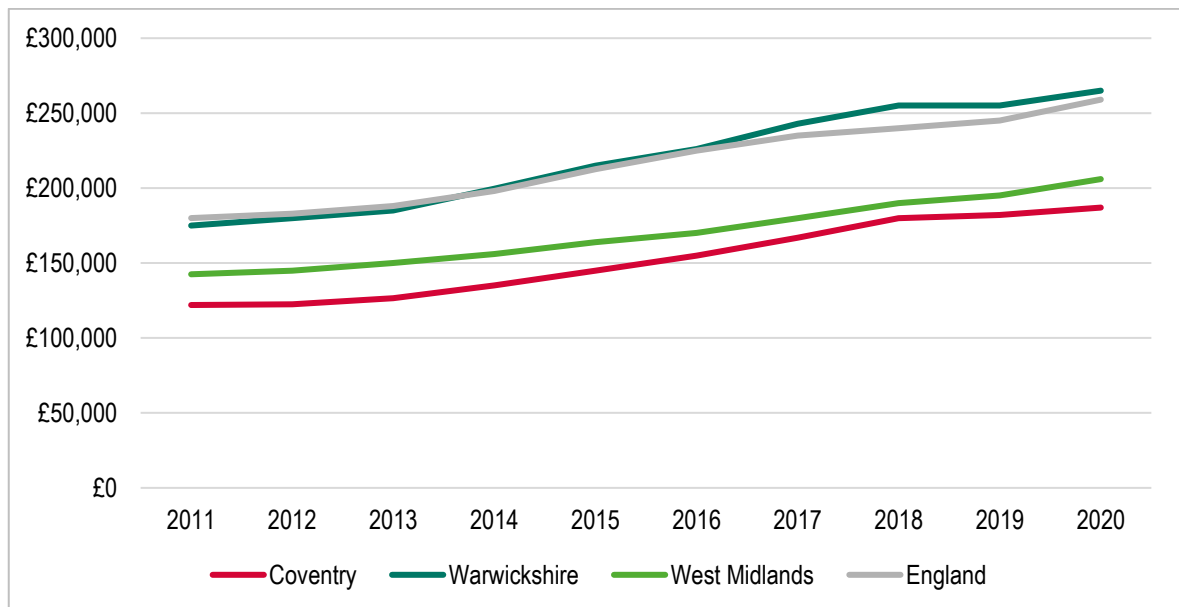
Continuation of UPC

5.69 Analysis earlier on in this section has noted that in the period from 2001 to 2011 ONS had to make a significant correction to their population estimates to bring them back in-line with the 2011 Census. In the 2011-20 period, ONS reduced previous estimates by a total of 14,946 people (1,495 per annum). Given the analysis above, it seems possible that the UPC error may have persisted beyond 2011, and indeed the Census has confirmed this (UPC potentially running at around 4,000 per annum in the 2011-21 period – see analysis below). The continuation of UPC would see a much lower estimated population in 2020 than currently in the MYE.

House Prices

5.70 If the population of Coventry has grown as significantly as suggested by ONS, but with a relatively limited supply of new homes (as measured by the dwelling count) then it is possible that pressure on the housing stock would have seen above average increases in house prices. The figure and table below show changes to the median house price from 2011 to 2020 in Coventry and a range of other areas. Over this period, the average price of a home in the City rose by 53%, which is actually slightly higher than seen in other locations. However, in actual cost terms the price increase is lower than seen across Warwickshire or nationally (and virtually identical to the West Midlands). Coventry remains in 2020 a more affordable place (in terms of average prices) than any of the comparison areas. This analysis again points to estimates of population potentially having been over-estimated.

Figure 5.15: Median House Prices (2011-20)



Source: ONS Small Area House Price Statistics (using HM Land Registry data)

Table 5.15 Median House Prices (2011-20)

	2011	2020	Change	% change
Coventry	£122,000	£187,000	£65,000	53%
Warwickshire	£175,000	£265,000	£90,000	51%
West Midlands	£142,500	£206,000	£63,500	45%
England	£180,000	£259,000	£79,000	44%

Source: ONS Small Area House Price Statistics (using HM Land Registry data)

Housing Register

5.71 A further analysis looks at the number of households on the Council's Housing Register (households seeking affordable housing). It is possible with the high estimated population growth and limited housing delivery that more households would seek social/affordable housing. However, as can be

seen from the table below, the number of people on the register is lower in 2020 than it was in 2011; this is likely in part to be due to changes in allocation policies and therefore it is perhaps more interesting to note that register figures have been fairly stable (slightly declining) since 2014. This analysis suggests that whatever population growth Coventry has seen, it has not put any additional pressure on the social housing stock.

Table 5.16 Number of Households on Housing Register in Coventry

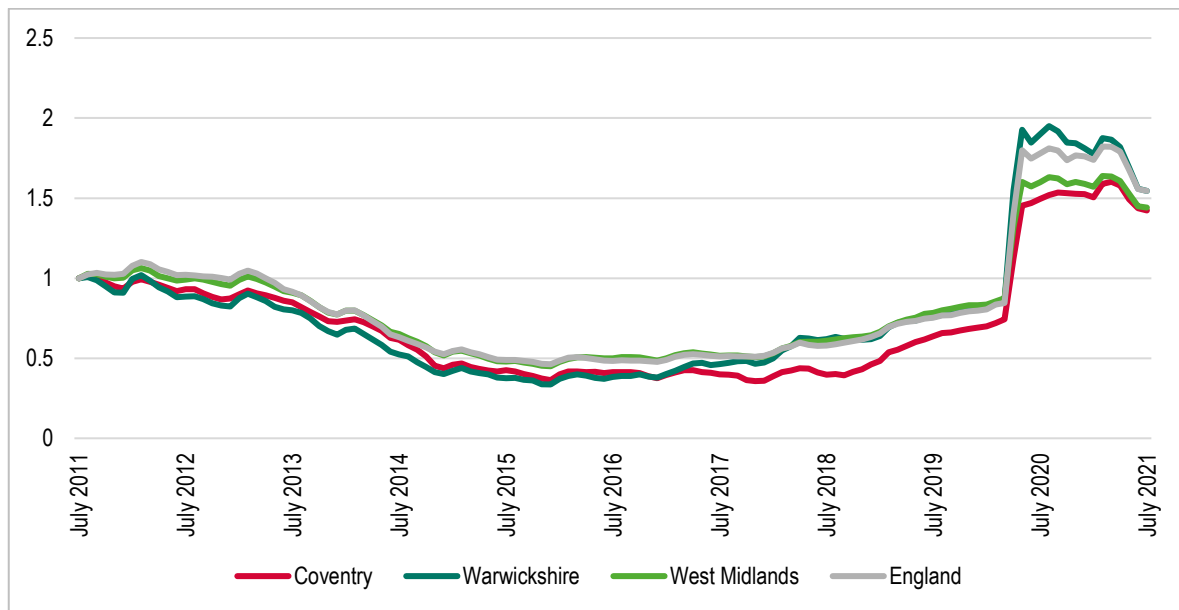
	Number of Register
2011	20,460
2012	22,718
2013	12,079
2014	14,360
2015	14,051
2016	14,030
2017	14,223
2018	13,632
2019	13,768
2020	13,608

Source: MHCLG Live Tables

Claimant Unemployment

5.72 Analysis has also been undertaken to look at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). In an area where population has been growing strongly, it might be expected that the number of claimants would also be increasing relative to other locations (if not then relative unemployment would be improving). As the figure below shows, the number of claimants in Coventry has broadly tracked that of other areas and in fact is now slightly lower (data has been standardised as of July 2011). This analysis again points to population growth in Coventry as not being exceptional.

Figure 5.16: Standardised number of out-of-work benefit claimants (2011-2021)



Source: ONS

Implications

- 5.73 The analysis above has looked at a range of sources to provide an indication of whether or not population growth in Coventry has been exceptional, and it is clear that none of the sources suggest that to be the case. It has previously been noted that CPRE undertook their own analysis of this issue, and this covered many of the analyses shown above. In addition, the CPRE work considered gas and electric use, school admissions, car registrations, A&E attendance and household waste. This report does not seek to replicate the CPRE analysis, but it is worth noting that all of the work carried out again points to population growth in Coventry as having been less significant than suggested in the ONS MYE – a point subsequently confirmed by the 2021 Census.

Estimating Coventry's Population in 2020

- 5.74 The analysis above clearly points to estimates of population in Coventry as having been over-estimated in the period since 2011 – a point confirmed by the 2021 Census. However, none of the sources accessed provide an alternative figure. Providing an accurate estimate of trends is more challenging, and the below analysis therefore works and seeks to triangulate through a number of alternatives to test what the population (and age structure) might be. It should again be noted that the analysis below was completed prior to publication of the 2021 Census, but has been included as it does provide a comparative position.
- 5.75 From the range of secondary data sources two methods were used to develop a population estimate. These are:

-
- a) Linking to dwelling completions as noted that population growth in Coventry (from the MYE) looks to be very high when set against the more modest level of completions with other data (e.g. house prices) not suggesting that there is now an additional imbalance in the housing market. Therefore analysis has been developed to look at what level of population growth might have occurred given the number of additional homes delivered.
- b) Linking to the Patient Register – generally there seems to be a fairly consistent relationship between estimates of population growth in the PR and the MYE, with all areas studied in this report showing higher proportional growth in the Patient Register. The exception to this is Coventry, where the opposite pattern is recorded. An estimate of population for Coventry has been made using the PR data by applying both the regional and national relationship between PR and MYE

Estimates based on Dwelling Completions

- 5.76 In this method a population projection has been developed that starts with the MYE as published (data on births, deaths and migration) but allows for the underlying levels of migration to flex so as to provide a different level of population growth. Data from both the 2014- and 2018-based subnational household projections (SNHP) has been applied (data about household representative rates and institutional population) – this allows an indication of the level of household growth that might be expected and to this a standard vacancy allowance (of 3%) is applied to derive estimates of the change in the number of dwellings.
- 5.77 The first analysis looks to see what level of dwelling completions the MYE as published could have supported and it will be remembered from earlier that Coventry has seen a dwelling increase of 11,459 in the 2011-20 period. Modelling the MYE gives dwelling growth of 23,200 (linking to the 2018-SNHP) and 25,900 (linking to the 2014-SNHP). Clearly it is possible that the household representative rates in both of the SNHP releases are substantially wrong, but the difference in these figures is significant and is likely to a considerable degree be linked to an over-estimation of population in the City.
- 5.78 The alternative analysis looks at what population growth might have occurred if the SNHP is reasonable and 11,459 additional dwellings have been provided (see Table 5.10). For this, migration levels in the MYE are adjusted so that dwelling growth is equal to this figure. This provides two estimates of the population in 2020 as set out below:
- Linked to 2018-SNHP = 347,941
 - Linked to 2014-SNHP = 341,929

5.79 Clearly this method is still giving a range of suggestions about population, but in both cases the estimate is some way below the 379,387 in the MYE for 2020.

Patient Register

5.80 For the Patient Register analysis account is taken of the relationship regionally and nationally between the PR and the MYE. It will be remembered at a regional level that the PR showed a 9.3% population increase and the MYE was 6.3% - therefore the MYE is about 67% of the PR. At a national level the equivalent figures were 10.0% and 6.5% giving a ratio of around 65%.

5.81 For Coventry, and to get an idea of likely population in 2020, the estimated population (for 2020) in the Patient Register data is multiplied by each of the regional and national ratios to give an idea of population. The estimated figures are:

- Linked to regional data = 349,781
- Linked to national data = 348,381

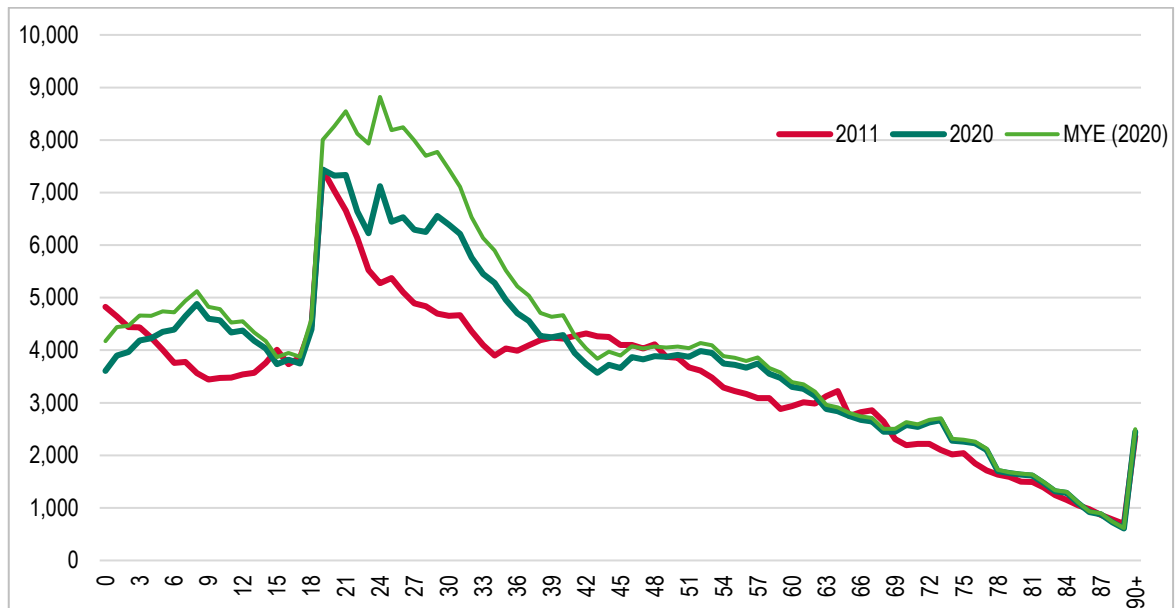
5.82 As with the estimates made from applying a projections method, the population estimated through this method is somewhat lower than the ONS MYE and it is also notable that these estimates are similar in scale to the upper end of the figures derived from the dwelling-led projection methodology.

Overall Estimate

5.83 The scenarios above provide a set of parameters for Coventry's population in 2020. It does not seem reasonable to pick any one of these scenarios as preferable to another and therefore for the purposes of this report a simple average of the four has been used as a best estimate of the population of the City. Therefore, it is estimated that the population of Coventry in 2020 is 347,000.

5.84 At this level of population a different age structure is generated when compared with the MYE and the figure below shows this estimated structure (and set against the MYE). One notable feature is that the retention of people in their 20s (likely to be linked to students) is significantly diminished and overall it is considered that this age structure looks more plausible and is more in-line with that seen in other 'similar' areas.

Figure 5.17: Age structure of estimated population of Coventry in 2020 – contrast with 2011 and the MYE (for 2020)

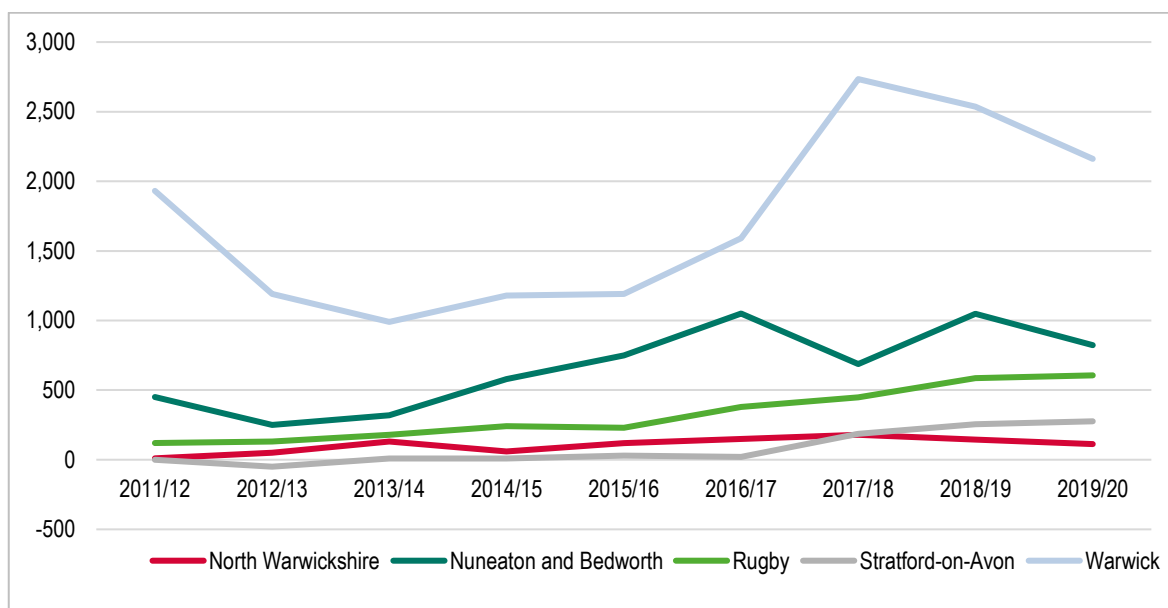


Source: ONS and demographic modelling

Population Estimates Across Warwickshire

- 5.85 Whilst this analysis has focussed on Coventry, it is also important to consider estimates of population in the other local authorities of the HMA. In particular, if the population of Coventry is over-estimated because ONS is failing to record people leaving the area then it is possible that those areas to which people are moving will have an under-estimated population.
- 5.86 The figure below shows levels of net migration from Coventry to each of the 5 Warwickshire local authorities, this should be treated as providing an indication of the strength of relationships rather than as actual figures (as it seems from the data above that moves from Coventry may well have been under-estimated). The figure shows that the strongest relationship is with Warwick, which has seen the highest level of net in-migration from Coventry for all years studied, this is followed by Nuneaton & Bedworth, although migration to this area is nowhere near as significant as for Warwick.

Figure 5.18: Estimated net migration from Coventry to each of the local authorities in Warwickshire



Source: ONS

5.87 Following the same methodology as for Coventry a series of population estimates for each of the Warwickshire authorities have been derived. The table below shows these estimates along with the original figures from the MYE (and also data for Coventry). Overall, it is estimated that the population of Coventry is around 32,400 people lower in 2020 than shown in the MYE; however, it is also estimated that the population of Warwickshire is likely to be slightly higher than the MYE (8,200 more people) – most of the difference in Warwickshire is accounted for by a higher population in Warwick.

Table 5.17 Estimated population of local authorities in Coventry & Warwickshire in 2020

	MYE (2020)	Estimated (2020)	Difference
Coventry	379,387	347,008	-32,379
North Warwickshire	65,452	64,878	-574
Nuneaton & Bedworth	130,373	132,093	1,720
Rugby	110,650	111,385	735
Stratford-on-Avon	132,402	134,063	1,661
Warwick	144,909	149,586	4,677
Coventry & Warwickshire	963,173	939,013	-24,160

Source: JGC Estimates

5.88 To provide some context, the table and figure below set out the percentage population growth the above figures amount to and also for comparison the proportionate increase in dwellings. Whilst there would not be expected to be a perfect relationship between dwelling growth and population change, some relationship can be expected. It is therefore notable that generally, the revised population figures do seem to be bringing dwelling growth and population growth more in-line.

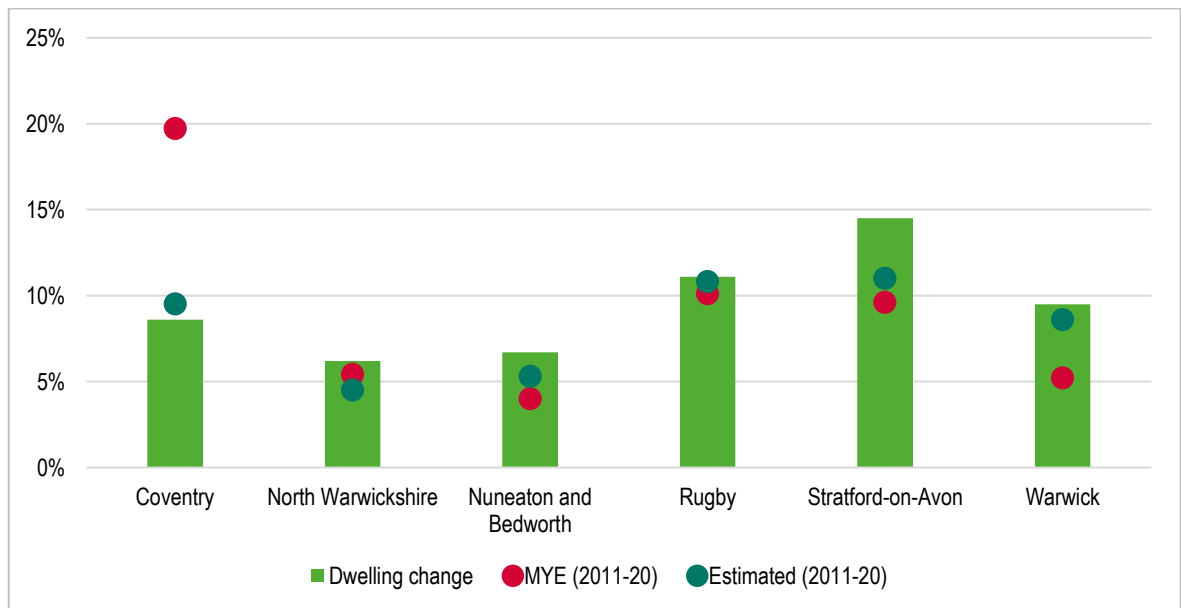
Table 5.18 Estimated percentage increase in population (2011-20) and increase in dwelling stock

	MYE (2011-20)	Estimated (2011-20)	Dwelling change
Coventry	19.7%	9.5%	8.6%
North Warwickshire	5.4%	4.5%	6.2%
Nuneaton & Bedworth	4.0%	5.3%	6.7%
Rugby	10.1%	10.8%	11.1%
Stratford-on-Avon	9.6%	11.0%	14.5%
Warwick	5.2%	8.6%	9.5%
Coventry & Warwickshire	11.5%	8.7%	9.5%

Source: JGC Estimates

5.89 The figure below shows this data. It is notable that whilst the estimated population of Coventry has been reduced substantially from the estimates in the MYE, it is still the only area where it is estimated that population growth (in percentage terms) is higher than dwelling growth. Just visually looking at this data, it is considered that the revised figures are likely to be a far more realistic view of population levels in 2020 than the MYE.

Figure 5.19: Comparing Estimated Population and Dwelling Stock Growth, 2011-20



Source: JGC Estimates based on a range of sources

Population Estimates and the 2021 Census

5.90 In the analysis above an estimate of population in 2020 was made based on a range of secondary data sources and prior to publication of the 2021 Census. Once the Census was released it was possible to compare figures from the two sources. To ensure a consistent base date (of 2021) the estimates presented above were rolled forward for a year based on estimated trends for the 2022-

20 period. Below a comparison is made with the Iceni estimates and the Census. For reference, a comparison is also provided with the latest ONS subnational population projections (SNPP).

- 5.91 The table below shows a total population from the Census of around 942,000 people, this is notably lower than had been projected by ONS in their most recent projections (some 26,000 people lower) and is also slightly lower than Iceni had estimated from a range of data sources (a difference of about 6,000 people). The data does however also show some notable age structure differences. Focussing on a comparison with Iceni, it can be seen that Iceni generally over-estimated the population of people aged 20-34 but under-estimated the 35-54 age group. Comparisons with the SNPP show the same pattern, but with some larger difference between sources (notably in the 20-29 age group).
- 5.92 It should be noted that this analysis is essentially assuming that the Census is correct and it is possible that there are issues with this data. This might particularly be due to the pandemic and potentially impact on students who may well have been recorded at a home address whereas they would normally be recorded as living in the location of their University. For the purposes of the analysis, the Census data is assumed to be broadly correct but some comments are made about the student population later in this section.

Table 5.19 Comparing population estimates and projections for 2021 – Coventry/Warwickshire HMA

	SNPP (2021)	Iceni (2021)	Census (2021)	Census difference from SNPP	Census difference from Iceni
0-4	54,100	52,100	51,400	-2,700	-700
5-9	58,300	57,400	56,000	-2,300	-1,400
10-14	57,800	57,300	56,700	-1,100	-600
15-19	55,300	55,100	57,400	2,100	2,300
20-24	73,800	70,000	63,500	-10,300	-6,500
25-29	75,500	69,500	60,400	-15,100	-9,100
30-34	70,400	68,000	65,700	-4,700	-2,300
35-39	61,200	60,000	62,300	1,100	2,300
40-44	56,200	55,200	58,400	2,200	3,200
45-49	56,900	56,400	58,900	2,000	2,500
50-54	61,700	61,300	64,500	2,800	3,200
55-59	60,400	60,400	61,900	1,500	1,500
60-64	51,800	51,800	52,100	300	300
65-69	44,200	43,900	44,500	300	600
70-74	45,100	44,900	45,300	200	400
75-79	36,700	36,600	35,600	-1,100	-1,000
80-84	24,600	24,500	24,500	-100	0
85+	24,100	23,600	23,000	-1,100	-600
TOTAL	967,900	947,900	942,100	-25,800	-5,800

Source: ONS and Iceni population modelling

5.93 The table below provides a summary of overall population estimates from the various sources for all local authorities. This generally shows Iceni estimates to be fairly close to those now shown in the Census. The main differences are in Coventry and Warwick, where Iceni estimated a higher population than the Census – these are the two areas where the recording of students might be an issue.

Table 5.20 Comparing population estimates and projections for 2021 – local authorities

	SNPP (2021)	Iceni (2021)	Census (2021)	Census difference from SNPP	Census difference from Iceni
Coventry	386,800	350,900	345,300	-41,500	-5,600
N Warwks	66,300	65,300	65,000	-1,300	-300
N & B	130,600	133,100	134,200	3,600	1,100
Rugby	109,900	112,400	114,400	4,500	2,000
SoA	130,800	135,600	134,700	3,900	-900
Warwick	143,400	150,500	148,500	5,100	-2,000
C & W	967,900	947,900	942,100	-25,800	-5,800

Source: ONS and Iceni population modelling

Students in the 2021 Census

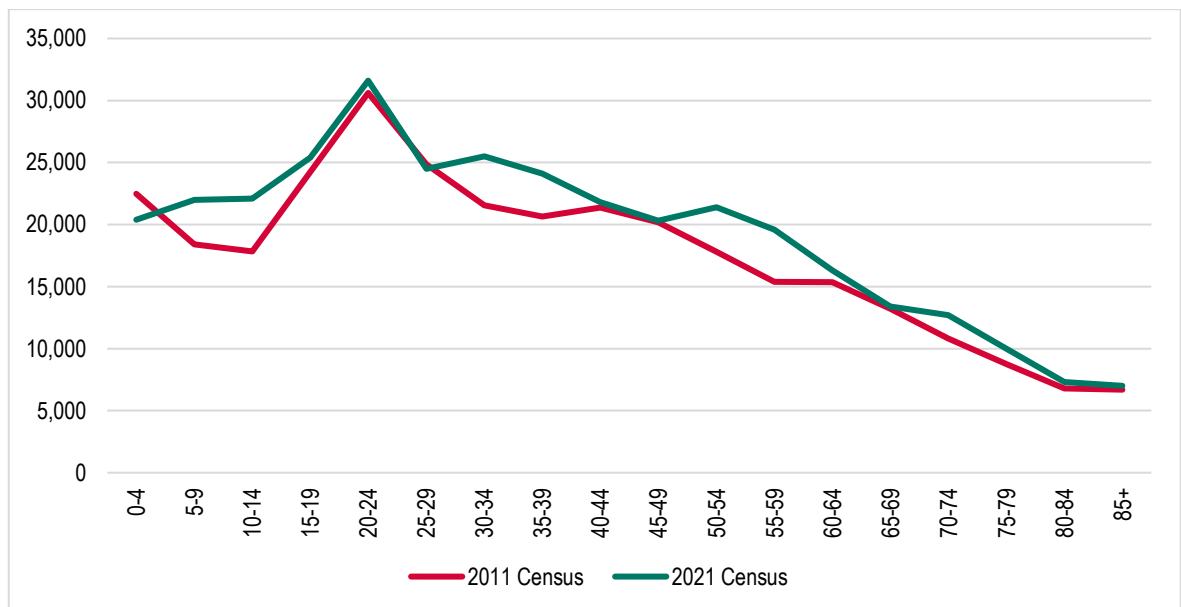
- 5.94 The analysis above showed population estimates made by IcenI prior to publication of the 2021 Census generally reflected the outcome of the Census. Two areas where IcenI showed a higher estimate (Coventry and Warwick) are also two areas with large student populations. Further analysis of the age structure in these locations (see below) reveals particular differences in the 20-24 and 25-29 age groups; groups in which a high proportion of students would be expected to be found.
- 5.95 In both areas, IcenI's estimates were higher than the Census, which led to the consideration of the possibility that some students who would normally be recorded as living in those local authorities were excluded. In considering this possibility, the timing of the Census was also a relevant factor with data having been collected during the pandemic – Census day (21st March 2021) was during a phased exit from lockdown.
- 5.96 The specific concern is that students who would normally be recorded as resident at their place of study were only recorded at their place of residence at the time (often back at family home) and this has an impact on the Census estimates. To try to study this possibility the tables and figures below show data from a range of sources. These are:
- ONS pre-Census population projection figures for 2021 (based on MYE to 2018);
 - IcenI pre-Census population estimates – based on MYE to 2020 and other sources of data such as the Patient Register; and
 - 2021 Census estimates.
- 5.97 Data on the age structure comparison has previously been included for Coventry and is not repeated below, although equivalent data is provided for Warwick. It can be seen in both key local authorities that the number of people aged 20-24 and 25-29 was much lower in the Census than previous estimates. The figures show a comparison of the age structure in each area for 2011 and 2021. For Coventry this shows a modest increase over the decade in the 20-24 age group and a modest decline for those aged 25-29. For Warwick, a decrease is seen in the 20-24 age group and a modest increase for those aged 25-29.
- 5.98 Overall, the analysis shows little change in the number of people in typical student age groups, but over a period when student numbers are recorded as having increased (particularly for Coventry University).

Table 5.21 Comparing population estimates and projections for 2021 – Warwick

	SNPP (2021)	Iceni (2021)	Census (2021)	Census difference from SNPP	Census difference from Iceni
0-4	7,300	7,900	7,400	100	-500
5-9	7,800	8,200	8,200	400	0
10-14	8,000	8,200	8,100	100	-100
15-19	7,400	7,600	9,300	1,900	1,700
20-24	12,600	14,800	10,800	-1,800	-4,000
25-29	10,500	11,300	9,500	-1,000	-1,800
30-34	9,400	10,500	10,500	1,100	0
35-39	8,300	8,700	9,900	1,600	1,200
40-44	8,800	9,200	9,500	700	300
45-49	9,000	9,200	9,500	500	300
50-54	9,500	9,700	10,000	500	300
55-59	9,300	9,500	9,700	400	200
60-64	7,800	8,000	8,000	200	0
65-69	6,800	6,900	7,100	300	200
70-74	7,100	7,200	7,200	100	0
75-79	5,800	5,800	5,700	-100	-100
80-84	3,800	3,900	4,000	200	100
85+	4,200	4,200	4,000	-200	-200
TOTAL	143,400	150,500	148,500	5,100	-2,000

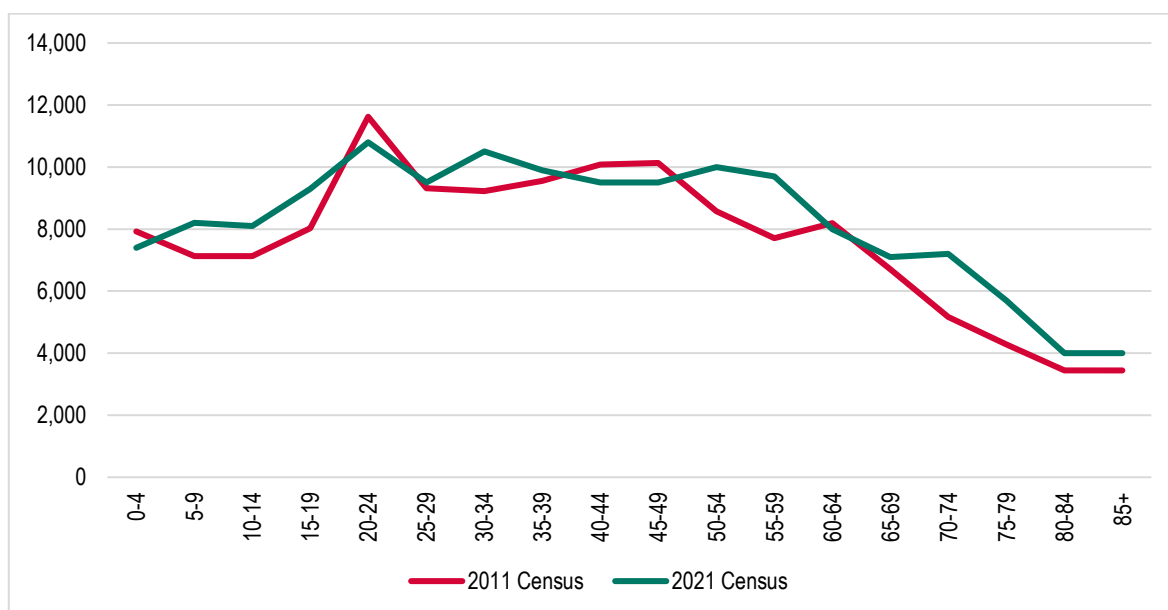
Source: ONS and Iceni population modelling

Figure 5.19: Comparing Estimated Population by age in 2011 and 2021 – Coventry



Source: ONS (Census)

Figure 5.19: Comparing Estimated Population by age in 2011 and 2021 – Warwick



Source: ONS (Census)

- 5.99 To try to understand to possibility of students having been missed by the Census, consultation was carried out with representatives of both Coventry and Warwick Universities with focus on the key question: ‘does it seem likely that some students have been missed from Census recording?’.
- 5.100 Warwick University noted there had been some contact with ONS about promoting the Census with students although this was essentially around encouragement to complete the form rather than any attempt to reflect ‘where’ it was completed. It was also commented that the 21st March was the day after term finished which could have meant some students who were in Warwick having left. It was however considered that the majority of overseas students who left during the pandemic are likely to have returned by Census day.
- 5.101 Coventry University were not aware of any discussion with ONS about student completion of the Census. They did note that due to COVID the University moved to a different model of delivery (more online) so there is a possibility that some students who would normally be expected to be resident near their place of study were not.
- 5.102 Overall, the two Universities agreed that it was ‘possible’ that some students who would normally have been resident in the area were not, and that they may have been missed out of the Census. However, there was no real way of confirming this or being able to quantify numbers.
- 5.103 For the purposes of analysis in this report, it has therefore been assumed that the Census is as accurate as it reasonably can be – and taken forward as a base position for analysis of current and future demographic trends.

Base Census Population Trends

- 5.104 Analysis at the beginning of this section compared population estimates from the Census and other sources (notably the MYE). For the record, the tables below briefly study population change from these sources back to 2011. The MYE timeseries only has data to 2020 and so annual figures are provided for this comparison. The first table below looks at Census data and the second from the MYE. For the whole HMA the analysis shows much lower population growth recorded by the Census than in the MYE (8,000 per annum compared with 11,100 in the MYE). Virtually all of this difference is due to the Census showing lower population growth in Coventry, with all other areas (apart from North Warwickshire) showing higher growth in the Census than had previously been estimated.

Table 5.22 Population Change (2011-21) shown by Census data – Coventry-Warwickshire

	2011	2021	Change	Per annum
Coventry	316,960	345,300	28,340	2,834
North Warwickshire	62,014	65,000	2,986	299
Nuneaton and Bedworth	125,252	134,200	8,948	895
Rugby	100,075	114,400	14,325	1,433
Stratford-on-Avon	120,485	134,700	14,215	1,422
Warwick	137,648	148,500	10,852	1,085
Coventry & Warwickshire	862,434	942,100	79,666	7,967

Source: 2011 and 2021 Census

Table 5.23 Population Change (2011-20) shown by mid-year population estimates – Coventry-Warwickshire

	2011	2020	Change	Per annum
Coventry	316,915	379,387	62,472	6,941
North Warwickshire	62,089	65,452	3,363	374
Nuneaton and Bedworth	125,409	130,373	4,964	552
Rugby	100,496	110,650	10,154	1,128
Stratford-on-Avon	120,824	132,402	11,578	1,286
Warwick	137,736	144,909	7,173	797
Coventry & Warwickshire	863,469	963,173	99,704	11,078

Source: ONS MYE

- 5.105 Given a clear discrepancy between previous population estimates and the Census, and the fact that MYE data is used by ONS to develop projections, the opportunity has been taken to seek to develop a trend-based projection, taking account of the 2021 Census and also more recent data around fertility and mortality. The analysis also looks at likely recent migration trends, recognising that migration is likely to have been variable over the 2011-21 period. The projection takes two stages, firstly to develop a population projection and secondly to convert this into household estimates (which can then be used to consider overall housing need).

Developing Trend-based Population Projections in Coventry and Warwickshire

- 5.106 The purpose of this section is to develop trend-based population projections for the six local authorities in Coventry and Warwickshire. As noted, a key driver of this is due to publication of new (2021) Census data which has essentially reset estimates of population (size and age structure) compared with previous mid-year population estimates (MYE) from ONS.
- 5.107 Whilst for many areas, the ONS monitoring of population through the MYE looks to be similar to results now published from the Census there are many locations (notably Coventry) where there are clear discrepancies between previous estimates and the Census.
- 5.108 The analysis seeks to provide projections rebased to 2021 (Census data) and draws on ONS MYE data up to 2020 – including data about births, deaths and migration. It should be noted that the projections are based on published data which in many cases (e.g. discrepancies between MYE and the Census) is likely to be incorrect and therefore has been used in the most realistic way possible.
- 5.109 That said, assumptions have needed to be made and it is considered that these projections are based on the best information available at the time of writing. Assumptions will need to be reviewed as appropriate following further publications of data from ONS, including a new MYE to 2021 and 2021-based subnational population projections (SNPP) – likely to be in 2023. In the next round of projections ONS will need to grapple with the same issues as raised in the analysis below, notably how to deal with past population estimates where Census data shows these to be substantially wrong.
- 5.110 A projection has been developed looking at estimated migration trends over the past 10-years. A 10-year period has been chosen as it aligns with the period between the two Census and makes adjustments based on estimates of Unattributable Population Change (UPC). The UPC is calculated over a 10-year period and in reality it is not known in which years it has arisen – therefore using a different trend period could over- or under-estimate population change and migration – and is therefore difficult to robustly achieve.
- 5.111 The use of 10-years also covers a full housing market cycle, which in the case of Coventry and Warwickshire will mean understanding data from both before and after the adoption of latest local plans²⁰ and periods of stronger and weaker housing market conditions. Using longer trend periods was also something recommended by the Planning Advisory Service (PAS) prior to the introduction of the Standard Method. In the PAS technical advice note of July 2015 it is stated *'In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference*

²⁰ Housing delivery can often peak in the years following the adoption of new local plans

period... Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS's five years'.

5.112 Below we set out the general method used for each of the components and the outputs from a trend based projection. The example used is for Coventry (where the Census showed far lower growth between 2011 and 2021 than had previously been estimated by MYE) but can equally be applied for other areas, including those where population growth is shown to have been higher than previous estimates. The latest ONS projections are a 2018-based set of SNPP and whilst these are not directly used in the analysis, reference is made to allow comparisons between the ONS position (which was pre-Census) and projections developed below.

Fertility

5.113 For fertility it is the case that overestimating population will mean that fertility rates in the SNPP are too low (as ONS is essentially assuming a number of births to more people). To make an adjustment, the number of births for 2021/22 in the SNPP is used and then an estimate made of how many births the ONS rates would imply if the population age structure for 2021 is replaced as the base against which births are calculated. In the case of Coventry, the lower population in the Census would imply a much lower level of births than if the rates in the SNPP are used and so birth rates have been increased significantly (initially by around 25%).

- 2021/22 births SNPP – 4,852
- 2021/22 births updated population – 3,881
- Rate as % of SNPP – 125% (4,852/3,881)

5.114 The birth *rate* increases as births had been broadly properly recorded but the population had been over-estimated.

5.115 There is however some more recent data about births from the 2020 MYE which can be used to moderate this figure (noting that the SNPP on draws on data to 2018). In this case the actual number of births recorded is slightly lower than was projected in the SNPP so a small downward adjustment is made to the fertility rate.

- MYE births (2018-20) – 8,384
- SNPP birth (2018-20) – 9,326
- Adjustment – 90% (8,384/9,326)

5.116 The two adjustments are then multiplied to give a change to base fertility rates, this is around 112% (125% * 90%).

5.117 The table below shows the adjustments applied for all local authorities in the HMA. It can be seen for all areas apart from Coventry that these are in a downward direction, reflecting the general trend (including up to 2020) for birth rates to be falling as well as adjustments made for Census population estimates.

Table 5.24 Adjustments made to modelled fertility rates from 2018-based position

	Adjustments to SNPP fertility rates
Coventry	112%
North Warwickshire	94%
Nuneaton & Bedworth	97%
Rugby	89%
Stratford-on-Avon	95%
Warwick	89%

Source: Derived from ONS data

Mortality

5.118 The same issue arises with mortality, in that deaths recorded by MYE are applied to a different population than is now shown. Generally for mortality any adjustments are more minor than for fertility, this is because most deaths occur in older age, and generally the MYE is fairly good at estimating the size of the older person population (in part due to them being less likely to be migrants). In Coventry, the adjustment is in a downward direction, although only a 1% change from the SNPP position.

- 2021/22 deaths SNPP – 2,789
- 2021/22 deaths updated population – 2,769
- Rate as % of SNPP – 101% (2,789/2,769)

5.119 A similar adjustment to fertility is made to take account of death data to 2020 as shown below, when this data is taken into account the modelled adjustment sees rates being increased by about 9% from the SNPP position.

- MYE deaths (2018-20) – 5,920
- SNPP deaths (2018-20) – 5,441
- Adjustment – 109% (5,920/5,441)

5.120 Again, the two adjustments are multiplied to give a change to base mortality rates, this is around 110% (101% * 109%).

- 5.121 The table below shows the mortality adjustments applied for all local authorities in the County. It can be seen that all are in an upward direction, reflecting the general trend (including up to 2020) for death rates to not be increasing at the rate previously projected (as well as adjustments made for Census population estimates).

Table 5.25 Adjustments made to modelled mortality rates from 2018-based position

	Adjustments to SNPP mortality rates
Coventry	110%
North Warwickshire	110%
Nuneaton & Bedworth	109%
Rugby	106%
Stratford-on-Avon	105%
Warwick	103%

Source: Derived from ONS data

Migration

- 5.122 When looking at migration our starting point is to consider how different migration has been over the 2011-21 period than was previously estimated by ONS. Essentially the difference in population growth between the two sources is likely to be attributable to migration, this is on the basis that it is expected that births and deaths have been fairly well recorded by ONS.
- 5.123 Analysis is slightly complicated by MYE data only being available to 2020 but the Census having a clear data point of 2021 (but not 2020). To try to provide as consistent a comparison as possible the MYE to 2020 has been used and the incremental change in the SNPP for 2020-21 added on to get to a 2021 estimate. Whilst this will be an estimate, the inclusion of just 1-year of data from the SNPP is unlikely to have any significant impact on the findings.
- 5.124 Again focussing on Coventry, the figures below shows the MYE and SNPP expected/projected population to have increased by 68,364 people in the 2011-21 period, whereas the Census now shows a change of 28,340 – this is a difference of 40,024. This would imply net migration has on average been about 4,000 people lower per annum over the decade to 2021 (40,024/10).

Table 5.26 Coventry – MYE and Census population estimates

	MYE/SNPP	Census
2011	316,915	316,960
2021	385,279	345,300
Change	68,364	28,340

Source: Derived from ONS data

5.125 For information, the table below shows the same figures for all authorities in the HMA, this clearly shows in most areas (Coventry and North Warwickshire excepted) that population figures shown by the Census are above previous estimates/projections. It will also be noted from the table that the two 2011 figures are slightly different, this is due to one being a mid-year figure and the other dated as of the Census (which was March). To provide a mid-year figure for 2021 based on the Census, an adjustment has been made based on adjustments seen in 2011.

Table 5.27 MYE and Census population estimates – Coventry-Warwickshire authorities

		2011	2021	Change
Coventry	MYE/SNPP	316,915	385,279	68,364
	Census	316,960	345,300	28,340
North Warwickshire	MYE/SNPP	62,089	65,919	3,830
	Census	62,014	65,000	2,986
Nuneaton & Bedworth	MYE/SNPP	125,409	130,973	5,564
	Census	125,252	134,200	8,948
Rugby	MYE/SNPP	100,496	111,552	11,056
	Census	100,075	114,400	14,325
Stratford-on-Avon	MYE/SNPP	120,824	133,481	12,657
	Census	120,485	134,700	14,215
Warwick	MYE/SNPP	137,736	145,268	7,532
	Census	137,648	148,500	10,852
Coventry-Warwickshire	MYE/SNPP	863,469	972,472	109,003
	Census	862,434	942,100	79,666

Source: Derived from ONS data

5.126 It is not known if this difference in population growth (attributed to migration) is due to an underestimate of in-migration or an over-estimate of out-migration and in reality it is likely to be a combination of the two. For the purposes of modelling it has been assumed that the difference is split equally between these two components, for Coventry this would mean that in-migration was on average around 2,001 people per annum lower in the 2011-21 period and out-migration 2,001 people higher.

5.127 Analysis also seeks to determine a baseline starting position for both in- and out-migration and to do this data from MYE up to 2020 has been used (so covering a 10-year period 2010-20). The table below shows the average in- and out-migration over this period in Coventry and the adjustment made to take account of the difference previously shown between population estimates and the Census. Over the 2010-20 period ONS estimated an average net migration of 5,200 people each year, but the Census suggests this was around 4,000 lower and so the base position is net migration of about 1,200. In modelling in- and out-migration figures are treated separately but it is typically earlier to compare data when looking at net figures.

Table 5.28 Base estimate of migration – Coventry

	Average (2010-20)	Adjustment	Base position
In-migration	27,707	-2,001	25,705
Out-migration	22,507	2,001	24,508
Net migration	5,200	-4,002	1,197

Source: Derived from ONS data

5.128 Across the whole of the HMA, the start point net migration is estimated to be around 5,500 people per annum. Upward adjustments are made in all areas apart from Coventry and North Warwickshire, however the adjustment made for Coventry is such that overall the start point for net migration is notably below the level recorded by ONS for this period.

Table 5.29 Base estimate of migration – Coventry-Warwickshire

		In-migration	Out-migration	Net migration
Coventry	Average (2010-20)	27,707	22,507	5,200
	Adjustment	-2,001	2,001	-4,002
	Base position	25,705	24,508	1,197
North Warwickshire	Average (2010-20)	3,585	3,200	385
	Adjustment	-42	42	-84
	Base position	3,543	3,242	301
Nuneaton & Bedworth	Average (2010-20)	5,492	5,282	209
	Adjustment	169	-169	338
	Base position	5,661	5,113	548
Rugby	Average (2010-20)	5,785	4,960	825
	Adjustment	163	-163	327
	Base position	5,949	4,797	1,152
Stratford-on-Avon	Average (2010-20)	7,791	6,339	1,452
	Adjustment	78	-78	156
	Base position	7,869	6,261	1,607
Warwick	Average (2010-20)	10,175	9,850	324
	Adjustment	166	-166	332
	Base position	10,341	9,684	656
Coventry-Warwickshire	Average (2010-20)	-	-	8,395
	Adjustment	-	-	-2,934
	Base position	-	-	5,461

Source: Derived from ONS data

5.129 It is however not a simple process to just apply these uplifts for each year of the projection as migration can vary over time and each of in- and out-migration need to be considered separately.

In-Migration

- 5.130 Levels of in-migration will to some extent vary depending on the size of the population from which migrants will be drawn. If for example typically 10% of people in Area A move to Area B in any given year then the size of the population in Area A will impact on the actual numbers moving. If in year 1 there are 10,000 people in Area A then 1,000 would be expected to move to Area B, but if in year 2 the population is only 9,000 there would only be 900 movers.
- 5.131 The age structure will also have an influence on the number of moves as typically older people are less likely to be migrant and so an ageing population might see in-migration reduce over time, although an increasing population generally might be expected to see migration increase.
- 5.132 For the purposes of modelling we have considered the relationship between the national population and the projected number of in-migrants. The latest national projection is a 2020-based ONS publication.
- 5.133 Over time, population growth rates nationally are projected to fall (remaining positive but at a reducing rate) and this is in part (in early years) due to reducing levels of in-migration – although reductions in natural change have the greatest impact over the longer term. Overall, it is considered with an increasing population that levels of in-migration will increase over time but at a reducing rate. For the purposes of modelling it has been assumed that future in-migration will broadly track the midpoint between rates remaining in-line with national population change and the rates estimated for the 10-year period to 2020.
- 5.134 Whilst this is an assumption, it is considered to be broadly reasonable given the general direction of demographics both locally and nationally.

Out-migration

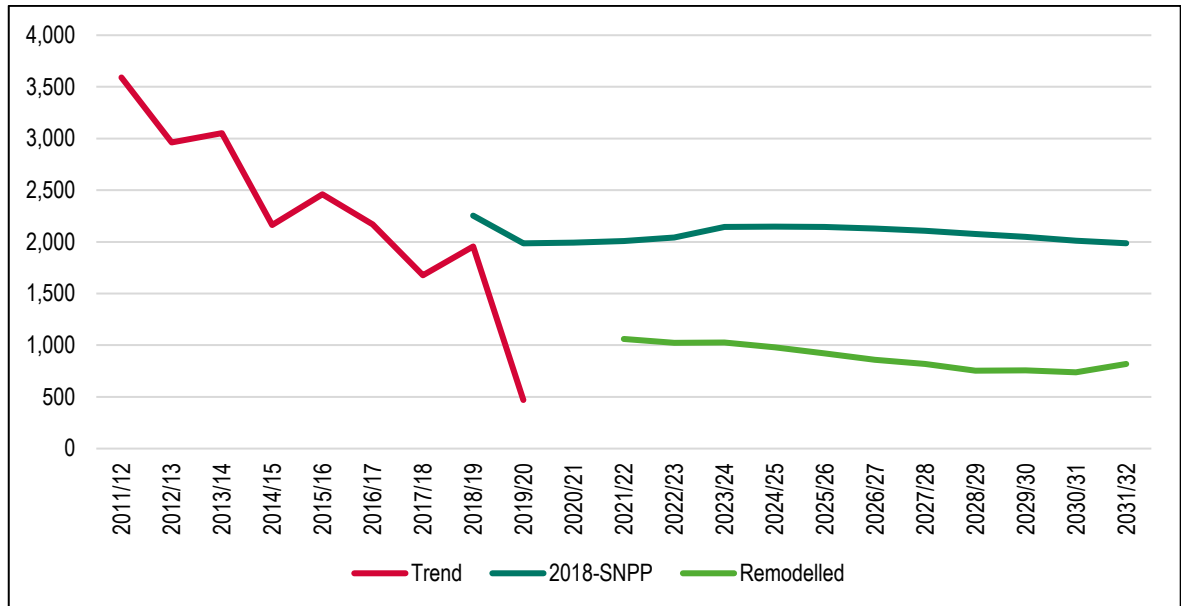
- 5.135 For out-migration, levels will vary depending on the size of the population in the area being studied. For example, if the population of Coventry grows at a faster rate than other locations then there is a larger pool of people from which out-migrants might be drawn. With a growing population, out-migration would therefore be expected to increase over time.
- 5.136 However, it is also noted that at a national level, out-migration in the early years of the projection is projected to fall, whilst a changing age structure (increasing older person population) will to some extent moderate any changes, as older people are less likely to be migrant.
- 5.137 Therefore a consistent method to that used for in-migration has been applied for out-migration, that is the estimated level of out-migration is set at the midpoint between estimated past levels of out-migration and the level that would be expected if the ratio between population growth and out-

migration were maintained. As before, this is an assumption, but is likely to be reasonable given the range of data available.

HMA-wide Projection Outputs

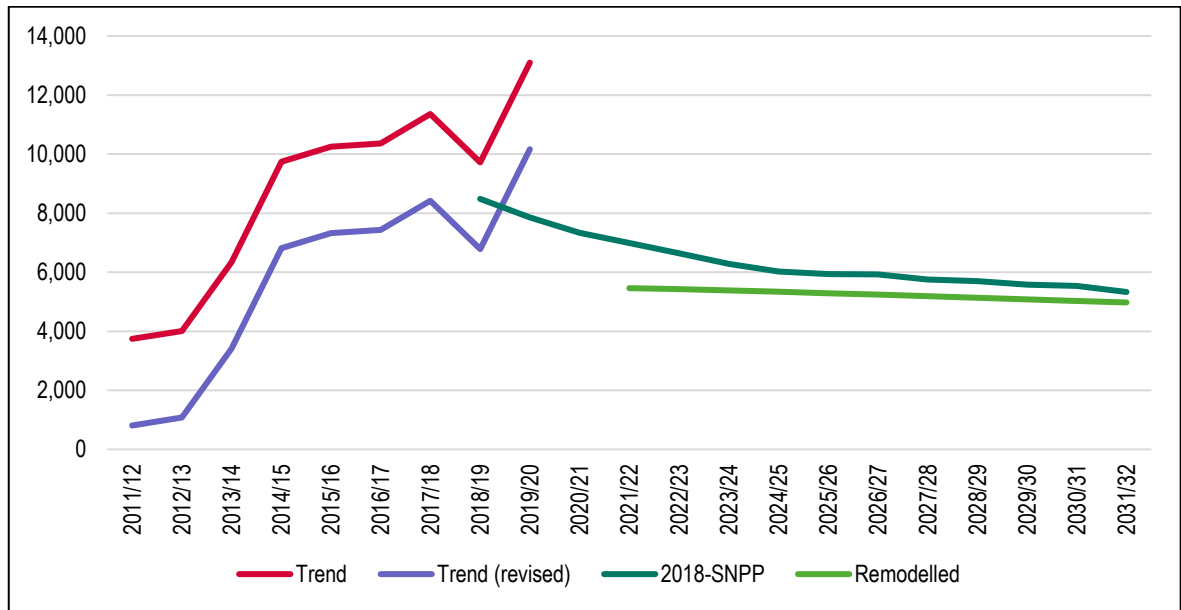
5.138 The above estimates of fertility, mortality and migration (including changes over time) have been modelled to develop a projection for the period to 2032 – this data being chosen as it is possible to develop an equivalent estimate of housing need using the framework of the Standard Method. Below are a series of charts showing key components of change and overall population change. Further tables provide summary information for each local authority. For contrast, data is compared with that from the 2018-based SNPP, that being the most recent projection released by ONS.

Figure 5.1: Past trends and projected natural change – Coventry-Warwickshire



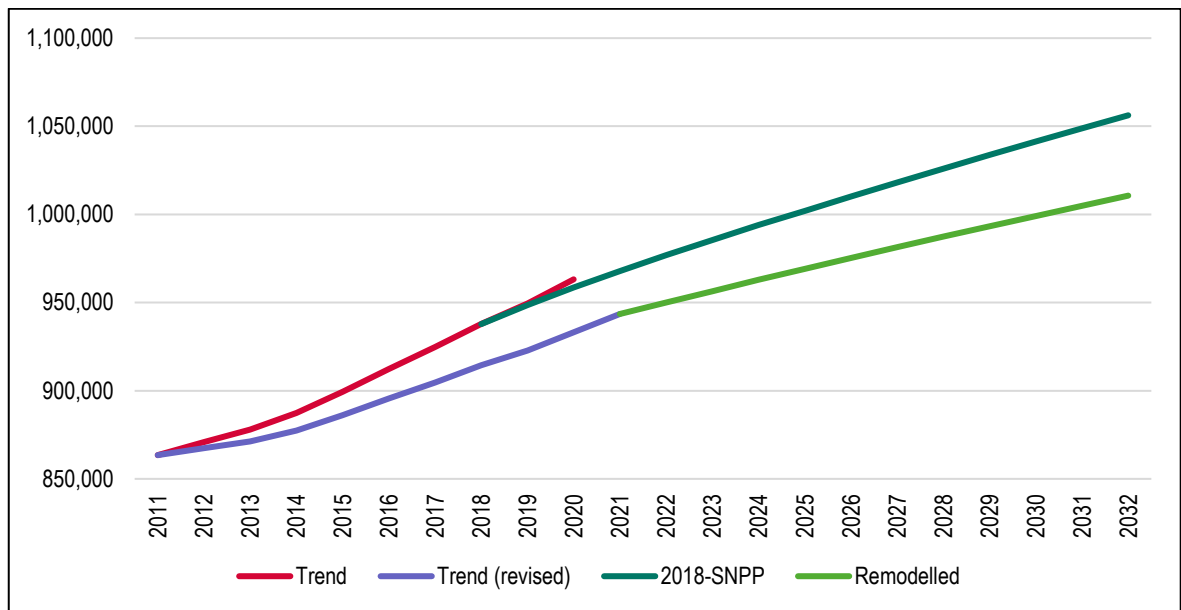
Source: ONS and demographic projections

Figure 5.2: Past trends and projected net migration – Coventry-Warwickshire



Source: ONS and demographic projections

Figure 5.3: Past trends and projected population – Coventry-Warwickshire



Source: ONS and demographic projections

5.139 The tables below show estimated population growth across the HMA split into 3 broad age bands (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows population being projected to increase by around 60,600 people – this is a 6.4% increase over the 10-year period. The population aged 65 and over is projected to see the highest proportionate increase, but in actual number terms the population aged 16-64 is projected to see a similar level of growth. The increases in in population can be compared with the change shown by the Census (for 2011-21) of 9.2%.

Table 5.30 Projected change in population by broad age group (2022-32) – Coventry-Warwickshire

	2022	2032	Change	% change
Under 16	175,809	172,276	-3,534	-2.0%
16-64	597,484	629,204	31,720	5.3%
65+	176,736	209,181	32,446	18.4%
TOTAL	950,029	1,010,661	60,632	6.4%

Source: Demographic projections

Household Projections

5.140 The final part of the projection is to convert population estimates into households by discounting the communal population (to give a household population) and then applying household representative rates (HRR). The first analysis is however to estimate the number of households in the HMA (and authorities) as of 2021. The table below shows household estimates from the Census and also dwelling counts from DLUHC live tables.

5.141 It can be seen in all areas that the number of completions exceeds the growth in households (notably in Coventry and to a lesser extent Warwick). It is unclear why the Census figures are so low and arguably they look slightly unrealistic in some cases. Modelling has therefore been undertaken to provide estimated households in 2021 based on looking at the relationship between households and dwellings in 2011 and applying a similar relationship to 2021 dwellings. In do this, a base number of households in 2021 is as shown below:

- Coventry – 140,117
- North Warwickshire – 27,602
- Nuneaton & Bedworth – 56,943
- Rugby – 47,565
- Stratford-on-Avon – 60,426
- Warwick – 65,012

Table 5.31 Change in the number of households and dwellings (2011-21) – Coventry-Warwickshire

		2011	2021	Change
Coventry	Households	128,592	134,100	5,508
	Dwellings	132,891	144,939	12,048
North Warwickshire	Households	25,812	27,600	1,788
	Dwellings	27,033	28,858	1,825
Nuneaton & Bedworth	Households	52,711	56,600	3,889
	Dwellings	54,167	58,417	4,250
Rugby	Households	41,875	47,000	5,125
	Dwellings	43,192	48,816	5,624
Stratford-on-Avon	Households	51,928	59,500	7,572
	Dwellings	54,781	63,548	8,767
Warwick	Households	58,679	62,600	3,921
	Dwellings	60,427	66,909	6,482
Coventry-Warwickshire	Households	359,597	387,400	27,803
	Dwellings	372,491	411,487	38,996

Source: ONS (Census) and DLUHC (Table 125)

- 5.142 In projecting forward, data about household representative rates (HRRs) has been drawn from the 2014-based subnational household projections (SNHP). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). The 2014-based figures are used as these underpin the Standard Method and generally have attracted less criticism in terms of building in a suppression of household formation than more recent projections.
- 5.143 Recent SNHP (since the 2014-based release) have come under some criticism. This is largely as they are based on data in the 2001-11 Census period and project forwards trends in household formation in this period – one in which housing affordability deteriorated significant. In both Coventry and Warwickshire, this suppression is particularly evident for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting some continuation of this moving forward to 2021, after which the (lower) rate is held broadly stable.
- 5.144 Data about the communal population has also been drawn from the 2014-SNHP. For all areas, the 2014-HRRs have been adjusted to match the estimated number of households shown above with future (projected) years using the same incremental changes as in the base source.
- 5.145 The analysis projects an increase of around 3,500 households per annum over the 2022-32 period, with figures ranging from 94 in North Warwickshire, up to 1,296 in Coventry.

Table 5.32 Projected change in households – remodelled projection

	Households 2022	Households 2032	Change in households	Per annum
Coventry	141,244	154,202	12,958	1,296
North Warwickshire	27,709	28,653	944	94
Nuneaton & Bedworth	57,302	60,618	3,316	332
Rugby	48,232	54,269	6,037	604
Stratford-on-Avon	61,131	67,271	6,140	614
Warwick	65,503	71,215	5,712	571
Coventry-Warwickshire	401,120	436,228	35,108	3,511

Source: Demographic projections

Standard Method (with revised Household Projections)

- 5.146 The analysis below calculates housing need using the Standard Method, but replacing the 2014-based SNHP with the alternative projections shown above.
- 5.147 With the remodelled projection, the need is slightly lower than the analysis using 2014-based projections, with a need shown for around 4,900 dwellings per annum. The projections show a lower need in Coventry, but also North Warwickshire and Nuneaton & Bedworth, relative to standard method using the 2014-based Household Projections.

Table 5.33 Standard Method Housing Need Calculations using revised demographic projections

	Coventry	North Warwks	Nuneaton & Bedworth	Rugby	Stratford- on-Avon	Warwick	C & W
Households 2022	141,244	27,709	57,302	48,232	61,131	65,503	401,120
Households 2032	154,202	28,653	60,618	54,269	67,271	71,215	436,228
Change in households	12,958	944	3,316	6,037	6,140	5,712	35,108
Per annum change	1,296	94	332	604	614	571	3,511
Affordability ratio (2021)	5.96	8.23	7.73	7.47	10.62	10.73	
Uplift to household growth	12%	26%	23%	22%	41%	42%	
Initial need (per annum)	1,455	119	409	735	868	811	4,397
Capped	1,455	119	409	735	868	811	4,397
Urban uplift	35%	0%	0%	0%	0%	0%	
Total need (per annum)	1,964	119	409	735	868	811	4,906

Source: Derived from a range of ONS and MHCLG sources

- 5.148 Because of the demographic interactions between authorities across the Housing Market Area, there is a strong case for using a consistent approach and consistent set of demographic data across the HMA.

Use of Trend-based Projection in this Report

- 5.149 Some analysis later in this report looks at the implications of demographic change (e.g. when projecting changes to the number of people with disabilities) and this draws on the remodelled trend-based projection. Where the analysis is related to population data is taken directly from the projection, but for households a further adjustment has been made to deal with any suppression of household formation within the projections.
- 5.150 To do this a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach has been widely used in analysis of this nature and was an approach previously suggested by the Local Plans Expert Group (LPEG).
- 5.151 The table below shows estimated households growth using a part-return to trend (PRT) approach. Across the whole of the HMA, this shows growth of around 3,800 households per annum compared with 3,500 in the base projection.
- 5.152 It will also be noted that the estimated number of households in 2022 differs very slightly (401,120 vs. 401,332) – this is due to the inclusion of the part-return-to-trend HRRs, with improvements to household formation of younger households being modelled to start in 2021 and therefore having a small impact on data for 2022.

Table 5.34 Projected change in households with part-return-to-trend HRRs – remodelled projection

	Households 2022	Households 2032	Change in households	Per annum
Coventry	141,302	154,984	13,683	1,368
North Warwickshire	27,730	28,962	1,232	123
Nuneaton & Bedworth	57,334	61,026	3,693	369
Rugby	48,273	54,889	6,616	662
Stratford-on-Avon	61,153	67,667	6,514	651
Warwick	65,541	71,794	6,253	625
Warwickshire	260,031	284,338	24,307	2,431
Coventry-Warwickshire	401,332	439,322	37,990	3,799

Source: Demographic projections

Summary

- 5.153 The NPPF mandates the use of the 2014 subnational household projections (SNHP) in the Standard Method and following the relevant Planning Practice Guidance (PPG) the method shows a need for 5,554 dwellings per annum across the Housing Market Area (HMA).
- 5.154 The PPG does however allow for authorities to diverge from the Standard Method where this can be justified by exceptional circumstances; any alternative approach should reflect current and future demographic trends (which includes migration) and market signals.
- 5.155 For Coventry and Warwickshire there is a clear case to support exceptional circumstances (particularly in Coventry). It is clear that population growth in the City has been systematically over-estimated by ONS (dating back to at least 2001) and that the over-estimation works through into population projections that are demonstrably too high and unrealistic. The population projections will then work through into household projections and ultimately to estimates of need in the Standard Method.
- 5.156 A recognition of problems with population data for Coventry is not unique to this report. In 2020 the UK Statistics Authority recognised concerns regarding historical population estimates and projections for Coventry, and that in turn this can impact on household projections and estimates of housing need. It recommended that ONS should be more open to considering local data and feedback on its data; and ONS has since recognised this and that in turn this can impact on household projections and estimates of housing need.
- 5.157 Prior to publication of 2021 Census data, Icenic carried out a detailed review of a range of data sources which can provide an indication of population levels and growth. This very clearly confirmed a significant over-estimate of population in Coventry within ONS mid-year population estimates (MYE). Subsequently published Census data confirmed this where it is estimated that ONS had previously estimated the population of the City to be around 40,000 people higher than the Census now shows.
- 5.158 Across Warwickshire, a similar analysis suggests ONS had previously under-estimated population growth, however, the scale of the difference (around 10,700 people over the 2011-21 decade) is substantially lower than the over-estimation for Coventry.
- 5.159 It is clear from the analysis that there are exceptional circumstances which will allow a departure from the Standard Method housing need. In short, the data feeding into population (and hence household) projections is substantially wrong and will provide trend-based projections that are wholly unrealistic. As noted, issues with data for Coventry go back at least to 2001 and will therefore be impacting on all ONS projections, including those used for the 2014-based SNHP.

-
- 5.160 When demonstrating exceptional circumstances, it is necessary to take forward a method that takes account of demographic trends and this report has drawn on data from the 2021 Census and information about births and deaths to develop an up-to-date trend based projection. This projection has then been used within the framework of the Standard Method (i.e. to include a relevant affordability adjustment) and shows a need across the HMA for 4,906 dwellings per annum; lower than the standard Method as published, and lower mainly due to the issues in published projections for Coventry.
- 5.161 Given across the HMA that population figures have been over-estimated for many years, it is reasonable and expected that any alternative trend-based projection would show a lower need. It is however recommended that the Councils monitor new data releases from ONS (including MYE and projections) as ONS will need to grapple with the issue of inaccuracies in the MYE in any future releases.

6. ECONOMIC GROWTH POTENTIAL

6.1 This section presents economic forecasts developed by Cambridge Econometrics (CE) for the Coventry and Warwickshire economy. We then move on to consider the future growth potential of different local economies having regard to the baseline forecasts. In doing so we have focused on potential demand-side drivers (rather than land supply).

CE's Baseline Projections – Overview

6.2 The local area baseline projections are developed based on CE's March 2021 UK and regional forecast. The projections include historical local area employment data to 2019, regional and national employment data to 2020, and GVA data to 2018.

UK Forecast

6.3 CE's UK forecast is developed using CE's Multi-Sectoral Dynamic Model (MDM). The model determines final expenditure, output and employment by disaggregating sectors, commodities, and household and government expenditures, as well as foreign trade and investment, within an input-output framework to identify the inter-relationships between sectors. The forecasts are based on the latest available national and regional historical data and macroeconomic assumptions (e.g. components of output). The key COVID-19 and EU exit assumptions are summarised below.

Covid-19

6.4 It is assumed that lockdown and social distancing measures will follow the Government's envisaged 'road map', with lockdown formally ending in late-March 2021, social distancing to progressively ease over spring and the domestic economy to open fully by mid/late summer (with all UK adults expected to be offered a dose of the COVID vaccine by this time). The assumed 'post-lockdown' pick-up in activity will mean that GDP is assumed to increase in 2021, though to a lesser extent than previously forecast due to the weak start to the year.

6.5 Despite the opening up of the UK economy in 2021 Q2, persistent economic scarring and a muted economic recovery in 2021/2022 is expected. This comes as a result of rising unemployment, business closures, weak capital accumulation and permanent productivity impacts of the pandemic.

6.6 Moreover, UK trade prospects remain very weak due to slow global economic growth (exacerbated/perpetuated by inequalities in the global allocation of the vaccine) and Brexit trade disruptions (see EU exit section below). Given this, the central assumption of the forecast is a 3.6% increase in GDP in 2021 and a 2.8% increase in GDP in 2022.

EU Exit

6.7 Based on the general terms included in the EU–UK Trade and Cooperation Agreement that was signed on 30th December 2020, the following political assumptions were adopted:

- The agreed Free Trade Agreement with the EU avoids reversal to WTO terms, but results in some barriers to trade which will gradually phase in.
- The points-based migration system introduces restrictions on inward migration from the EU.
- The uncertainty about the possibility of no-deal Brexit is lifted. However, some uncertainty remains over the speed of regulatory divergence.
- Some uncertainty remains over the possibility of changes to the agreement in the future that could affect the barriers to trade, such as the equivalence rules in the financial sector.
- The UK will continue to seek other trade agreements, which could reduce barriers to trade with non-EU countries in the future.

Local area Baseline Projections

6.8 The local area baseline projections are based on historical growth in the local area (i.e. the relevant local authority) relative to the region (West Midlands) or UK (depending on which area it has the strongest relationship with), on a sector-by-sector basis. They assume that those relationships continue into the future. Thus, if a sector in the local area outperformed the sector in the region (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future.

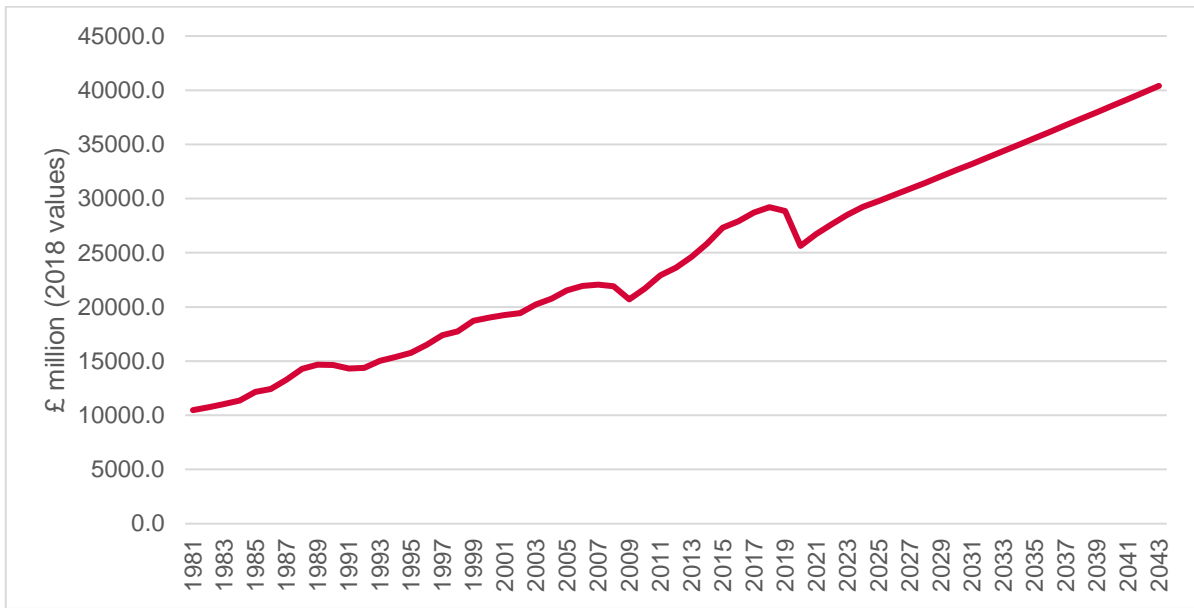
6.9 They further assume that economic growth in the local area is not constrained by supply-side factors, such as population and the supply of labour. They assume that there will be enough labour (either locally or through commuting) with the right skills to fill the jobs. If, for example, in reality, the labour supply is not there to meet projected growth in employment, growth could be slower.

6.10 The measure of employment is workplace-based jobs, which include full-time, part-time and self-employed.

Sectoral Outlook

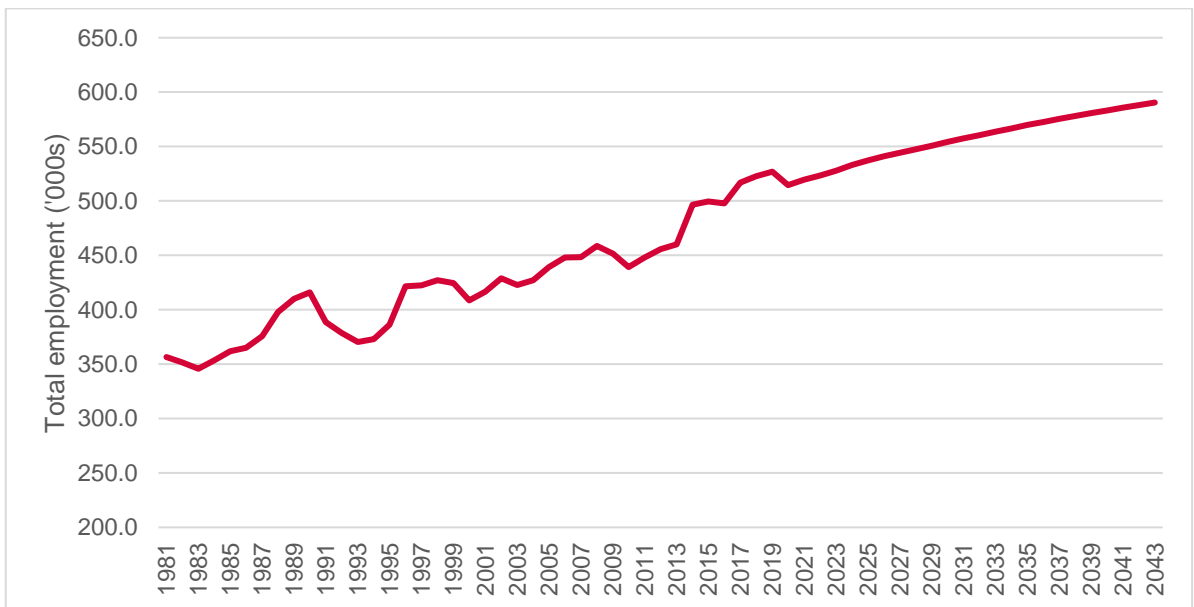
6.11 The Cambridge Econometrics forecasts expect GVA across Coventry and Warwickshire to grow by an average of 1.4% pa over the 2019-43 period. If the effect of the 2020 correction is set aside, the rate of growth would be equivalent to 2.0% pa (2020-43). This is slightly below longer-term trends.

Figure 6.1: Projected GVA – Coventry & Warwickshire



6.12 Total employment has been growing historically at a rate of 1.0% pa over the period since 1981. Employment growth looking forwards is projected to grow at 0.5% pa (2019-43) with total employment growth of 11.5 million over the period to 2043. More modest growth than historically is consistent with CE's national/ regional outlooks.

Figure 6.2: Projected Employment – Coventry & Warwickshire



6.13 The table below analyses how GVA is expected to change over the 2019-43 period. Manufacturing accounts for 20% of GVA in 2019 and is expected to retain this share, with the projections expecting growth of 1.4% pa. The picture for wholesale and warehousing is similar. The relative share of GVA

in ICT and Media; and Public Admin, Health and Education is expected to grow; whilst the share in Agriculture/Mining and Real Estate and Professional Services is expected to contract.

Table 6.1 Baseline Projections for GVA – Coventry and Warwickshire, 2019-43

	2019 GVA ('mill)	% GVA, 2019	2001-19 CAGR	2019-43 CAGR	% GVA, 2043
Agriculture, Mining & Utilities	2516.2	9.5%	5.9%	0.3%	7.4%
Manufacturing	5243.7	19.8%	2.1%	1.4%	20.1%
Construction	1622.8	6.1%	1.1%	1.1%	5.8%
Wholesale, Transport & Warehousing	3087.0	11.6%	2.0%	1.4%	11.8%
Retail, incl Motor Vehicle Trade	1977.8	7.5%	2.2%	1.3%	7.4%
Accommodation, Food & Beverage	650.4	2.5%	0.5%	2.0%	2.9%
ICT and Media	1376.9	5.2%	3.5%	2.4%	6.7%
Real Estate & Prof Services	4776.8	18.0%	2.4%	1.0%	16.6%
Public Admin, Education & Health	3890.2	14.7%	1.4%	1.8%	16.5%
Other Services	1389.5	5.2%	0.7%	1.1%	4.9%

Source: Icen analysis of CE Projections

6.14 The outlook in respect of employment is set out below.

Table 6.2 Baseline Projections for Employment – Coventry and Warwickshire, 2019-43

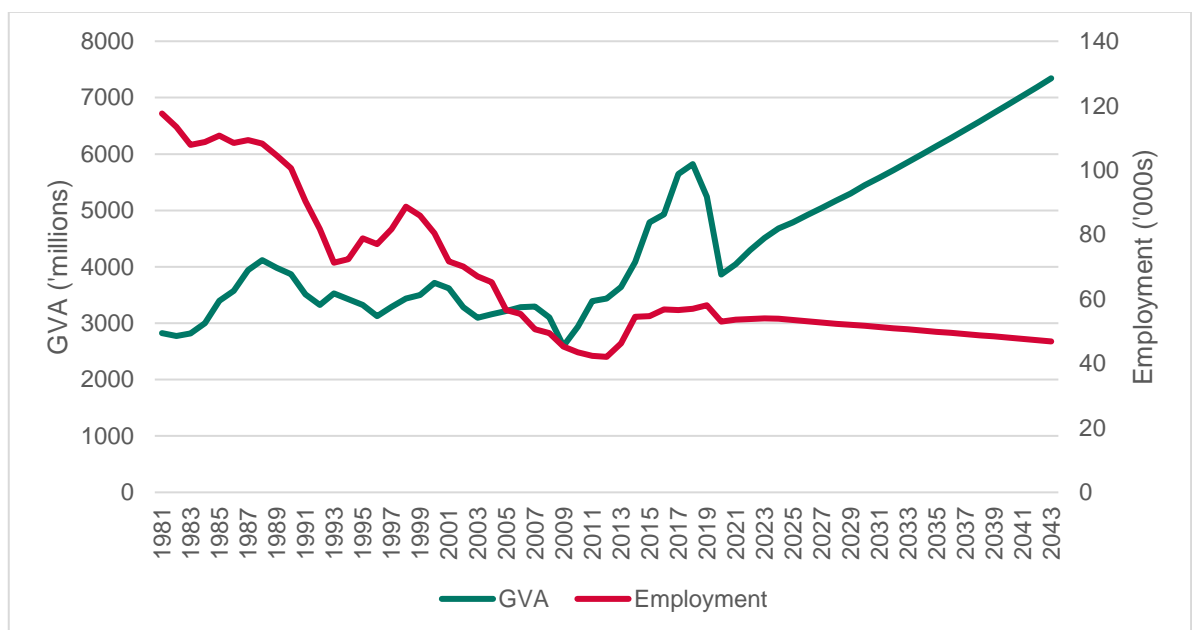
	2019 Employ- ment ('000s)	% Employ- ment, 2019	2001-19	2011-19	2019-43	% Change, 2019-43
Agriculture, Mining & Utilities	16.3	3.1%	7.5	5.3	-2.0	-12%
Manufacturing	58.0	11.0%	-13.6	15.7	-11.2	-19%
Construction	31.7	6.0%	5.5	5.0	0.1	0%
Wholesale, Transport & Wh	61.7	11.7%	20.4	15.7	8.8	14%
Retail, incl MV Trade	54.9	10.4%	5.9	6.0	1.9	3%
Accommodation, Food & Beverage	32.6	6.2%	4.5	4.0	18.4	57%
ICT and Media	16.0	3.0%	3.7	0.0	11.5	72%
Real Estate & Prof Services	108.2	20.5%	38.6	20.3	14.5	13%
Public Admin, Education & Health	94.6	18.0%	22.0	2.4	17.0	18%
Other Services	52.7	10.0%	15.9	4.3	4.4	8%
Total	526.9	100%	110.4	78.7	63.5	12%

Source: Icen analysis of CE Projections

6.15 For agriculture, mining and utilities, modest growth in GVA is expected; but driven by productivity improvements, employment is expected to fall by around 12% over the period to 2043. Within this, agricultural employment is projected to remain relatively stable.

6.16 In the manufacturing sector, GVA is projected to grow by an average of 1.4% pa. Whilst the recent trend in employment in the sector has been upwards, improvements in productivity and increasing mechanisation mean overall employment is expected to fall. Continuing growth in the sector is however likely to mean a need for additional land. As the chart below shows, the long-term trend has been of falling manufacturing employment. Employment has stabilised in recent years (with overall employment growing slightly 2012-19) but improvements in productivity are projected to lead to a modest reduction in job numbers moving forwards. Growth in GVA has been strong over the period since 2009, and whilst some projection is expected, the longer-term outlook for manufacturing GVA growth is strong.

Figure 6.3: Trend and Projections for Manufacturing GVA and Employment – C&W



6.17 If we look at individual manufacturing sectors, sectors which contribute strongly to sub-regional GVA are: motor vehicles (a particular strength); other transport equipment; machinery; and metals/ metal products. Manufacturing GVA growth is expected to be driven by the automotive sector in particular with growth focused in motor vehicles, other transport equipment and machinery. However there are some other sectors where notable growth is envisaged including electronics and electrical equipment.

- 6.18 The projections expect employment/GVA contraction initially linked to the shock effects of Brexit and Covid. Modest employment growth is anticipated in electronics; but generally some contraction in jobs is expected linked to improving productivity. Nonetheless, the outlook for manufacturing within the CE projections is overall relative positive.

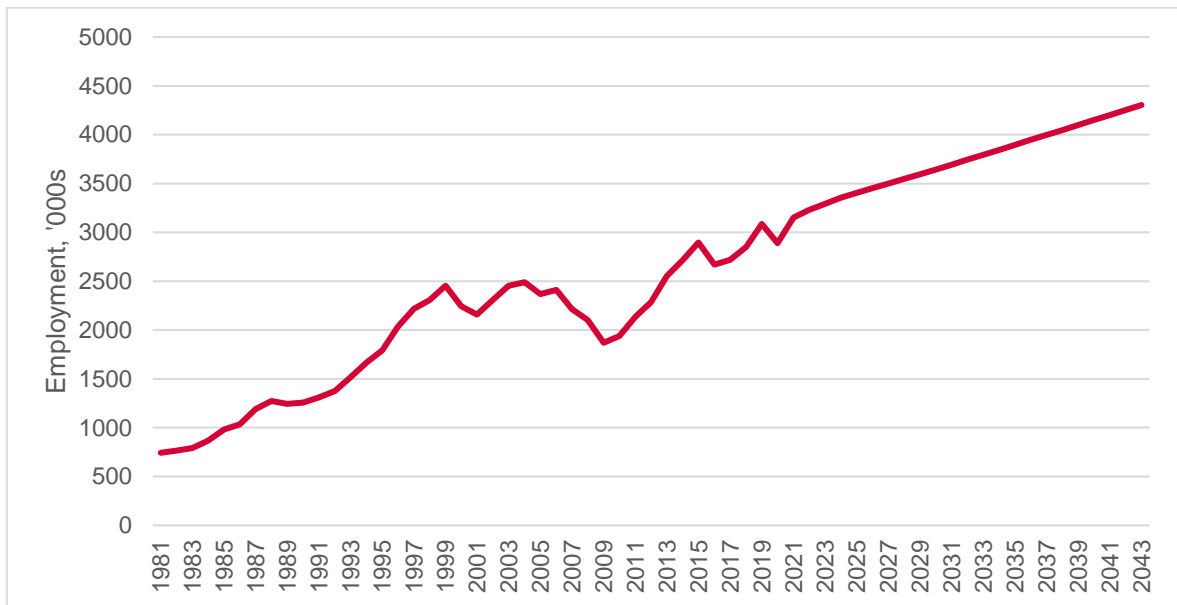
Table 6.3 Projected Employment and GVA Growth by Manufacturing Sub-Sector, Coventry & Warwickshire

	GVA, 2020 (£m)	GVA Growth, 2020-43 (% CAGR)	Employe nt, 2020 est (‘000s)	Employe nt Change, 2020-43 (‘000s)
Food, drink & tobacco	168.4	0.7%	3.9	-0.1
Textiles etc	43.4	0.2%	1.0	-0.4
Wood & paper	34.6	0.9%	0.9	0.1
Printing & recording	28.0	-0.7%	0.7	-0.3
Coke & petroleum	0.9	-0.5%	0.0	0.0
Chemicals	37.3	-0.1%	0.5	-0.3
Pharmaceuticals	30.5	0.5%	0.5	-0.2
Non-metallic mineral products	185.9	1.7%	5.4	-0.2
Metals & metal products	219.1	0.9%	7.5	-1.7
Electronics	97.9	3.4%	1.0	0.2
Electrical equipment	105.9	2.2%	1.3	0.0
Machinery	377.3	2.1%	5.5	-1.1
Motor vehicles	1952.8	3.4%	18.7	-1.6
Other transport equipment	409.2	3.8%	1.7	-0.1
Other manufacturing & repair	170.4	1.5%	4.4	-0.4

Source: Icen analysis of CE Projections

- 6.19 Employment in construction is expected to remain relatively static, albeit with GVA growing by 1.1%. This is influenced by productivity improvements.
- 6.20 GVA in wholesale, transport and warehousing is expected to grow by 1.4% pa, which is similar to the growth forecast for manufacturing and represents a relatively positive outlook for the sector. Employment growth of 8,800 (+14%) is expected across the sub-region over the 2019-43 period. As the chart below shows, employment growth is expected to be relatively consistent to the long-term trend. The projections will also build in some productivity improvements associated with increased automation.

Figure 6.4: Employment in Wholesale, Transport and Warehousing – Coventry & Warwickshire



Source: Icen analysis of Cambridge Econometrics Projections

6.21 A substantial proportion of overall employment growth is however focused on service-related sectors. The chart below analyses performance in these activities. Overall key growth sectors include:

- Food and beverage services, with expected growth in employment of 18,800 across the sub-region. This looks to us potentially optimistic.
- IT Services, which has been a growing sector, and is expected to post very impressive growth with 10,900 jobs created. This will include the cluster of gaming activities.
- Some growth in other sectors which have typically been office based including head offices/management consultancy; real estate; architecture/engineering and other professional services;
- Some growth in public sector dominated sectors, particularly in education which is expected to see 10,900 additional jobs; as well as more modest growth in public admin and health;
- Growth in employment in residential and social care, no doubt driven in particular by changing demographics.

Table 6.4 Employment Trends and Projections – Service Sector – Coventry & Warwickshire

Employment, '000s	2001-19	2019-20	2020-43	2019-43	% Change, 2019-43
Accommodation	-0.2	0.2	-0.5	-0.3	-4%
Food & beverage services	4.7	1.0	17.8	18.8	74%
Media	0.8	0.5	0.0	0.6	26%
IT services	2.9	2.1	8.8	10.9	79%
Financial & insurance	-1.6	0.1	-0.6	-0.5	-4%
Real estate	3.7	0.1	1.5	1.6	23%
Legal & accounting	3.1	-0.3	0.7	0.4	6%
Head offices & management consultancies	12.5	0.6	3.8	4.4	26%
Architectural & engineering services	4.3	1.0	1.4	2.4	21%
Other professional services	2.1	-0.7	2.2	1.5	14%
Business support services	14.4	-3.9	8.7	4.8	11%
Public Administration & Defence	-1.0	-0.3	2.5	2.2	13%
Education	11.9	0.9	10.0	10.9	23%
Health	11.1	0.8	3.1	4.0	13%
Residential & social	9.2	-1.7	7.2	5.5	22%
Arts	3.5	-0.5	-1.2	-1.7	-27%
Recreational services	1.0	-0.1	1.6	1.5	22%
Other services	2.2	-0.7	-0.2	-0.9	-6%

Source: Icen analysis of Cambridge Econometrics Projections

Outlook for Individual Authorities

- 6.22 The outlook for individual authorities is set out below. Employment is projected to grow by 63,500 across the sub-region over the period to 2043. The strongest absolute growth is expected in Coventry, followed by Warwick. But relative to its existing employment, North Warwickshire is expected to post the strongest proportional growth. Weaker relative growth is expected in Nuneaton and Bedworth (9%).

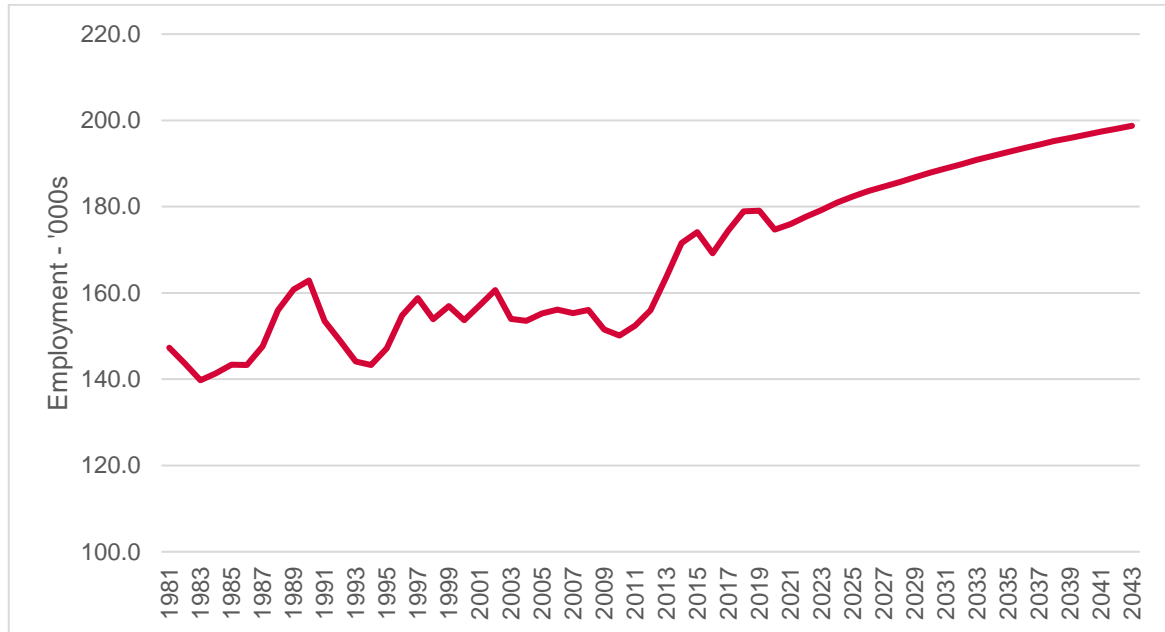
Table 6.5 Projected Growth in Employment by District

	2019	2043	Change	% Change
Coventry	179.1	198.8	19.7	11%
North Warwickshire	53.9	62.6	8.8	16%
Nuneaton & Bedworth	54.8	59.7	4.9	9%
Rugby	55.8	63.6	7.8	14%
Stratford-on-Avon	85.2	94.3	9.1	11%
Warwick	98.1	111.5	13.3	14%
C&W	526.9	590.4	24	12%

Source: Icen analysis of Cambridge Econometrics Projections

6.23 The outlook for Coventry is relatively positive. As the graph below shows, employment was relatively static through the 1990s and 2000s, but the City's economy has performed notably better since with relatively strong growth recorded since 2011. The outlook is not as strong as this, but certainly exceeds the long-term trend.

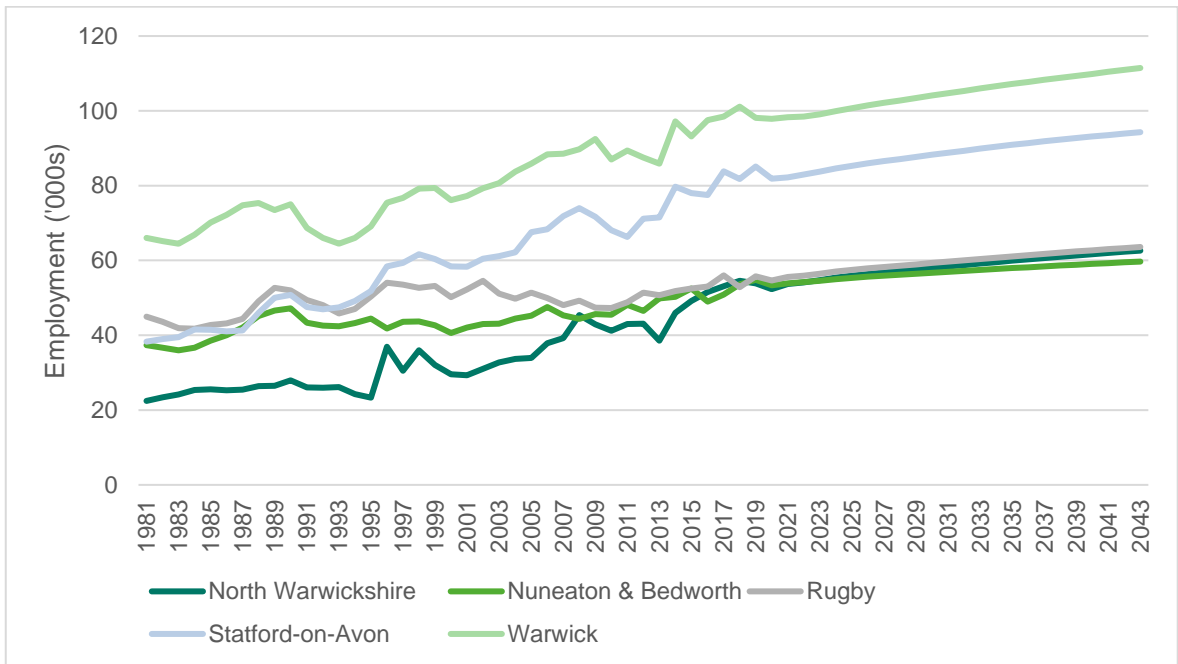
Figure 6.5: Employment Projection – Coventry



Source: Icen analysis of Cambridge Econometrics Projections

6.24 For the Warwickshire authorities, it is notable that North Warwickshire's stronger relative performance is consistent with the historic trend.

Figure 6.6: Employment Projections – Warwickshire Authorities



Source: Icen analysis of Cambridge Econometrics Projections

7. RELATIONSHIP BETWEEN HOUSING AND ECONOMIC GROWTH

7.1 The analysis in this section considers the relationship between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change). To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

7.2 The analysis then moves on to look at the labour-supply growth likely to be required to meet job growth forecasts and then convert this into an estimate of household growth and hence housing need.

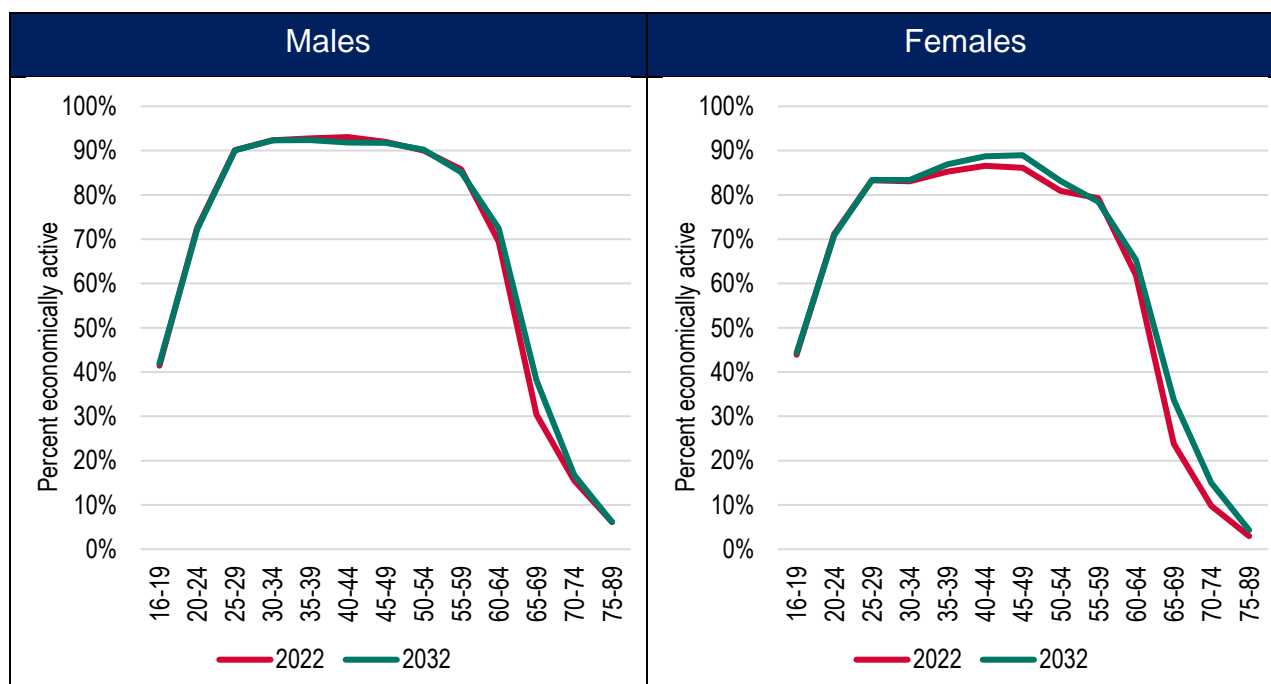
7.3 The analysis mainly looks at economic growth and housing in the 2022-32 period to be consistent with analysis around demographics and housing need although it is recognised that plans will extend beyond this date (and so the direction of economic forecasts post 2032 have also been referenced in this section).

Growth in Resident Labour Supply

7.4 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

7.5 The figure and table below show the assumptions made (for Coventry & Warwickshire). The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision). Whilst data is presented for the whole of the HMA, all analysis has been developed on an individual local authority area basis.

Figure 7.1 Projected changes to economic activity rates (2022 and 2032) – Coventry & Warwickshire



Source: Based on OBR and Census (2011) data

Table 7.1 Projected changes to economic activity rates (2022 and 2032) – Coventry & Warwickshire

	Males			Females		
	2022	2032	Change	2022	2032	Change
16-19	41.5%	42.0%	0.5%	43.9%	44.3%	0.4%
20-24	72.6%	72.2%	-0.4%	71.2%	70.9%	-0.3%
25-29	90.1%	90.1%	0.0%	83.3%	83.4%	0.0%
30-34	92.3%	92.3%	0.0%	83.1%	83.4%	0.3%
35-39	92.8%	92.4%	-0.4%	85.2%	86.9%	1.6%
40-44	93.1%	91.8%	-1.2%	86.6%	88.7%	2.2%
45-49	92.0%	91.7%	-0.3%	86.1%	89.0%	2.9%
50-54	90.0%	90.2%	0.2%	80.9%	83.1%	2.2%
55-59	85.7%	85.1%	-0.6%	79.2%	78.4%	-0.8%
60-64	69.4%	72.4%	3.0%	61.8%	65.3%	3.5%
65-69	30.4%	38.1%	7.7%	23.8%	33.7%	9.9%
70-74	15.5%	16.7%	1.2%	9.8%	15.0%	5.2%
75-89	6.1%	6.1%	0.0%	3.0%	4.3%	1.4%

Source: Based on OBR and Census (2011) data

7.6 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Council area – this is set out in the tables below. The analysis shows that the main demographic projection (based on 10 year

demographic trends) results in growth in the economically-active population of 37,700 people – an 8% increase.

Table 7.2 Estimated change to the economically active population (2022-32) – Coventry & Warwickshire (10-year demographic trends)

	Economically active (2022)	Economically active (2032)	Total change in economically active	% change
Coventry	176,759	195,195	18,436	10.4%
North Warwickshire	34,848	34,981	134	0.4%
Nuneaton & Bedworth	70,986	74,005	3,019	4.3%
Rugby	64,196	70,300	6,104	9.5%
Stratford-on-Avon	72,350	76,494	4,144	5.7%
Warwick	80,644	86,555	5,911	7.3%
Warwickshire	323,023	342,335	19,312	6.0%
Coventry & Warwickshire	499,782	537,530	37,748	7.6%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

7.7 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

7.8 The table below shows summary data about commuting to and from Coventry-Warwickshire from the 2011 Census. Overall, the data shows that the HMA sees a level of net in-commuting for work with the number of people resident in the area who are working being about 3% lower than the total number who work in the area. This number is shown as the commuting ratio in the final row of the

table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live). Figures for individual authorities show net in-commuting to most areas, the exceptions being Nuneaton & Bedworth and Rugby.

Table 7.3 Commuting patterns in Coventry & Warwickshire

	Coventry	North Warwickshire	Nuneaton and Bedworth	Rugby	Stratford-on-Avon	Warwick	C-W
Live and work in Local Authority (LA)	78,767	8,567	22,121	21,443	23,266	31,809	-
Home workers	10,157	3,451	4,443	5,297	10,476	8,380	-
No fixed workplace	9,367	2,446	3,897	3,410	4,835	4,287	-
In-commute	50,630	25,304	15,048	17,551	25,435	33,760	-
Out-commute	39,851	16,954	29,955	20,566	22,800	25,593	-
Total working in LA	148,921	39,768	45,509	47,701	64,012	78,236	424,147
Total living in LA (and working)	138,142	31,418	60,416	50,716	61,377	70,069	412,138
Commuting ratio	0.928	0.790	1.328	1.063	0.959	0.896	0.972

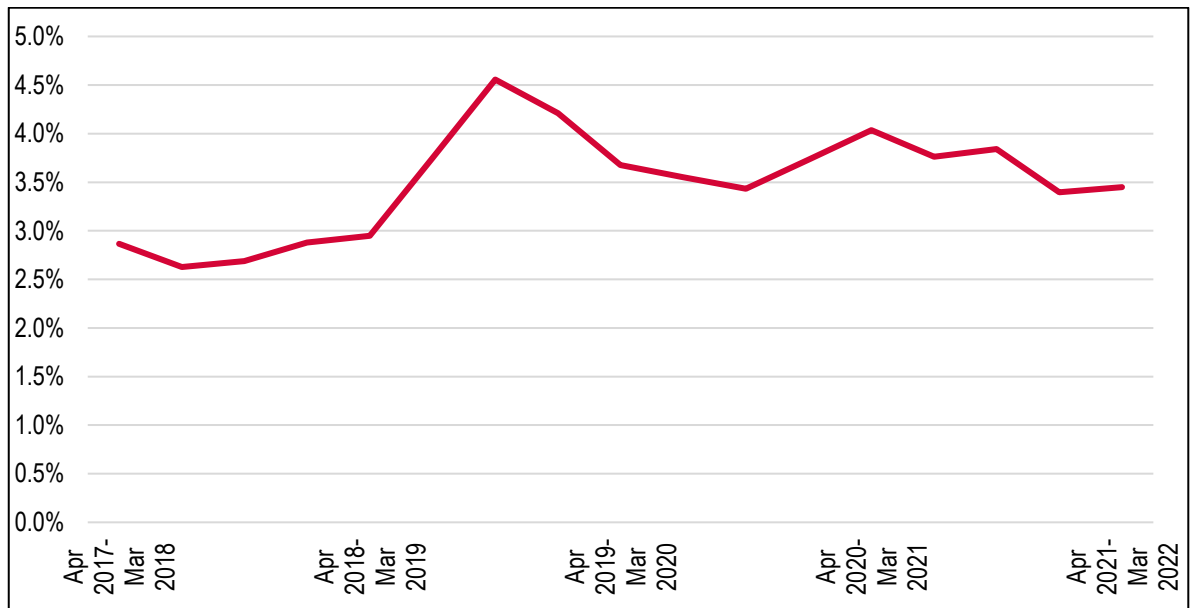
Source: 2011 Census

7.9 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the Council area is equal to the number of people living in the Council area who are working). This sensitivity is useful to understand the implications for housing as to continue to assume net in-commuting would arguably mean that Coventry & Warwickshire would be providing jobs for people in housing in other local authorities. The 1:1 ratio is also useful in the context of Covid-19 with the likelihood being that a greater proportion of people will work from home (or mainly from home) in the future.

Double Jobbing

7.10 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) for the past five years suggests across the HMA that typically about 3.5% of workers have a second job.

Figure 7.2 Percentage of all people in employment who have a second job (2017-2022) – Coventry & Warwickshire



Source: Annual Population Survey (from NOMIS)

7.11 For the purposes of this assessment it has been assumed that around 3.5% of people will have more than one job moving forward. A double jobbing figure 3.5% gives rise to a ratio of 0.965 (i.e. the number of jobs supported by the workforce will be around 3.5% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

7.12 For the analysis, estimates have also been made for individual local authorities, with double jobbing percentages for each area being shown below:

- Coventry – 3.3%
- North Warwickshire – 5.0%
- Nuneaton & Bedworth – 2.7%
- Rugby – 3.4%
- Stratford-on-Avon – 4.9%
- Warwick – 4.4%

Unemployment

7.13 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have

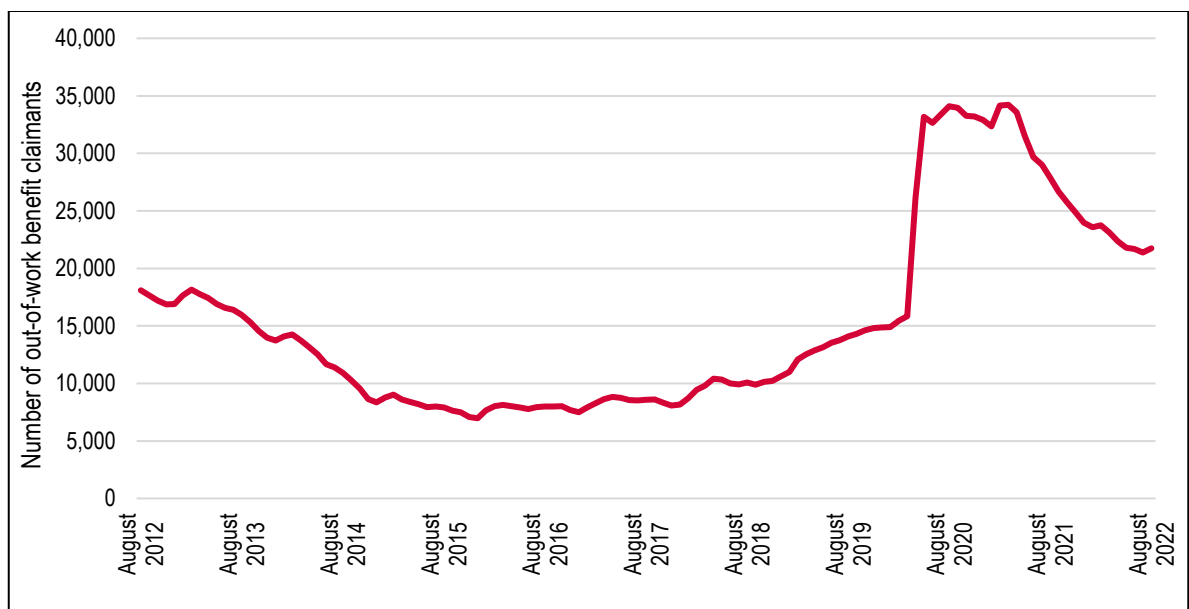
been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers, particularly as the impact of the ending of the furlough scheme are unknown.

7.14 The figure below looks at Claimant Count data (described as the number of people claiming Jobseeker's Allowance plus those who claim Universal Credit who are out of work). This will not give a full picture of unemployment as not all those unemployed will be a claimant, but it will certainly help to provide an indication; claimant count data is available up to August 2022 with the data below showing a trend for the previous decade.

7.15 The analysis shows a clear increase in the number of claimants (presumably as a result of the pandemic) – rising from around 15,000 to approaching 35,000, dropping in the latest period for which data is provided to just over 20,000.

7.16 This analysis would suggest as of mid-2022 (the start point of the demographic projections) that there may be some latent labour supply in the HMA (i.e. people who are not currently working but who would return to work if there was a suitable job available). It is however clear that the majority of people losing jobs through the pandemic are back working. Therefore, whilst this analysis is interesting, it is considered that no additional allowance needs to be made for people moving back into the labour-supply post-2022.

Figure 7.3 Number of out-of-work benefit claimants (2012-2022) – Coventry-Warwickshire



Source: NOMIS

Jobs Supported by Growth in the Resident Labour Force

7.17 The tables below shows how many additional jobs might be supported by population growth under demographic trend based projections. Given current commuting patterns and estimates about double

jobbing, it is estimated that around 40,500 additional jobs could be supported by the changes to the resident labour supply in the demographic projection; a slightly lower number of jobs could be supported if the analysis assumes a 1:1 commuting ratio (39,200) to 2032.

Table 7.4 Jobs supported by demographic projections (2022-32) – 10-year trends

		Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
Census commuting	Coventry	18,436	19,875	20,562
	North Warwickshire	134	169	178
	Nuneaton & Bedworth	3,019	2,274	2,337
	Rugby	6,104	5,741	5,942
	Stratford-on-Avon	4,144	4,322	4,544
	Warwick	5,911	6,600	6,907
	Warwickshire	19,312	19,106	19,910
	Coventry-Warwickshire	37,748	38,981	40,471
1:1 commuting	Coventry	18,436	18,436	19,074
	North Warwickshire	134	134	141
	Nuneaton & Bedworth	3,019	3,019	3,103
	Rugby	6,104	6,104	6,318
	Stratford-on-Avon	4,144	4,144	4,357
	Warwick	5,911	5,911	6,186
	Warwickshire	19,312	19,312	20,105
	Coventry-Warwickshire	37,748	37,748	39,179

Source: Derived from a range of sources

Economic Growth and Housing Need – Job Forecasts

7.18 To look at estimates of the numbers of homes required to support jobs growth, the method which is followed is identical to that set out for translating homes into jobs but completed in reverse to get to a population growth.

7.19 This level of population growth is then applied to the household formation rates developed earlier in this report to get to a household growth. A final adjustment to reflect a level of vacancy in the housing stock is applied to the household growth to get to dwelling growth. The stages can be summarised as:

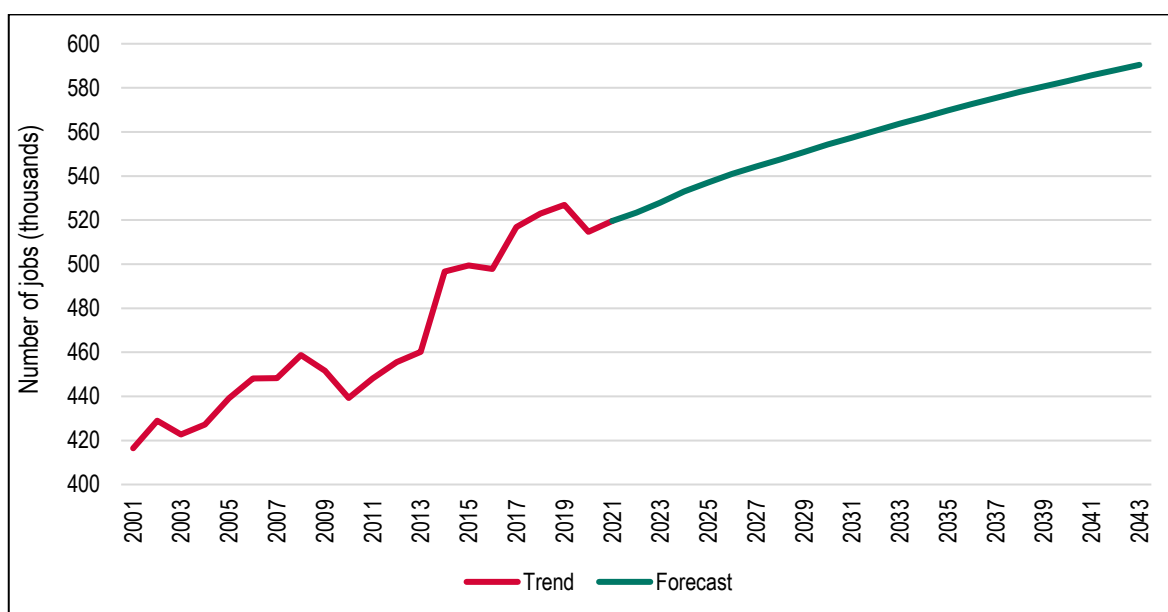
- Start with estimates of job growth;

- Estimate changes required to the economically active population to meet the jobs growth – this takes account of information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment;
- Flex levels of migration within the demographic model so that the change in the economically active population equals the change required to meet the number of jobs (migration can be ‘flexed’ up or down with stronger economic growth resulting in higher net in-migration as more people are required in the labour-supply); and
- Apply household representative rates to the resulting population projection and apply a vacancy allowance to calculate the number of households and dwellings needed.

7.20 The figure below shows past trends and a future forecast of job growth across the HMA – the data has been provided by Cambridge Econometrics (CE). Between 2022 and 2032 the forecast expects to see an increase of around 37,200 jobs, which is lower than any of the estimates of the number of jobs that could be supported when modelled against the demographic projections. Over the remainder of the period to 2043 (i.e. 2032-43) the forecast sees a further 29,900 jobs, annual job growth is therefore expected to slow down over time.

7.21 The forecast is also interesting for showing a drop in jobs from 2019 to 2020, consistent with the analysis of claimant count data previously set out. The forecast then shows a recovery in jobs from 2020, which is again consistent with other data.

Figure 7.5 Past trends and forecast future number of jobs in Coventry & Warwickshire



Source: Cambridge Econometrics

- 7.22 The table below shows jobs growth forecasts for each local authority area – two time periods are used (2022-32, and 2032-43). For all areas jobs growth is forecast to be stronger in the 10-year period to 2032 than the 11-year period to 2043.

Table 7.5 Forecast future jobs in Coventry & Warwickshire – by Local Authority

	Job growth (2022-32)	Job growth (2032-43)	Total (2022-43)
Coventry	12,192	8,924	21,116
North Warwickshire	4,638	3,844	8,482
Nuneaton & Bedworth	2,979	2,487	5,466
Rugby	4,117	3,567	7,684
Stratford-on-Avon	6,387	4,948	11,335
Warwick	6,910	6,107	13,017
Warwickshire	25,031	20,953	45,984
Coventry-Warwickshire	37,223	29,877	67,100

Source: Cambridge Econometrics

- 7.23 Icen would note in particular that the forecasts for North Warwickshire have been influenced by a strong concentration of growth in certain sectors, including warehousing and logistics, which in turn has been influenced by the release/availability of land to support this. Clearly given the sub-regional nature of the market for these uses, there is potential for the future spatial distribution of warehousing growth to influence economic growth in the Borough (and therefore any calculations of housing need associated with this).

Economic Growth and Housing Need

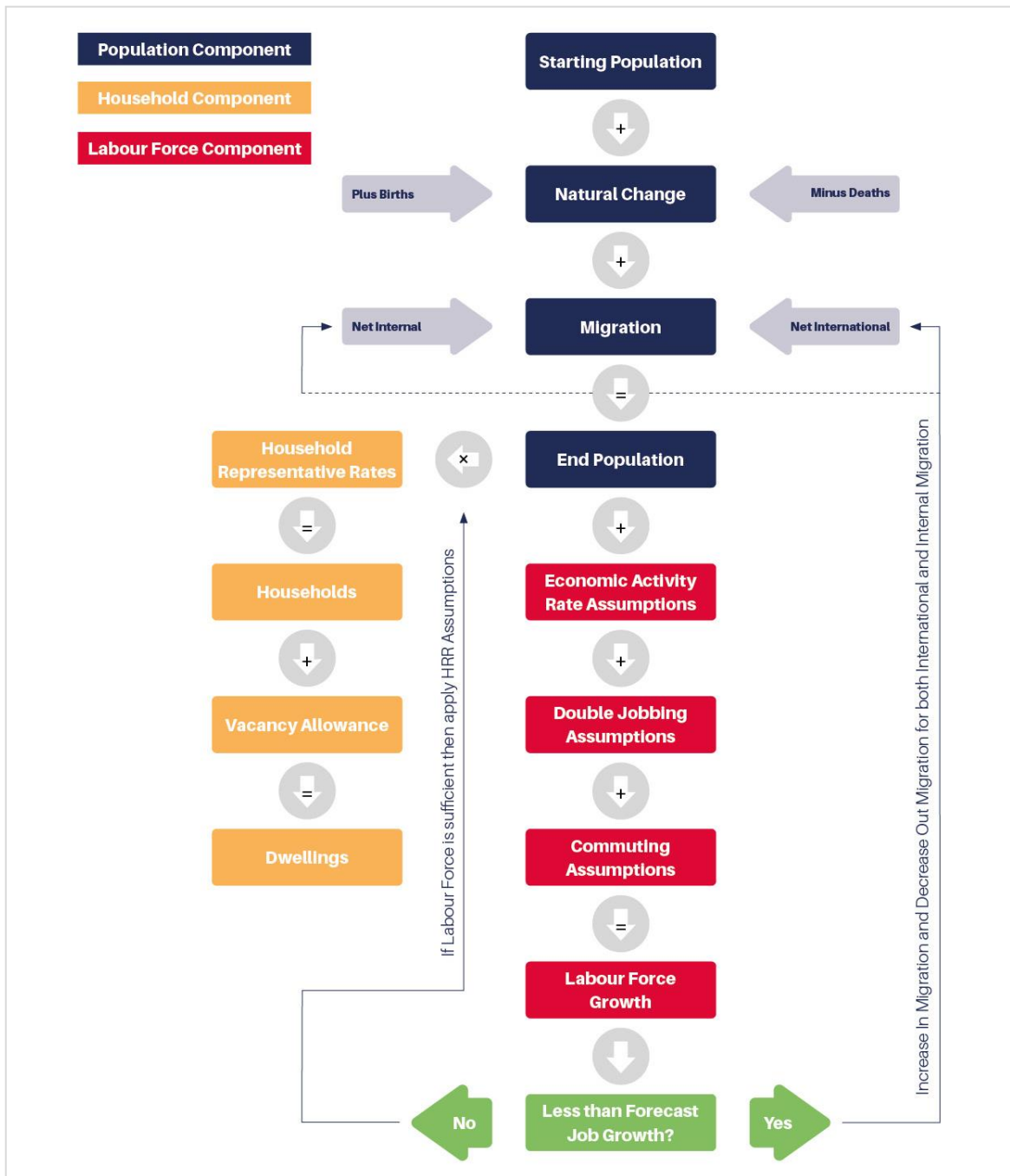
- 7.24 The demographic model developed to look at housing need has been used to consider the link between jobs and housing. Within the modelling, migration assumptions have been changed so that the increase in the economically active population matches the increase in the resident workforce required. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary, the method includes the following assumptions:
- 7.25 In line with earlier assumptions on changes in economic participation and commuting, we assume an increase in the resident workforce in line with the growth in people in employment in each local authority (i.e. a 1:1 ratio between growth in people working and residents in work) as well as modelling a continuation of commuting dynamics shown by the 2011 Census.
- 7.26 The analysis also assumes that 3.5% of people hold down more than one job (variable by local authority), such that the growth in people in work is slightly lower than total jobs growth. The modelling assumes that the effects of the pandemic on unemployment will have receded (with unemployment falling) over the period to 2022. As a result, we do not therefore assume that there is

latent labour which could contribute to economic growth. If there was, this could have a modest effect in reducing the housing need.

7.27 The modelling also builds in assumptions on changes to economic participation taking account of increased longevity and later retirement. Assumptions from the Office for Budget Responsibility's 2018 Fiscal Sustainability Report have been adopted, which shows some increased economic participation in those in their 60s in particular (and particularly amongst women).

7.28 Once the level of economically active population matches the job growth forecast, the population (and its age structure) is modelled against the HRRs, using the HRRs in the 2014-based Household Projections with a 'part return to trend' adjustment to headship rates for those aged 25-44. The assumptions assume affordability improves in order to support improved household formation amongst younger households, moving back towards longer-term trends over time. A 3% vacancy allowance is then included in relating household growth to housing need, consistent with the approach earlier in this report. A full overview of the approach is set out in the Figure below.

Figure 7.6: Economic Led Housing Need Model



Source: Icen Projects

7.29 The first part of the analysis is to estimate what level of growth in the labour supply would be needed for the job growth forecast to be met. This calculation is shown below and for example shows that to meet 37,223 jobs there would need to be an increase in the economically active population of 35,742 persons in the sub-region if a 1 to 1 ratio of residents to new jobs is used. This figure drops slightly (to 34,226) if Census commuting ratios are applied to the data.

Table 7.6 Forecast job growth and change in resident workforce with double jobbing and Census commuting patterns (2022-32)

	Number of additional jobs (2022-32)	Additional People in work (after double jobbing allowance) (i.e. 1:1 scenario)	Additional People in work (after commuting allowance)
Coventry	12,192	11,785	10,932
North Warwickshire	4,638	4,404	3,480
Nuneaton & Bedworth	2,979	2,898	3,848
Rugby	4,117	3,977	4,229
Stratford-on-Avon	6,387	6,075	5,825
Warwick	6,910	6,603	5,913
Warwickshire	25,031	23,958	23,294
Coventry-Warwickshire	37,223	35,742	34,226

Source: Derived from a range of sources

7.30 Drawing through the modelling assumptions set out upfront, the tables below show estimates of housing need set against the job growth scenarios. The analysis shows with 2011 Census commuting patterns a need across the whole HMA for 3,697 dwellings per annum; this increases slightly (to 3,792 per annum) if a 1 to 1 ratio between additional jobs and residents in employment is assumed.

Table 7.7 Economic-led Housing Need – linking to 2011 Census commuting patterns

	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
Coventry	141,302	150,392	9,090	909	936
North Warwickshire	27,730	31,006	3,276	328	337
Nuneaton & Bedworth	57,334	61,548	4,214	421	434
Rugby	48,273	53,770	5,497	550	566
Stratford-on-Avon	61,153	68,715	7,561	756	779
Warwick	65,541	71,795	6,254	625	644
Warwickshire	260,031	286,834	26,803	2,680	2,761
Coventry-Warwickshire	401,332	437,226	35,893	3,589	3,697

Source: Demographic projections

Table 7.8 Economic-led Housing Need – linking to a 1:1 commuting pattern for additional jobs

	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
Coventry	141,302	150,914	9,612	961	990
North Warwickshire	27,730	31,571	3,841	384	396
Nuneaton & Bedworth	57,334	60,950	3,616	362	372
Rugby	48,273	53,620	5,346	535	551
Stratford-on-Avon	61,153	68,871	7,717	772	795
Warwick	65,541	72,220	6,679	668	688
Warwickshire	260,031	287,231	27,200	2,720	2,802
Coventry-Warwickshire	401,332	438,145	36,812	3,681	3,792

Source: Demographic projections

Comparison with the Standard Method

- 7.31 Across the whole HMA, the economic forecasts do not suggest a need to increase housing numbers to ensure a sufficient labour-supply growth. Overall, it is estimated that between about 3,700 and 3,800 additional homes will be needed each year to provide a sufficient labour-supply. This compares with a need for around 4,900 homes pa (based on the preferred demographic projections applied through the standard method framework).
- 7.32 It is however worth briefly setting these figures out for individual local authorities (see table below). This shows for all areas apart from North Warwickshire that the need set against economic forecasts is generally lower than shown by the demographic based assessment.

Table 7.9 Comparing annual housing need under range of scenarios

	Standard Method	Revised Standard Method	Economic growth (Census commuting)	Economic growth (1:1 commuting)
Coventry	3,188	1,964	936	990
North Warwickshire	176	119	337	396
Nuneaton & Bedworth	435	409	434	372
Rugby	516	735	566	551
Stratford-on-Avon	564	868	779	795
Warwick	675	811	644	688
Warwickshire	2,366	2,942	2,761	2,802
Coventry-Warwickshire	5,554	4,906	3,697	3,792

Source: Range of sources

-
- 7.33 The evidence suggests there is no case for uplifting housing need at the HMA level to support economic growth. For North Warwickshire the scale of economic growth will be influenced on future decisions on the delivery of strategic employment development (in particular for strategic B8 development) as addressed elsewhere in this report.
- 7.34 For North Warwickshire Borough there is a case for higher housing provision than the standard method baseline to manage cross-boundary commuting. This can however be achieved through questions of the distribution of housing provision; and North Warwickshire's existing Plan makes provision for meeting unmet needs from other areas (Coventry and Birmingham) which contribute to labour force growth and thus achieve this. These are however issues of distribution of housing need, rather than having any upward impact on the overall housing need given that the given inter-commuting between authorities it is appropriate to principally ensure that there is sufficient labour available at an HMA level.
- 7.35 For Nuneaton and Bedworth, the revised standard method figures generate a housing need which sits centrally between the economic parameters – meaning that the 409 dpa scenario would support local jobs growth assuming some reduction in the proportion of the workforce locally who commute out from the area. We consider this to be a realistic scenario given that out-commuting from the area is influenced by its relatively weaker employment base; and given the effects of changing working patterns. However the Council may still wish to consider these issues further in drawing together its evidence to inform a housing requirement within the local plan.

8. AFFORDABLE HOUSING NEED

Introduction

- 8.1 This section provides an assessment of the need for affordable housing in Coventry & Warwickshire and the six local authorities. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 8.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products. It should be noted that whilst the analysis is segmented between rented and home ownership products, it would technically be possible for there to be some overlap between the two – for example if a home to buy was at a sufficient discount to be available to households unable to rent market housing, then arguably it would be meeting some of the rental need.
- 8.3 The analysis also considers First Homes, which looks likely to become a new tenure of affordable housing. Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

- 8.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks at need for *'affordable housing for rent'* as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on data from the Council's Housing Register – this figure is then annualised so as to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
 - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and

-
- **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

8.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

8.6 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

8.7 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home and require support to do so. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.

8.8 This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG which consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

8.9 The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by PPG Paragraph 2a-024).

8.10 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Price and Rents

8.11 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of

households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

- 8.12 The analysis below considers the entry-level costs of housing to both buy and rent across the HMA. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 8.13 Data from the Land Registry for the year to March 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £100,000 for a second-hand flat in Nuneaton & Bedworth and rising to £400,000 for a detached home in Warwick. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £155,000 in Nuneaton & Bedworth, rising to £245,000 in Stratford-on-Avon and Warwick. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 8.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2022 – Coventry-Warwickshire

	Flat/ maisonette	Terraced	Semi- detached	Detached	All dwellings
Coventry	£105,000	£162,000	£191,000	£288,000	£164,000
North Warwickshire	£115,000	£151,000	£189,950	£280,000	£175,000
Nuneaton & Bedworth	£100,000	£135,000	£173,000	£255,000	£155,000
Rugby	£115,000	£166,000	£215,000	£320,000	£191,000
Stratford-on-Avon	£138,750	£217,500	£260,000	£390,000	£245,200
Warwick	£160,000	£245,000	£270,000	£400,000	£245,000

Source: Land Registry

- 8.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). In many areas, there was less information about 1-bedroom homes and so these price estimates should be treated with some caution (no estimate has been made for North Warwickshire).

Table 8.2 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2022 – local authorities

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms	All dwellings
Coventry	£97,000	£140,000	£202,000	£264,000	£164,000
N Warwks	-	£141,000	£196,000	£309,000	£175,000
N & B	£97,000	£130,000	£189,000	£287,000	£155,000
Rugby	£116,000	£150,000	£237,000	£373,000	£191,000
SoA	£144,000	£201,000	£277,000	£432,000	£245,200
Warwick	£150,000	£204,000	£296,000	£438,000	£245,000

Source: Land Registry and Internet Price Search

- 8.15 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2022. For the rental data, information about dwelling sizes is provided (rather than types). The analysis shows costs both including and excluding room rents, although the difference is not significant in most areas. The analysis shows an average lower quartile cost (across all dwelling sizes excluding room rents) of between £580 per month in Nuneaton & Bedworth and £750 in Warwick.

Table 8.3 Lower Quartile Market Rents, year to March 2022

	Coventry	N Warwks	N & B	Rugby	SoA	Warwick
Room only	£390	-	£303	£420	£600	-
Studio	£450	£400	£420	£525	£423	£510
1-bedroom	£540	£463	£450	£550	£625	£650
2-bedrooms	£650	£600	£575	£660	£745	£785
3-bedrooms	£750	£695	£650	£795	£895	£925
4-bedrooms	£1,000	£950	£895	£1,055	£1,200	£1,250
All properties	£625	£600	£540	£625	£725	£750
Ex. room only	£635	£600	£580	£635	£725	£750

Source: ONS

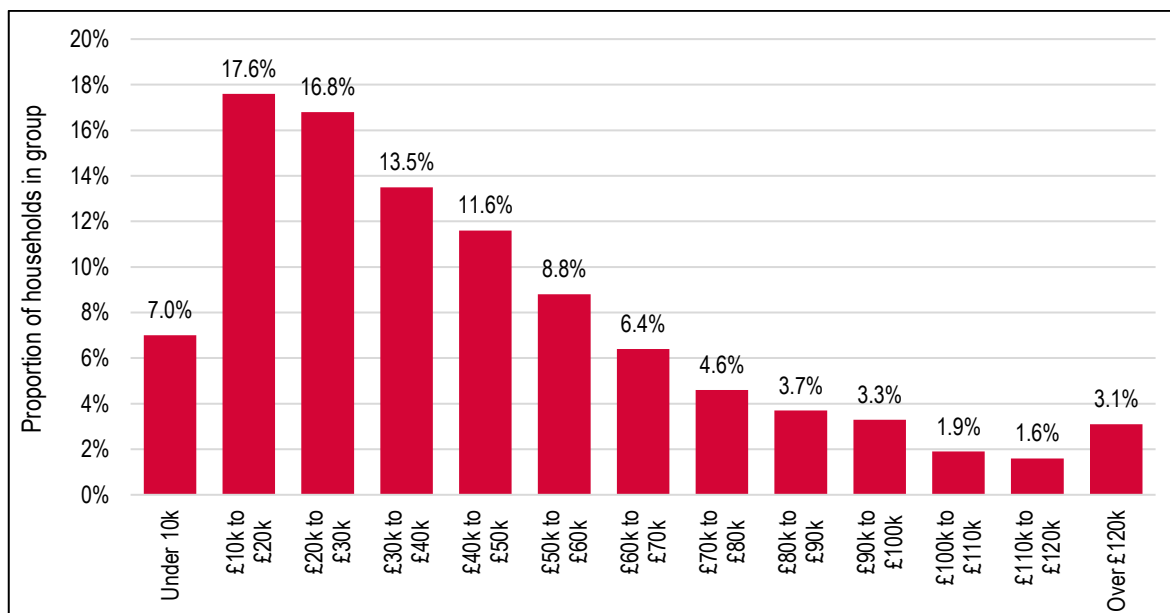
Household Incomes

- 8.16 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with

additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

8.17 Drawing all of this data together an income distribution for each local authority has been constructed for 2022. The figure below shows the distribution of income for Coventry and Warwickshire. Across the whole study area around a quarter of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. The average (mean) income is estimated to be around £44,300, with a median income of £36,100; the lower quartile income of all households is estimated to be £20,200..

Figure 8.1 Distribution of household income (2022) – Coventry-Warwickshire



Source: Derived from a range of data

8.18 Analysis has also been undertaken to estimate how incomes vary by local authority, with the table below showing the estimated median household income in each area, the table also shows the variance in incomes from the study area average. There is some variation in the estimated incomes by area, median figures ranging from £30,200 in Coventry, up to £42,700 in Warwick. It is notable that all authorities in Warwickshire (apart from Nuneaton & Bedworth) have an average income above the study area average.

Table 8.4 Estimated average (median) household income by local authority (mid-2022 estimate)

	Median income	As a % of C & W average
Coventry	£30,200	84%
North Warwickshire	£37,700	104%
Nuneaton & Bedworth	£33,600	93%
Rugby	£39,200	108%
Stratford-on-Avon	£43,100	119%
Warwick	£42,700	118%
Coventry-Warwickshire	£36,100	100%

Source: Derived from a range of data

Affordability Thresholds

- 8.19 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- 8.20 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- 8.21 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA Guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.

- 8.22 At £540-£750 per calendar month, lower quartile rent levels in Coventry & Warwickshire are typically average or above average in comparison to those seen nationally (a lower quartile rent of £595 for England in the year to March 2022). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £600 pcm rent (a typical figure across the study area) this would imply a gross household income of about £24,000 (and in net terms the rent would likely be around 36% of income).
- 8.23 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 8.24 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 8.25 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 8.26 The table below shows the estimated incomes required to both buy and rent (privately) in each local authority. This shows a notable 'gap' in most areas across the study area, particularly locations with higher house prices. The information in the tables below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 8.5 Estimated Household Income Required to Buy and Privately Rent by local authority – Coventry & Warwickshire

	To buy	To rent (privately)	Income gap
Coventry	£32,800	£25,400	£7,400
North Warwickshire	£35,000	£24,000	£11,000
Nuneaton & Bedworth	£31,000	£23,200	£7,800
Rugby	£38,200	£25,400	£12,800
Stratford-on-Avon	£49,040	£29,000	£20,040
Warwick	£49,000	£30,000	£19,000

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

8.27 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in each local authority. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

8.28 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 8.6 Main sources for assessing the current need for affordable housing

	Source	Notes
Homeless households (those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

8.29 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

8.30 The table below shows the initial estimate of the number of households within each local authority with a current housing need. These figures are before any 'affordability test' has been applied to

assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently some 31,000 households living in unsuitable housing (or without housing), with around half of these being in Coventry.

Table 8.7 Estimated Number of Households Living in Unsuitable Housing – Coventry & Warwickshire

	Homeless/ concealed households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Coventry	2,469	8,747	496	3,561	15,273
North Warwickshire	292	775	84	531	1,683
Nuneaton & Bedworth	729	1,670	173	1,131	3,703
Rugby	469	1,256	136	954	2,815
Stratford-on-Avon	539	1,060	152	1,146	2,897
Warwick	705	2,208	178	1,522	4,614
Warwickshire	2,734	6,970	723	5,284	15,711
C & W	5,203	15,717	1,219	8,845	30,984

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 8.31 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.
- 8.32 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 8.33 The tables below show it is estimated that there are around 17,400 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) in Coventry & Warwickshire.

Table 8.8 Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Coventry & Warwickshire)

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	7,429	743
Affordable housing	6,048	0
Private rented	12,304	11,464
No housing (homeless/concealed)	5,203	5,203
Total	30,984	17,410

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 8.34 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 8.35 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).
- 8.36 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).
- 8.37 Overall, around half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 9,300 households across the study area – around half of the need estimated to be arising in the City. The table below shows how this is estimated to vary by local authority.

Table 8.9 Estimated Current Affordable Housing Need (for social/affordable rented housing)

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Coventry	8,590	57.6%	4,952
North Warwickshire	832	47.7%	397
Nuneaton & Bedworth	1,947	52.2%	1,016
Rugby	1,664	46.2%	768
Stratford-on-Avon	1,651	49.1%	810
Warwick	2,726	48.4%	1,320
Warwickshire	8,819	48.9%	4,312
C & W	17,410	53.2%	9,264

Source: CLG Live Tables, Census 2011 and Data Modelling

- 8.38 The estimated figures shown above represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authorities would seek to meet this need over a period of time. To be consistent with the main period studied in the demographic projections (a ten-year period from 2022 to 2032) the need is annualised by dividing by 10 (to give an annual need for 926 dwellings across all areas). This does not mean that some households would be expected to wait 10-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

- 8.39 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 8.40 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 8.41 The number of newly forming households has been estimated through demographic modelling (linked to the alternative population projections and 2014-based HRRs). This is considered to provide the best view about trend-based household formation in Coventry & Warwickshire.

- 8.42 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 8.43 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 8.44 The assessment suggests overall that around two-fifths of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 3,600 newly forming households will have a need per annum on average across the study area – the table below provides a breakdown by local authority.

Table 8.10 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum) – Coventry & Warwickshire

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Coventry	3,332	50.0%	1,667
North Warwickshire	446	36.7%	163
Nuneaton & Bedworth	1,060	40.6%	431
Rugby	1,053	37.8%	398
Stratford-on-Avon	1,024	38.7%	397
Warwick	1,400	40.8%	571
Warwickshire	4,982	39.3%	1,959
C & W	8,314	43.6%	3,627

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 8.45 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as

households who have transferred from another social/affordable rented property. An affordability test has also been applied.

8.46 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’*.

8.47 Following the analysis through suggests a need arising from 1,501 existing households each year across the study area, with just over half of these households being in Coventry. The table below breaks this down by local authority.

Table 8.11 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum) – Coventry & Warwickshire

	Total Additional Need	% of Total
Coventry	653	43.5%
North Warwickshire	52	3.5%
Nuneaton & Bedworth	188	12.5%
Rugby	166	11.0%
Stratford-on-Avon	238	15.9%
Warwick	204	13.6%
Warwickshire	848	56.5%
C & W	1,501	100.0%

Source: Derived from a range of sources

Supply of Social/Affordable Rented Housing Through Relets

8.48 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

8.49 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

8.50 On the basis of past trend data it has been estimated that 2,221 units of social/affordable rented housing are likely to become available each year moving forward for occupation by newly forming

households and existing households falling into need from other tenures – around two-fifths of the supply is expected to arise in Coventry.

Table 8.12 Analysis of Past Social/Affordable Rented Housing Supply, 2018/19 – 2020/21 (average per annum) – Coventry & Warwickshire

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
Coventry	1,506	88.2%	1,329	69.9%	929
North Warwickshire	219	91.0%	199	62.4%	124
Nuneaton & Bedworth	588	79.1%	465	67.3%	313
Rugby	480	73.4%	352	66.2%	233
Stratford-on-Avon	786	68.5%	539	55.1%	297
Warwick	782	73.2%	572	56.8%	325
Warwickshire	2,855	74.5%	2,128	60.7%	1,292
C & W	4,361	79.3%	3,457	64.3%	2,221

Source: CoRe/LAHS

- 8.51 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Social/Affordable rented Housing

- 8.52 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 3,833 dwellings per annum across the area – an affordable need is seen in all local authorities. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need (allowance for)} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 8.13 Estimated Need for Social/Affordable Rented Housing by local authority (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Coventry	495	1,667	653	2,816	929	1,887
North Warwickshire	40	163	52	256	124	131
Nuneaton & Bedworth	102	431	188	720	313	407
Rugby	77	398	166	640	233	407
Stratford-on-Avon	81	397	238	716	297	419
Warwick	132	571	204	907	325	582
Warwickshire	431	1,959	848	3,238	1,292	1,946
C & W	926	3,627	1,501	6,054	2,221	3,833

Source: Range of sources

The Relationship Between Affordable Need and Overall Housing Need

8.53 The PPG is clear that there is not a direct relationship between affordable need and overall housing need. This is appropriate as the affordable need figures do not relate only to net changes in households but take account of the need for different types of housing from existing households. By implication the affordable needs figures shown reflect in part a tenure imbalance within the existing housing stock. Specifically, the PPG sets out in Para 67-001

How do the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);
- the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and
- the anticipated deliverability of different forms of provision, having regard to viability.

Authorities must also consider the implications of their duties under the Equality Act 2010, including the Public Sector Equality Duty.

Plan-making authorities should assess the need for housing of different groups and reflect this in planning policies.

When producing policies to address the need of specific groups, plan-making authorities will need to consider how the needs of individual groups can be addressed having regard to deliverability.

The household projections that form the baseline of the standard method are inclusive of all households including travellers as defined in [Planning policy for traveller sites](#).

- 8.54 However this needs to be read alongside PPG 2a-024 which encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes'

- 8.55 The analysis estimates an annual need for 3,833 rented affordable homes, which is notionally 78% of a Local Housing Need of 4,906 dwellings per annum (as calculated using the Standard Method and the alternative population projection). The figures for individual authorities are set out below.
- 8.56 Current policy requirements for affordable housing, informed by viability evidence, expect between 20-40% affordable housing on qualifying sites. Actual delivery through planning obligations in many cases will be lower as some housing is delivered on sites below thresholds set out in policies, through permitted development or with lower provision due to site-specific viability issues. The right hand column in the table shows what level of provision of housing overall would be necessary to fully meet the affordable need and shows this would require approaching 14,000 homes a year across the HMA. This is evidently unrealistic, and the wider evidence in this report does not suggest that there is sufficient market housing demand or households to support this level of provision. Nonetheless it does support efforts to boost affordable housing delivery.

Table 8.14 Relating Affordable Need to the Adjusted Standard Method Findings

	Net Rented Need	Adjusted Standard Method	Affordable % Standard Method	Affordable Housing Policy Requirement	Notional Provision to Meet Rented Affordable Need in Full
Coventry	1,887	1,964	96%	25%	7,548
North Warwickshire	131	119	110%	30-40%	374
Nuneaton & Bedworth	407	409	100%	25%	1,628
Rugby	407	735	55%	20-30%	1,628
Stratford-on-Avon	419	868	48%	35%	1,197
Warwick	582	811	72%	40%	1,455
Warwickshire	1,946	2,942	66%		6,282
C & W	3,833	4,906	78%		13,830

- 8.57 The relationship between affordable housing need and overall housing need is clearly complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be ‘arithmetically’ linked.
- 8.58 Firstly, the modelling contains a category in the projection of ‘*existing households falling into need*’; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains ‘*newly forming households*’; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.
- 8.59 This just leaves the ‘*current need*’; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government’s Standard Method) would be expected to deal with such households.
- 8.60 However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).

8.61 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 1,812 homes per annum across the study area – notionally 37% of the Standard Method (based on the alternative demographic projection). This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

8.62 Indeed the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 407 per annum (current need) is in addition to demographic projections and this scale of uplift will already have been included in figures when moving from a demographic starting point to an estimate of housing need using the Standard Method.

Table 8.15 Estimated Need for Social/Affordable Rented Housing by local authority (per annum) – excluding existing households

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Coventry	203	1,667	0	1,871	929	941
North Warwickshire	21	163	0	185	124	60
Nuneaton & Bedworth	55	431	0	485	313	172
Rugby	34	398	0	432	233	198
Stratford-on-Avon	40	397	0	437	297	140
Warwick	54	571	0	625	325	300
Warwickshire	204	1,959	0	2,163	1,292	871
C & W	407	3,627	0	4,034	2,221	1,812

Source: Range of sources

8.63 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an

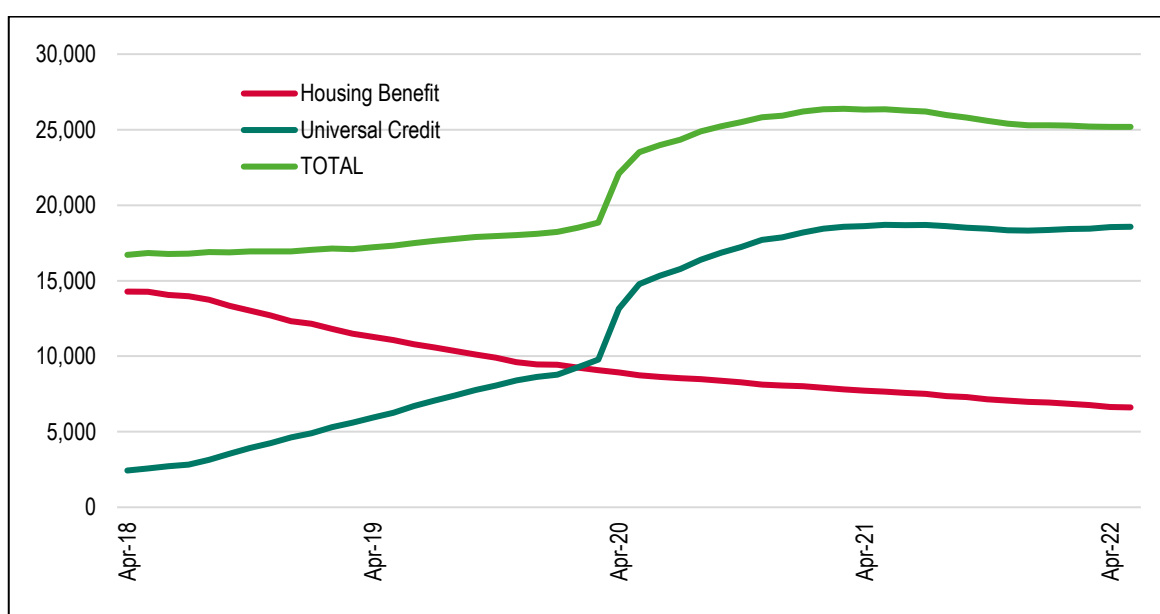
-
- existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 8.64 The affordable need shown is a reflection in part of historical funding decisions and Right-to-Buy sales which have influenced the level of provision of affordable homes.
- 8.65 It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the increasing role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 8.66 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main ‘full market’ PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS.
- 8.67 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *‘Affordable housing: housing for sale or rent, for those whose needs are not met by the market’* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.
- 8.68 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of May 2022, it is estimated that there were nearly 25,200 benefit claimants in the private rented sector in Coventry and Warwickshire. From this, it is clear that the PRS contributes to the wider delivery of ‘affordable homes’ with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.
- 8.69 The table below shows the number of households in each authority claiming Housing Benefit or Universal Credit where there is a housing entitlement (in the PRS). The figure below the table shows the trend in the number of claimants for the whole study area. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 17,000-18,000 households).

Table 8.16 Number of Housing Benefit claimants in the private rented sector – local authorities (May 2022)

	Housing Benefit	Universal Credit (with housing allowance)	TOTAL
Coventry	3,544	9,661	13,205
North Warwickshire	437	1,001	1,438
Nuneaton & Bedworth	1,075	3,138	4,213
Rugby	429	2,079	2,508
Stratford-on-Avon	568	1,319	1,887
Warwick	556	1,382	1,938
C & W	6,611	18,580	25,191

Source: Department of Work and Pensions

Figure 8.2 Number of Housing Benefit claimants in the Private Rented Sector – Coventry & Warwickshire



Source: Department of Work and Pensions

- 8.70 Delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; and the Councils should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.
- 8.71 Overall, it is difficult to link the need for affordable housing to the overall housing need. Put simply the two do not measure the same thing and in interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

8.72 The analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the six authorities. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise. It is a consideration in setting overall housing targets, but it should be recognised that viability and the availability of funding are realistically constraints on the level of provision which can be achieved.

Split Between Social and Affordable Rented Housing

8.73 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

8.74 An analysis has been undertaken to compare the income distribution of households with the cost of different products. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are less than both lower quartile and median market rents – the data is fairly consistent across areas.

Table 8.17 Comparison of rent levels for different products – Coventry (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£325	£406	£540	£615	75%	66%
2-bedrooms	£378	£484	£650	£725	74%	67%
3-bedrooms	£418	£529	£750	£825	70%	64%
4-bedrooms	£471	£637	£1,000	£1,250	64%	51%
All	£374	£495	£635	£730	78%	68%

Source: RSH and ONS

Table 8.18 Comparison of rent levels for different products – North Warwickshire (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£353	£415	£463	£528	90%	79%
2-bedrooms	£419	£490	£600	£650	82%	75%
3-bedrooms	£455	£532	£695	£775	77%	69%
4-bedrooms	£501	£705	£950	£1,025	74%	69%
All	£427	£507	£600	£695	84%	73%

Source: RSH and ONS

Table 8.19 Comparison of rent levels for different products – Nuneaton & Bedworth (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£345	£408	£450	£475	91%	86%
2-bedrooms	£415	£494	£575	£625	86%	79%
3-bedrooms	£463	£547	£650	£695	84%	79%
4-bedrooms	£523	£723	£895	£935	81%	77%
All	£419	£508	£580	£625	88%	81%

Source: RSH and ONS

Table 8.20 Comparison of rent levels for different products – Rugby (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£360	£429	£550	£595	78%	72%
2-bedrooms	£428	£539	£660	£700	82%	77%
3-bedrooms	£467	£634	£795	£875	80%	72%
4-bedrooms	£543	£836	£1,055	£1,200	79%	70%
All	£436	£561	£635	£695	88%	81%

Source: RSH and ONS

Table 8.21 Comparison of rent levels for different products – Stratford-on-Avon (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£386	£503	£625	£675	80%	74%
2-bedrooms	£449	£604	£745	£775	81%	78%
3-bedrooms	£492	£680	£895	£1,025	76%	66%
4-bedrooms	£615	£806	£1,200	£1,400	67%	58%
All	£463	£616	£725	£795	85%	77%

Source: RSH and ONS

Table 8.22 Comparison of rent levels for different products – Warwick (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£387	£525	£650	£700	81%	75%
2-bedrooms	£467	£639	£785	£850	81%	75%
3-bedrooms	£528	£721	£925	£1,050	78%	69%
4-bedrooms	£612	£879	£1,250	£1,500	70%	59%
All	£464	£639	£750	£870	85%	73%

Source: RSH and ONS

8.75 For the affordability test, a standardised average rent for each product has been used. The table below suggests that around 19%-32% of households who cannot afford to rent privately could afford an affordable rent, with a further 19%-28% being able to afford a social rent (but not an affordable one). A total of 44%-62% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 8.23 Estimated need for affordable rented housing (% of households able to afford)

	Afford affordable rent	Afford social rent	Need benefit support	All unable to afford market
Coventry	32%	21%	46%	100%
North Warwks	26%	19%	55%	100%
N & B	19%	20%	62%	100%
Rugby	27%	24%	49%	100%
SoA	29%	27%	44%	100%
Warwick	26%	28%	45%	100%
Warwickshire	25%	25%	50%	100%
C & W	28%	23%	49%	100%

Source: Affordability analysis

-
- 8.76 The finding that only 19%-32% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.
- 8.77 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services. These are issues for the Councils to consider in formulating policies for affordable housing as part of individual local plans.
- 8.78 The evidence indicates that around 20-30% of the rented need identified should theoretically be met through provision of social rented homes; but there are wider considerations to be taken into account in determining policies for new-build development, including individual council's priorities, what rents are charged for existing stock and viability considerations.

Establishing a Need for Affordable Home Ownership

- 8.79 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including 'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 8.80 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 8.81 The analysis has been developed in the context of First Homes with the Government proposing that

25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

- 8.82 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 8.83 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 41% already have sufficient income to buy a lower quartile home, with 18% falling in the rent/buy 'gap'. The final 41% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 8.84 The table below shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products by local authority. This shows a higher proportion of households in the rent/buy gap in Stratford-on-Avon and Warwick. Lower figures can be seen in Coventry and Nuneaton & Bedworth.

Table 8.24 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing – Coventry & Warwickshire

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Coventry	40%	12%	48%
North Warwickshire	47%	18%	35%
Nuneaton & Bedworth	48%	14%	39%
Rugby	44%	20%	36%
Stratford-on-Avon	36%	27%	37%
Warwick	36%	26%	39%
C & W	41%	18%	41%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

-
- 8.85 The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 8.86 To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 59,100 households living in the sector across the study area. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to Coventry & Warwickshire then the number of households in the sector would now be around 70,300.
- 8.87 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (42,200 households if applied to C & W) and of these some 40% (16,900 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 8.88 As noted above, on the basis of income it is estimated that around 12%-27% of the private rented sector sit in the gap between renting and buying (depending on location). Applying this proportion to the above figures would suggest a current need for around 2,900 affordable home ownership units (295 per annum if annualised over a 10-year period).
- 8.89 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 1,931 dwellings (1,489 from newly forming households and 442 from existing households in the private rented sector).
- 8.90 Bringing together the above analysis suggests that there is a need for around 2,226 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the study area. This is before any assessment of the potential supply of housing is considered.

Table 8.25 Estimated Gross Need for Affordable Home Ownership by local authority (per annum) – Coventry & Warwickshire

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Coventry	92	403	138	633
North Warwks	15	82	23	120
N & B	26	148	40	214
Rugby	33	213	50	296
SoA	51	282	77	410
Warwick	77	361	115	553
Warwickshire	203	1,086	304	1,593
C & W	295	1,489	442	2,226

Source: Range of sources

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

- 8.91 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.
- 8.92 One source is likely to be resales of low cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2021 of 3,948 homes. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate around 140 resales each year. These properties would be available for these households and can be included as the potential supply.
- 8.93 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Coventry-Warwickshire there were a total of 11,817 resales (i.e. excluding newly-built homes) in the last year (year to March 2022) and therefore around 2,954 would be priced below the lower quartile. This is 2,954 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is well in excess of the level of need calculated.
- 8.94 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around

40% of first-time buyers with a mortgage buy at or below the lower quartile²¹. Other recent data suggests that first time buyers account for around half of home purchase loans²² with a total of around 65% of all homes being bought with a loan (35% as cash buyers²³).

8.95 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% * 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a ‘need’, half of all lower quartile sales are included in the supply.

8.96 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (140 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (1,617 per annum (1,477+140)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (3,095 per annum (2,955+140)).

8.97 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 2,086 dwellings per annum and this reduces to a need for 609 per annum if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a substantial surplus of affordable home ownership shown. Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

²¹ https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

²² <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

²³ <https://www.ft.com/content/e0ad2830-094f-4e61-aaa-d77457e2edbb>

Table 8.26 Estimated Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	2,226	2,226	2,226
LCHO supply	140	1,617	3,095
Net need	2,086	609	-869

Source: Range of sources

- 8.98 Focussing on the middle of the three scenarios above (50% of lower quartile sales) the table below shows a need for affordable home ownership in all areas apart from Nuneaton & Bedworth (where the analysis suggests a broad balance between need and supply). It should be noted that the areas where the need for AHO is highest (notably Warwick and Stratford-on-Avon) also show a high need for rented affordable housing. Given the earnings and house price profile this is logical. Icen consider that this 'middle scenario' should be used in drawing conclusions.

Table 8.27 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Coventry	633	484	149
North Warwickshire	120	118	2
Nuneaton & Bedworth	214	230	-16
Rugby	296	208	88
Stratford-on-Avon	410	281	129
Warwick	553	296	258
Warwickshire	1,593	1,133	460
Coventry-Warwickshire	2,226	1,617	609

Source: Range of sources as discussed

Implications of the Analysis

- 8.99 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of low cost home ownership and some resales of existing homes in the market. If supply estimates are expanded to include all market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 8.100 Regardless, it does seem that there are many households in Coventry & Warwickshire who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 101% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 11%. That said, some households will choose to

privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

Table 8.28 Change in number of owner-occupiers with a mortgage and number of households in the private rented sector (2001-11)

	Owners with a mortgage				Private rented			
	2001	2011	Change	% change	2001	2011	Change	% change
Coventry	46,687	40,236	-6,451	-13.8%	12,429	26,503	14,074	113.2%
N Warwks	11,150	9,679	-1,471	-13.2%	1,779	2,913	1,134	63.7%
N & B	22,347	20,072	-2,275	-10.2%	2,808	6,683	3,875	138.0%
Rugby	16,077	15,314	-763	-4.7%	2,511	5,903	3,392	135.1%
SoA	18,913	16,989	-1,924	-10.2%	4,264	6,596	2,332	54.7%
Warwick	22,215	19,954	-2,261	-10.2%	5,599	10,513	4,914	87.8%
Warwickshire	90,702	82,008	-8,694	-9.6%	16,961	32,608	15,647	92.3%
C & W	137,389	122,244	-15,145	-11.0%	29,390	59,111	29,721	101.1%

Source: Census (2001 and 2011)

- 8.101 On this basis, and as previously noted, it seems likely in Coventry & Warwickshire that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than just being due to the cost of housing to buy.
- 8.102 The NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy-compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 8.103 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.
- 8.104 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many

more households (some of whom may be supported by benefit payments).

- 8.105 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 8.106 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

- 8.107 The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Councils are likely to need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).
- 8.108 The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.
- 8.109 The reason for the analysis to follow is that it will be important for the Councils to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (focussing on First Homes)

- 8.110 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;*
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*
- d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).*

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

- 8.111 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).
- 8.112 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home in Coventry:
- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Coventry is £650 per month;
 - On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £2,170 per month to afford (£650/0.30) or £26,000 per annum; and

-
- With an income of £26,000, it is estimated that a household could afford to buy a home for around £130,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four and a half times mortgage multiple – calculated as $£26,000 \times 4.5 / 0.9$.

8.113 Therefore, £130,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Coventry. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

8.114 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home the lower quartile price is this is £140,000, giving a midpoint of £135,000). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

8.115 The tables below therefore set out a suggested purchase price for affordable home ownership/First Homes in each area. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. The OMV is based on taking the estimated lower quartile price by size and adding 15% (which is the typically newbuild premium seen nationally). It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home in Coventry were to actually be £200,000 (rather than the modelled £161,000) then the discount would be in the range of 33% and 35%.

8.116 On the basis of the specific assumptions used, the analysis points to a discount of around 30% for 2-bedroom homes and a figure of around 40% for larger (3+-bedroom) properties. Given that a single discount figure is likely to be needed for plan making purposes it is suggested that a 30% discount is reasonable, with the expectation that most First Homes will particularly be 2-bedroom properties. Given there is a cap of £250,000 on the purchase price, it seems unlikely that 4+-bedroom homes could be provided as First Homes in some locations (notably Stratford-on-Avon and Warwick).

Table 8.29 Affordable home ownership prices – data for year to March 2022 – Coventry

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£102,500	£111,550	8%
2-bedrooms	£130,000-£135,000	£161,000	16%-19%
3-bedrooms	£150,000-£176,000	£232,300	24%-35%
4+-bedrooms	£200,000-£232,000	£303,600	24%-34%

Source: Derived from a range of sources

Table 8.30 Affordable home ownership prices – data for year to March 2022 – North Warwickshire

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	-	-	-
2-bedrooms	£120,000-£130,500	£162,150	20%-26%
3-bedrooms	£139,000-£167,500	£225,400	26%-38%
4+-bedrooms	£190,000-£249,500	£355,350	30%-47%

Source: Derived from a range of sources

Table 8.31 Affordable home ownership prices – data for year to March 2022 – Nuneaton & Bedworth

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£90,000-£93,500	£111,550	16%-19%
2-bedrooms	£115,000-£122,500	£149,500	18%-23%
3-bedrooms	£130,000-£159,500	£217,350	27%-40%
4+-bedrooms	£179,000-£233,000	£330,050	29%-46%

Source: Derived from a range of sources

Table 8.32 Affordable home ownership prices – data for year to March 2022 – Rugby

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£110,000-£113,000	£133,400	15%-18%
2-bedrooms	£132,000-£141,000	£172,500	18%-23%
3-bedrooms	£159,000-£198,000	£272,550	27%-42%
4+-bedrooms	£211,000-£292,000	£428,950	32%-51%

Source: Derived from a range of sources

Table 8.33 Affordable home ownership prices – data for year to March 2022 – Stratford-on-Avon

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£125,000-£134,500	£165,600	19%-25%
2-bedrooms	£149,000-£175,000	£231,150	24%-36%
3-bedrooms	£179,000-£228,000	£318,550	28%-44%
4+-bedrooms	£240,000-£336,000	£496,800	32%-52%

Source: Derived from a range of sources

Table 8.34 Affordable home ownership prices – data for year to March 2022 – Warwick

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£130,000-£140,000	£172,500	19%-25%
2-bedrooms	£157,000-£180,500	£234,600	23%-33%
3-bedrooms	£185,000-£240,500	£340,400	29%-46%
4+-bedrooms	£250,000-£344,000	£503,700	32%-50%

Source: Derived from a range of sources

Shared Ownership

- 8.117 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.
- 8.118 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.
- 8.119 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:
- OMV at LQ price plus 15% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is

an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;

- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25-years at 4%;
- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and
- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

8.120 The tables below show that to make shared ownership affordable, equity shares in the region of 35%-50% could work for some sizes of home in some locations, however, much lower shares are likely to be needed to make homes affordable for most dwelling sizes/locations. Overall, it is suggested that equity shares in the range of 20%-35% should be considered but that it will be important to make sure the actual cost to the household is genuinely affordable in a local context.

8.121 It should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 8.35 Estimated Affordable Equity Share by Size – Coventry

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£111,550	£161,000	£232,300	£303,600
Share	67%	46%	38%	41%
Equity Bought	£74,739	£73,738	£88,274	£123,565
Mortgage Needed	£67,265	£66,364	£79,447	£111,209
Monthly Cost of Mortgage	£355	£350	£419	£587
Retained Equity	£36,812	£87,262	£144,026	£180,035
Monthly Rent on Retained Equity	£84	£200	£330	£413
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£540	£650	£750	£1,000

Source: Data based on Housing Market Cost Analysis

Table 8.36 Estimated Affordable Equity Share by Size – North Warwickshire

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	-	£162,150	£225,400	£355,350
Share	-	32%	32%	16%
Equity Bought	-	£52,212	£72,579	£55,257
Mortgage Needed	-	£46,991	£65,321	£49,731
Monthly Cost of Mortgage	-	£248	£345	£263
Retained Equity	-	£109,938	£152,821	£300,093
Monthly Rent on Retained Equity	-	£252	£350	£688
Service Charge per month	-	£100	£0	£0
Total Cost per month	-	£600	£695	£950

Source: Data based on Housing Market Cost Analysis

Table 8.37 Estimated Affordable Equity Share by Size – Nuneaton & Bedworth

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£111,550	£149,500	£217,350	£330,050
Share	34%	36%	28%	17%
Equity Bought	£38,262	£53,820	£61,727	£56,439
Mortgage Needed	£34,435	£48,438	£55,555	£50,795
Monthly Cost of Mortgage	£182	£256	£293	£268
Retained Equity	£73,288	£95,680	£155,623	£273,611
Monthly Rent on Retained Equity	£168	£219	£357	£627
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£450	£575	£650	£895

Source: Data based on Housing Market Cost Analysis

Table 8.38 Estimated Affordable Equity Share by Size – Rugby

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£133,400	£172,500	£272,550	£428,950
Share	44%	39%	25%	7%
Equity Bought	£58,696	£66,930	£69,228	£29,169
Mortgage Needed	£52,826	£60,237	£62,305	£26,252
Monthly Cost of Mortgage	£279	£318	£329	£139
Retained Equity	£74,704	£105,570	£203,322	£399,781
Monthly Rent on Retained Equity	£171	£242	£466	£916
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£550	£660	£795	£1,055

Source: Data based on Housing Market Cost Analysis

Table 8.39 Estimated Affordable Equity Share by Size – Stratford-on-Avon

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£165,600	£231,150	£318,550	£496,800
Share	36%	20%	21%	5%
Equity Bought	£58,954	£46,923	£66,896	£24,840
Mortgage Needed	£53,058	£42,231	£60,206	£22,356
Monthly Cost of Mortgage	£280	£223	£318	£118
Retained Equity	£106,646	£184,227	£251,655	£471,960
Monthly Rent on Retained Equity	£244	£422	£577	£1,082
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£625	£745	£895	£1,200

Source: Data based on Housing Market Cost Analysis

Table 8.40 Estimated Affordable Equity Share by Size – Warwick

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£172,500	£234,600	£340,400	£503,700
Share	36%	26%	17%	8%
Equity Bought	£62,790	£60,058	£58,889	£38,785
Mortgage Needed	£56,511	£54,052	£53,000	£34,906
Monthly Cost of Mortgage	£298	£285	£280	£184
Retained Equity	£109,710	£174,542	£281,511	£464,915
Monthly Rent on Retained Equity	£251	£400	£645	£1,065
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£650	£785	£925	£1,250

Source: Data based on Housing Market Cost Analysis

- 8.122 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the tables suggest a 50% equity share for 2-bedroom home in Coventry, this is based on a specific set of assumptions. Were a scheme to come forward with a 25% share, but a total cost in excess of £650 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

- 8.123 A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate).

The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

8.124 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

8.125 In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Essential Local Workers

8.126 Annex 2 of the NPPF also includes the needs of essential local workers 'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers' [emphasis added]. Essential local workers are defined as 'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers'.

8.127 To give an indication of the number of essential workers in Coventry & Warwickshire analysis has been undertaken looking at Standard Industrial Classification 2007 (SIC) categories – this shows employment sectors based on industry, and for the purposes of this analysis the public administration, education and health industries have been used to represent 'essential workers'. The analysis shows that around 29% of resident workers are considered 'essential workers' in Coventry, with a slightly lower figure of 26% in Warwickshire – these figures are similar to those seen regionally and nationally (both at 28%).

Table 8.41 Number and proportion of essential workers in a range of areas

	Coventry		Warwickshire		West Mid-lands	England
	Resident workers	% of workers	Resident workers	% of workers	% of workers	% of workers
Agriculture, energy and water	2,494	1.8%	7,788	2.8%	2.6%	2.3%
Manufacturing	15,971	11.6%	31,899	11.6%	12.3%	8.9%
Construction	7,478	5.4%	18,279	6.7%	7.5%	7.7%
Distribution, hotels and restaurants	31,953	23.1%	61,104	22.3%	22.3%	21.5%
Transport and communication	13,483	9.8%	26,813	9.8%	8.1%	9.1%
Financial, Real Estate, Professional & Administration	20,383	14.8%	43,300	15.8%	14.3%	17.5%
Public administration, education and health	40,056	29.0%	71,524	26.1%	28.4%	28.2%
Other	6,324	4.6%	13,289	4.9%	4.5%	5.0%
All industries	138,142	100.0%	273,996	100.0%	100.0%	100.0%

Source: 2011 Census

8.128 The table below shows how the number of essential workers varies across local authorities. Generally, the authorities have similar proportions of essential workers, with the main notable differences being a slightly lower proportion in North Warwickshire and Stratford-on-Avon.

Table 8.42 Number and proportion of essential workers – local authorities

	Resident essential workers	% of workers in area	% of resident workers
Coventry	40,056	29.0%	35.9%
North Warwickshire	7,378	23.5%	6.6%
Nuneaton & Bedworth	16,082	26.6%	14.4%
Rugby	13,239	26.1%	11.9%
Stratford-on-Avon	14,321	23.3%	12.8%
Warwick	20,504	29.3%	18.4%
Warwickshire	71,524	26.1%	64.1%
C & W	111,580	27.1%	100.0%

Source: 2011 Census

8.129 The 2011 Census also enables analysis to be conducted as to the tenure of workers by industry. It can be seen that essential workers see a fairly average profile, with similar levels of owner-occupation, social renting and private renting as is seen across each individual authority (Coventry and Warwickshire).

Table 8.43 Housing tenure by industry of employment (2011) – Coventry

	Owner-occupied	Social rented	Private rented
Agriculture, energy and water	70%	8%	22%
Manufacturing	77%	7%	16%
Construction	76%	8%	16%
Distribution, hotels and restaurants	57%	14%	29%
Transport and communication	66%	10%	24%
Financial, Real Estate, Professional and Administration	67%	10%	23%
Public administration, education and health	68%	11%	21%
Other	57%	13%	30%
All industries	67%	11%	23%

Source: 2011 Census

Table 8.44 Housing tenure by industry of employment (2011) – Warwickshire

	Owner-occupied	Social rented	Private rented
Agriculture, energy and water	74%	8%	18%
Manufacturing	80%	7%	13%
Construction	78%	8%	14%
Distribution, hotels and restaurants	65%	13%	22%
Transport and communication	72%	8%	20%
Financial, Real Estate, Professional and Administration	76%	6%	17%
Public administration, education and health	74%	9%	17%
Other	64%	10%	26%
All industries	73%	9%	18%

Source: 2011 Census

- 8.130 It is also possible to consider the affordability of housing for essential workers by considering local salaries. An online assessment of local jobs (across Coventry & Warwickshire) for nurses, firefighters, teachers, police officers and childcare was undertaken in August 2022. This showed a range of salaries, but typically in the range of about £20,000 to £30,000 per annum. The average salary was around £25,000 although it does need to be noted that there are a variety of roles with a range of salaries in these professions depending on level of expertise and experience.
- 8.131 With a salary of £25,000, an individual might be able to buy a home for around £125,000 (based on a 10% deposit and 4.5 times mortgage multiple) and with two salaries at this level would be able to afford around £250,000. This latter figure would allow the household to afford to buy a home across much of the study area, but the single income would make home ownership difficult (particularly in higher value locations), and this population could be a potential target for affordable home ownership products.

8.132 Overall, the analysis does not point towards there being a particular and specific need for affordable housing for essential workers. Such workers make up a similar part of the workforce as is the case in many areas and households are as likely to be owner-occupiers than many other industry groups. However, on the basis of local incomes (notably for single income essential workers), access to the owner-occupied sector may be restricted by income and it may be appropriate to consider whether or not some affordable properties should be set aside for essential local workers.

Summary of Affordable Housing Need

8.133 The table below brings together the estimates of annual need for rented affordable housing and affordable home ownership to consider the balance between tenures in different areas. This table should be considered for reference purposes and will not directly inform decisions about an appropriate mix for any individual area – that will in part be informed by viability and also any local priorities such as to maximise provision of rented accommodation as that is likely to be required by households with the most acute needs.

8.134 When looking at rented needs, the analysis suggests a need for 3,833 affordable homes per annum across the whole study area, with a need shown for all individual local authorities; the Councils are therefore justified in seeking to secure additional affordable housing.

Table 8.45 Estimated annual need for affordable housing split between rented and affordable home ownership – Coventry & Warwickshire

	Rented affordable need	Affordable home ownership need	Total annual need	% as AHO
Coventry	1,887	149	2,035	7%
North Warwks	131	2	133	1%
N & B	407	-16	391	-4%
Rugby	407	88	495	18%
SoA	419	129	547	24%
Warwick	582	258	839	31%
Warwickshire	1,946	460	2,406	19%
C & W	3,833	609	4,441	14%

Source: Draws from earlier analysis

8.135 The analysis suggests that there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. It is for individual Councils to consider the balance of provision between social and affordable rented homes sought through new developments which needs to be informed by the needs evidence alongside relative Council priorities and viability evidence.

-
- 8.136 When looking at the need for AHO products, the analysis also suggests a need across the study area, albeit (at 609 per annum) the need is lower than for rented housing. In interpreting this figure, it should however be noted that there could be additional supply from resales of market homes (below a lower quartile price) which arguably would mean there is a much more limited need for AHO.
- 8.137 Analysis does suggest that there are many households in Coventry & Warwickshire who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- 8.138 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.
- 8.139 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Councils will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- 8.140 Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

PART C: CONSIDERING EMPLOYMENT LAND NEEDS

9. EMPLOYMENT LAND NEEDS

9.1 This section moves on to consider the need for employment land across Coventry and Warwickshire looking to 2041 and 2050 (reflecting the different time periods for local plans under preparation in the sub-region)

National Planning Policy and Guidance

9.2 The NPPF sets out that planning policies and decisions should help create the conditions in which businesses can invest, expand and grow. It outlines that significant weight should be placed on the need to support economic growth and productivity (Para 81). Through the plan-making process, local planning authorities (LPAs) need to set out an economic vision and strategy which positively and proactively encourages sustainable economic growth having regard to Local Industrial Strategies and other policies for economic development and regeneration; and to set criteria for, or identify strategic sites, for local and inward investment (Para 82).

9.3 Para 83 in the NPPF states that planning policies and decisions should recognise and address the specific locational requirements of different sectors or clusters, including knowledge or data-driven sectors, create or high-tech industries, and for storage and distribution at a variety of scales and at suitably accessible locations. Para 85 recognises that in rural areas, sites to meet local business and community needs may be adjacent to or beyond existing settlements and in locations which are not well served by public transport.

9.4 Planning Practice Guidance (PPG) on *Housing and economic needs assessment* requires policy-making authorities to prepare (and keep under review) evidence to understand business needs and encourages such assessments to be undertaken across Functional Economic Market Areas (FEMA) which in this case relates to the Coventry and Warwickshire sub-region.

9.5 In assessing future needs, PPG Para 2a-027 outlines a number of different techniques:

- sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand)
- demographically derived assessments of current and future local labour supply (labour supply techniques)
- analysis based on the past take-up of employment land and property and/or future property market requirements

-
- consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.
- 9.6 Icení has had regard to these different approaches in preparing the HEDNA. Icení's approach has been to consider and triangulate different methodologies and evidence in drawing conclusions on future employment floorspace and land needs.
- 9.7 Different forecasting techniques have their advantages and disadvantages. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past. However, a detailed model is required to relate net forecasts to use classes and estimate gross floorspace and land requirements.
- 9.8 For office-based sectors consideration needs to be given to the impacts of trends in home working (and growth in hybrid working whereby workers spend part of the working week at home). For industrial sectors however the relationship between floorspace needs and employment trends may be weak – influenced by productivity improvements. In contrast, past take-up is based on actual delivery of employment development; but does not take account of implications of growth in labour supply or housing growth nor any differences in economic performance relative to the past. It is also potentially influenced by past land supply and/or planning policies.
- 9.9 Ultimately therefore an appropriate approach is therefore to utilise a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This approach of triangulating different approaches and testing findings, which Icení adopts, is consistent with the PPG.
- 9.10 PPG Para 2a-031 specifically addresses how to assess need and allocate land for logistics. The logistics/ distribution sector is an important component of the sub-regional economy and the sub-region has a competitive advantage in this sector reflecting its location at the centre of the country and motorway network. Para 2a-031 outlines that:

“The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land).

Strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to

appropriately skilled local labour. Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas.”

- 9.11 The PPG encourages analysis of market signals, including the take-up and availability of land; analysis of economic forecasts to identify potential changes in demand; and engagement – including with LEPs, logistics developers and occupiers in assessing demand. It is clear that LPAs will then need to consider the most appropriate locations for meeting identified needs (whether through the expansion of existing sites or development of new ones).
- 9.12 The need for strategic distribution and warehousing space are influenced by different factors, including the growth in e-retailing, traffic/ freight growth, the replacement of older warehousing space and economies of scale. A specific forecasting exercise is undertaken for large-scale B8 warehousing units (defined as over 9,000 sq.m / 100,000 s.qft). This has been undertaken by MDS Transmodal working alongside Iceni. It is a tried and tested forecasting approach which informed both the East and West Midlands RSS and has/ is being used in a number of adjoining sub-regional areas including Leicestershire, Nottinghamshire together with the Liverpool City Region.

Labour Demand Model

- 9.13 Using the employment forecasts from CE, Iceni has developed a set of employment floorspace requirements. They relate to the floorspace and land required to accommodate net growth in floorspace. Provision for flexibility of supply and replacement demand is considered later in this Paper.
- 9.14 CE provided a 45 sector breakdown of sectors which we have used to model floorspace needs. Iceni has a standard model which considers how sectors relate to use classes which is used to estimate the proportion of employment in different broad use classes – offices (Eg(i) and E(g)(ii)), industrial (E(g)(iii) and B2) and warehousing (B8). We attribute changes in jobs to use classes first, using BRES data to estimate the sector-specific relationship between net changes in total employment and that for Full-Time Equivalent (FTE) jobs.
- 9.15 A typical home working by sector rate has been applied to discount the needs rates by sector, using 2019 data. A sensitivity is considered using a higher home working rate in the future (as presented later in this section).

9.16 The next stage in the modelling is then to apply employment densities to estimate the net change in floorspace. Employment density assumptions are assumed in relating changes in FTE employment to floorspace.²⁴ These are as follows:

- 14 sqm offices (12 sq.m NIA per FTE)
- 44 sqm industrial (blend of former B1c and B2)
- 80 sqm warehousing

9.17 In the labour demand modelling, warehousing needs relate to both strategic and non-strategic warehousing, the former being 'big box' units of > 9,000 sq.m. The forecasts are trend-based and thus a concentration of forecast jobs growth in warehousing in North Warwickshire is a reflection of historical development patterns. Clearly future changes in the spatial distribution of development in this sector could influence future employment trends at a local level.

9.18 The table below sets out the FTEs by Use Class change 2021-41.

Table 9.1 FTEs – Net Change 2021-2041 by Use Class

	Offices	Industrial	Warehousing	Other
North Warwickshire	1,600	-400	1,100	4,800
Nuneaton and Bedworth	700	-500	300	3,600
Rugby	1,200	-400	700	4,800
Stratford-on-Avon	1,800	-900	200	7,500
Warwick	4,100	-700	500	6,100
Coventry	4,200	-1,000	900	12,000
Total	13,600	-3,900	3,800	38,800

Source: CE/ Icenl

9.19 Using the density figures about the summary floorspace outputs for the authorities for 2021-41 are as follows:

Table 9.2 Labour Demand – Net Floorspace Needs 2021-2041, sqm

	Offices	Industrial	Warehousing
North Warwickshire	22,800	-16,100	90,600
Nuneaton and Bedworth	10,100	-22,000	23,300
Rugby	16,500	-17,400	58,800
Stratford-on-Avon	25,900	-41,800	17,200
Warwick	56,900	-29,400	41,200
Coventry	58,300	-44,500	71,200
Total	190,400	-171,200	302,300

²⁴ These relate to the Gross External Area ("GEA").

Source: CE/ Icenl

9.20 The equivalent figures over the longer timeframe to 2050 are shown below:

Table 9.3 Labour Demand – Net Floorspace Needs 2021-50, sq.m

	Offices	Industrial	Warehousing
North Warwickshire	31,700	-29,000	126,100
Nuneaton and Bedworth	13,800	-30,900	31,000
Rugby	23,000	-27,200	81,300
Stratford-on-Avon	36,000	-77,000	22,300
Warwick	78,800	-42,100	55,800
Coventry	80,700	-83,500	95,500
Total	263,900	-289,700	411,900

Source: CE/ Icenl

9.21 Office floorspace needs are focused (spatially) on Coventry and Warwick, which are the main office markets in the sub-region; followed by Stratford-on-Avon.

9.22 Industrial floorspace needs are negative in the labour demand model. Warehouse floorspace needs are focused on North Warwickshire, Coventry and Rugby in the centre/north of the sub-region.

9.23 Net floorspace need has been converted to land using standard plot ratios of:

- 0.5 for offices (rising to 1.5 for Coventry reflecting a blended plot ratio including some city centre higher density, such as Friargate and some at business park/ lower densities);
- 0.5 for industrial; and
- 0.4 for warehouse and distribution.

9.24 The plot ratios describe the relationship between the site size and floorspace. Land requirements relate to the net developable area, which will be lower than the total site area as some space is devoted to infrastructure, green space etc.

9.25 The initial outputs for the authorities are as follows:

Table 9.4 Labour Demand – Net Land Needs 2021-2041, ha

	Offices	Industrial	Warehousing
North Warwickshire	4.6	-3.2	22.7
Nuneaton and Bedworth	2.0	-4.4	5.8
Rugby	3.3	-3.5	14.7
Stratford-on-Avon	5.2	-8.4	4.3

Warwick	11.4	-5.9	10.3
Coventry	3.9	-8.9	17.8
Total	30.3	-34.2	75.6

Source: CE/ Icenl

Table 9.5 Labour Demand – Net Land Needs 2021-50, ha

	Offices	Industrial	Warehousing
North Warwickshire	6.3	-5.8	31.5
Nuneaton and Bedworth	2.8	-6.2	7.7
Rugby	4.6	-5.4	20.3
Stratford-on-Avon	7.2	-15.4	5.6
Warwick	15.8	-8.4	13.9
Coventry	5.4	-16.7	23.9
Total	42.0	-57.9	103.0

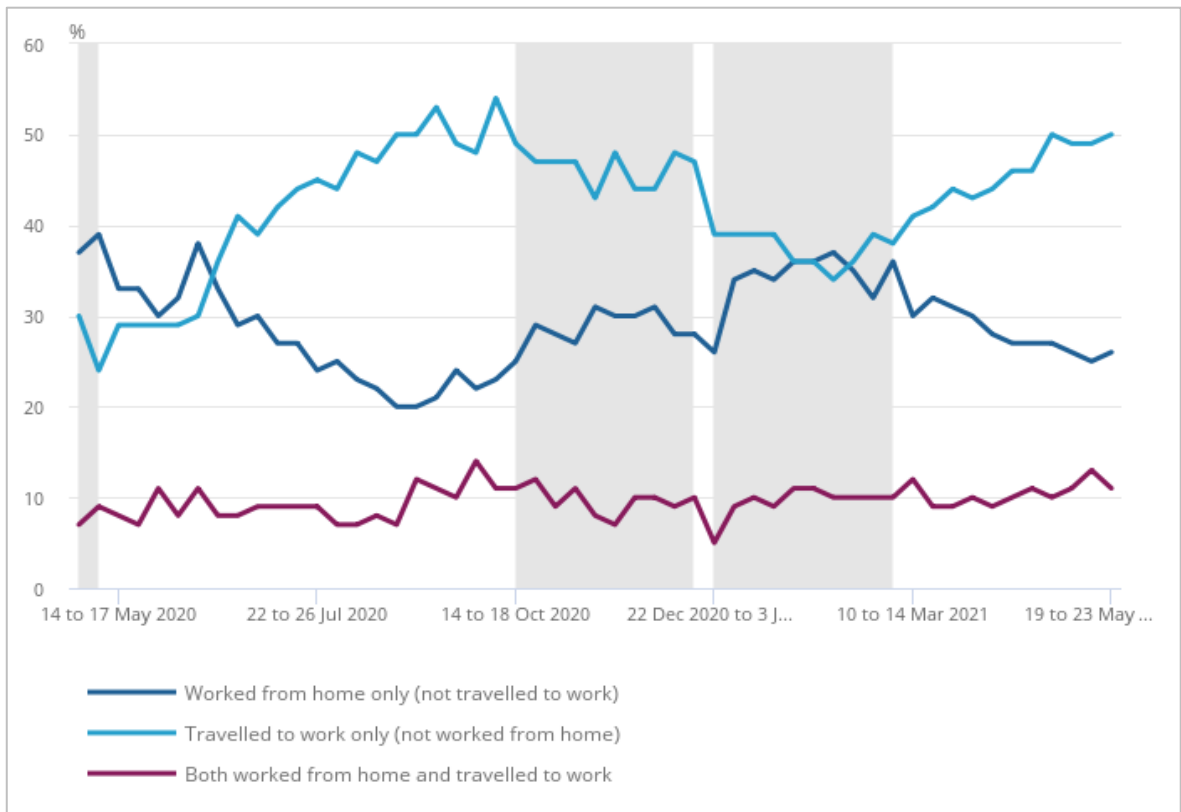
Source: CE/ Icenl

- 9.26 The modelled reduction in industrial floorspace / land needs is however not considered reliable because of the weak relationship between employment trends and future floorspace needs in the manufacturing sector influenced by productivity changes and the need for modern floorspace.

Sensitivity to Changes in Homeworking

- 9.27 Future office space requirements will be influenced by the growth in home working. This has increased in office-based sectors significantly influenced by the Covid-19 pandemic and Government imposed lockdowns and ‘work at home’ guidance.
- 9.28 The chart below the ONS Opinions and Lifestyle Survey shows the influence of these factors on home working on a month-by-month basis.

Figure 9.1: Proportion of Working Adults working exclusively from Home



Source: ONS Opinions and Lifestyle Survey

9.29 It is somewhat early to identify clearly how this will settle down over time, but it is likely that for office-based activities in particular, the level of home working is likely to remain higher than pre-pandemic and hybrid working (part from home, part in an office) will remain more significant, with potential implications for future office floorspace requirements.

Trends in Home and Hybrid Working

Data on homeworking shows that this has varied spatially over time, with ONS' analysis showing that this positively correlates with the stringency of Coronavirus restrictions. The latest data shows that between 19-30th Jan 2022, 36% of working adults reported having worked from home at least once in the last 7 days. Our core modelling builds in a proportion of home working of up to 15% by sector, but this is based on the pre-pandemic position and could under-estimate future levels.

It is clear that there are benefits and disbenefits of home working; with offices supporting coloration, social interaction, and staff development. Home working on the other hand can reduce travel time/cost and improve their work/life balance; and may reduce employers' property costs.

Different businesses are however responding in different ways, and that the situation is evolving (on almost a monthly frequency) making it difficult to predict future requirements for office space.

Many businesses and workers have embraced home and hybrid working patterns. It seems likely therefore that there will be some reduction in office space requirements as a result. The scale of this is difficult to precisely quantify and working patterns are still evolving, and it is somewhat difficult to quantify how businesses may respond in considering future space requirements (with occupancy patterns currently higher for mid-week working days).

- 9.32 A sensitivity model has therefore been developed which reduces the officed based requirements under the circumstance that post pandemic there is a reduced requirement due to home working. This is run at reduction of 30% of the office needs modelled in the initial analysis, as below to provide (alongside the main modelling) a set of parameters for office floorspace needs.

Table 9.6 Labour demand land needs 2021-41, sqm – Office Sensitivity Analysis

	Offices	
	Standard need	Need reduced 30%
North Warwickshire	22,800	16,000
Nuneaton and Bedworth	10,100	7,100
Rugby	16,500	11,600
Stratford-on-Avon	25,900	18,100
Warwick	56,900	39,800
Coventry	58,300	40,800
Total	190,400	133,300

Source: CE/ Icenl

Table 9.7 Labour demand land needs 2021-41, ha – Office Sensitivity Analysis

	Offices	
	Standard need	Need reduced 30%
North Warwickshire	4.6	3.2
Nuneaton and Bedworth	2.0	1.4
Rugby	3.3	2.3
Stratford-on-Avon	5.2	3.6
Warwick	3.8	2.7
Coventry	3.9	2.7
Total	22.7	15.9

Source: CE/ Icenl

- 9.33 The market evidence is of corporate office occupiers downsizing on lease events which is increasing giving credence to the sensitivity analysis. It would be prudent to monitor trends in the coming cycle with regards to the office market to understand how demand manifests in the post pandemic era.

This can then inform development management and the future review of policies in line with a “plan, monitor and manage” approach.

Projection of Floorspace Trends

- 9.34 The second main modelling approach is to project forwards trends in total floorspace. Using data from the VOA, we have derived net change in floorspace trends to model a future trend-based need. This incorporates all units as it is not possible to separate large and small scale industrial units for historic VOA data.
- 9.35 Three periods have been used to derive projections based on an annualised average need on the last 5, 10 and 15 years change (i.e. from three alternate starts to present being 2014/15, 2009/10, 2004/05).
- 9.36 For industrial, the most recent trends see a fast growth in industrial floorspace. However for offices, historic growth has been followed by a period of decline. Recent office trends are likely to have been influenced by Permitted Development Rights which may have had an excessive influence on floorspace losses. The market analysis shows office vacancy rates having fallen from almost 9% in 2012 to 4% in 2020 but have seen some subsequent growth.

Table 9.8 VOA Trend Forecast 2021-41, sqm

	Offices			Industrial		
	5yr	10yr	15yr	5yr	10yr	15yr
North Warwickshire	- 12,000	- 8,000	5,300	1,040,000	680,000	780,000
Nuneaton and Bedworth	- 12,000	- 12,000	9,300	80,000	-100,000	-20,000
Rugby	- 28,000	- 6,000	38,700	540,000	440,000	120,000
Stratford-on-Avon	- 60,000	- 20,000	28,000	180,000	-160,000	20,000
Warwick	-	18,000	52,000	-140,000	-40,000	-60,000
Coventry	- 124,000	- 74,000	- 16,000	260,000	-220,000	-480,000
Total	- 236,000	- 102,000	117,300	1,960,000	600,000	360,000

Source: VOA

Table 9.9 VOA Trend Forecast 2021-50, sqm

	Offices			Industrial		
	5yr	10yr	15yr	5yr	10yr	15yr
North Warwickshire	-17,400	-11,600	7,700	1,508,000	986,000	1,131,000
Nuneaton and Bedworth	-17,400	-17,400	13,500	116,000	-145,000	-29,000
Rugby	-40,600	-8,700	56,100	783,000	638,000	174,000
Stratford-on-Avon	-87,000	-29,000	40,600	261,000	-232,000	29,000
Warwick	0	26,100	75,400	-203,000	-58,000	-87,000
Coventry	-179,800	-107,300	-23,200	377,000	-319,000	-696,000
Total	-342,200	-147,900	170,100	2,842,000	870,000	522,000

Source: VOA

- 9.37 For completeness the sqm floorspace projections above have been converted to a land need on the same plot ratios as previous.

Table 9.10 VOA Trend Forecast, 2021-41, ha

	Offices			Industrial		
	5yr	10yr	15yr	5yr	10yr	15yr
North Warwickshire	-2.4	-1.6	1.1	260	170	195
Nuneaton and Bedworth	-2.4	-2.4	1.9	20	- 25	- 5
Rugby	-5.6	-1.2	7.7	135	110	30
Stratford-on-Avon	-12.0	-4.0	5.6	45	- 40	5
Warwick	-	3.6	10.4	- 35	- 10	- 15
Coventry	-8.3	-4.9	-1.1	65	- 55	- 120
Total	-30.7	-10.5	25.6	490	150	90

Source: VOA

Table 9.11 VOA Trend Forecast, 2021-50, ha

	Offices			Industrial		
	5yr	10yr	15yr	5yr	10yr	15yr
North Warwickshire	-4	-	8	377	247	283
Nuneaton and Bedworth	-8	-4	4	29	- 36	- 7
Rugby	-	4	12	196	160	44
Stratford-on-Avon	-16	-16	-4	65	- 58	7
Warwick	-32	-20	24	- 51	- 15	- 22
Coventry	-144	-48	68	94	- 80	- 174
Total	-204	-84	112	711	218	131

Source: VOA

- 9.38 For the purpose of this exercise, Icen considers the 2010-20 period (last ten years) to be the most appropriate period to consider a future trend from. For industrial modelling, it incorporates a relatively stable period followed by a more recent faster growth period.
- 9.39 The modelled outputs are based on net changes in floorspace. However a considerable amount of development arises from churn within the market, with new space brought forward to replace aged/

functionally redundant floorspace. The figures above on their own are likely to under-estimate future development needs.

9.40 We would note that the spatial distribution of industrial need has been influenced in part by land availability, and in particular would note:

- The influence of the designation of what were Regional Logistics Sites at Hams Hall and Birch Coppice, and subsequent extensions to these sites, on completions in North Warwickshire;
- Constraints on industrial land supply in Coventry, with the major industrial locations being Whitley Business Park/Whitley South and Prologis Keresley where available supply has become increasingly constrained. Major schemes around Coventry – such as Ansty Park and Prologis Ryton – fall within Rugby District;
- A relatively constrained supply position for a number of years in Nuneaton and Bedworth prior to the adoption of the Local Plan in 2019, which released a number of sites from the Green Belt. The supply position in the immediate term can be expected to contribute to stronger completions trends in the short-term.

The implications of past supply trends for industrial land, if it were to be replicated, would see future provision continuing to be concentrated in North Warwickshire. This is particular reflects the designation of Regional Logistics Sites in the RSS within the Borough.

Whilst North Warwickshire remains an attractive location for warehousing and logistics development in particular, there is a case for seeking a broader spread of industrial land provision between the authorities within the sub-region and seeking positive growth in industrial land supply in all parts of the Coventry and Warwickshire sub-region.

9.41 For offices the same 10 year period is also recommended for use but under the caveat that considerable losses have occurred through the PDR process outside of the commercial floorspace market dynamic, which is discussed further below. The influence of PDR means that that limited weight should be attached to the net changes in floorspace based on recent trends in projecting future needs.

9.42 Of note, Coventry has for some years been seeking to bring forward city centre office floorspace, with the Friargate scheme delivering over the period since 2018 having contributed to office floorspace completions following a number of years of very low delivery and losses. The floorspace gain over the 2019-21 period has averaged almost 26,000 sq.ft pa (2,400 sqm). The overall implications are discussed further below.

Completions Trend

- 9.43 In addition to the VOA data, total employment completions have been provided by authorities as below. We have set out a projection of floorspace needs based on trends over this period. This has involved reviewing data provided directly or through AMRs to consider completions 2011/12 to 2019/20 and projecting that forward as an annualised average.
- 9.44 In some instances detail on data has been limited, therefore IcenI has sought to independently verify where possible the completions and their nature through engagement with the Councils. It is also of note that these are gross trends (rather than net completions having regard to losses) – theoretically the VOA data provides an indication of net monitored change.

Table 9.12 Completions Trend Forecast 2021-41, ha (gross)

	Total 2011-19	Average 2011-19	2021-41 need	%E(g)(i)	%B8 (strategic sites, est.)	Net as % gross
North Warwickshire (2011-18)	121.8*	15.2	304.4	2%	83%*	N/A
Nuneaton and Bedworth	21.5	2.4	47.9	5%	19%	91%
Rugby**	133.6	14.8	296.9	6%	53%)	N/A
Stratford-on-Avon	59.8	6.6	132.9			24%
Warwick	20.2	2.2	44.9			N/A
Coventry	91.3	10.1	202.8	23%	19%	N/A
Total	448.2	51.5	1,029.8			

Source: LPA / AMR

*Excluding open storage at Baddesley Colliery for BMW and reduced plot for BMW at Hams Hall

** Inc Coventry's unmet need contributions at Ansty Park and Prologis Ryton

Table 9.13 Completions Trend Forecast 2021-50, ha (gross)

	Total 2011-19	Average 2011-19	2021-50 need	%E(g)(i)	%B8 (strategic sites, est.)	Net as % gross
North Warwickshire (2011-18)	121.8*	15.2	441.4	2%	83%*	N/A
Nuneaton and Bedworth	21.5	2.4	69.4	5%	19%	91%
Rugby**	133.6	14.8	430.5	6%	53%)	N/A
Stratford-on-Avon	59.8	6.6	192.7			24%
Warwick	20.2	2.2	65.2			N/A
Coventry	91.3	10.1	294.1	23%	19%	N/A
Total	448.2	51.5	1,493.2			

Source: LPA / AMR

*Excluding open storage at Baddesley Colliery for BMW and reduced plot for BMW at Hams Hall

** Inc Coventry's unmet need contributions at Ansty Park and Prologis Ryton

-
- 9.45 It is evident that North Warwickshire and Rugby have been key contributors to employment floorspace completions, driven by large units at Hams Hall, Prologis Ryton, Rugby Gateway, Antsy Park and Birch Coppice. Coventry's deliveries are particularly influenced by development south west part of Whitley Business Park (Scimitar Way). Much of the focus of these developments is large scale B8, with B2 at Antsy Park.
- 9.46 Coventry's office floorspace delivery has increased in recent years as Friargate has begun to come forward (2018/19 onwards).

Comparing Trends

- 9.47 The table below (Table 9.14) compares the labour demand models, completion trends and the VOA floorspace trends for the 2021-41 period (completions are only presented in the Ha figures).

Table 9.14 Employment Land Needs 2021-2041, sqm (000s)

	Office		Industrial				Total	
	Labour demand	10yr VOA office	Labour demand ind.	Labour demand w'rhse	Labour demand ind. & w'rhse	10yr VOA ind. & w'rhse	Labour demand	10yr VOA
N. Warwickshire	23	-8	-16	91	75	680	98	680
N. and Bedworth	10	-12	-22	23	1	-100	11	-110
Rugby	17	-6	-17	59	41	440	58	460
Stratford-on-Avon	26	-20	-42	17	-25	-160	1	-240
Warwick	57	18	-29	41	12	-40	69	-140
Coventry	58	-74	-45	71	27	-220	85	-460
Total	190	-102	-171	302	131	600	321	190

Source: VOA / CE/lceni

Table 9.15 Employment Land Needs 2021-2041, ha

	Office		Industrial				Total		Completions		
	Labour demand	10yr VOA office	Labour demand ind.	Labour demand w'rhse	Labour demand ind. & w'rhse	10yr VOA ind. & w'rhse	Labour demand	10yr VOA	B1	All exc. B1a / B8 S	B8 Strategic
N. Warwickshire	4.6	-1.6	-3.2	22.7	19.4	151	24.0	151	6.9	44.9	252.6
N. and Bedworth	2.0	-2.4	-4.4	5.8	1.4	-22	3.4	-26	2.4	36.4	9.1
Rugby*	3.3	-1.2	-3.5	14.7	11.2	98	14.5	102	19.1	120.4	157.4
Stratford-on-Avon	5.2	-4.0	-8.4	4.3	-4.1	-36	1.1	-41.3	/	132.9	/
Warwick	11.4	3.6	-5.9	10.3	4.4	-9	8.2	-29	/	44.9	/
Coventry	3.9	-4.9	-8.9	17.8	8.9	-49	12.8	-97	46.2	118.0	38.5
Total	30.3	-10.5	-34.2	75.6	41.3	133	64.0	49	74.6	497.6	457.6

Source: VOA / CE/lceni

* Inc Coventry's unmet need contributions

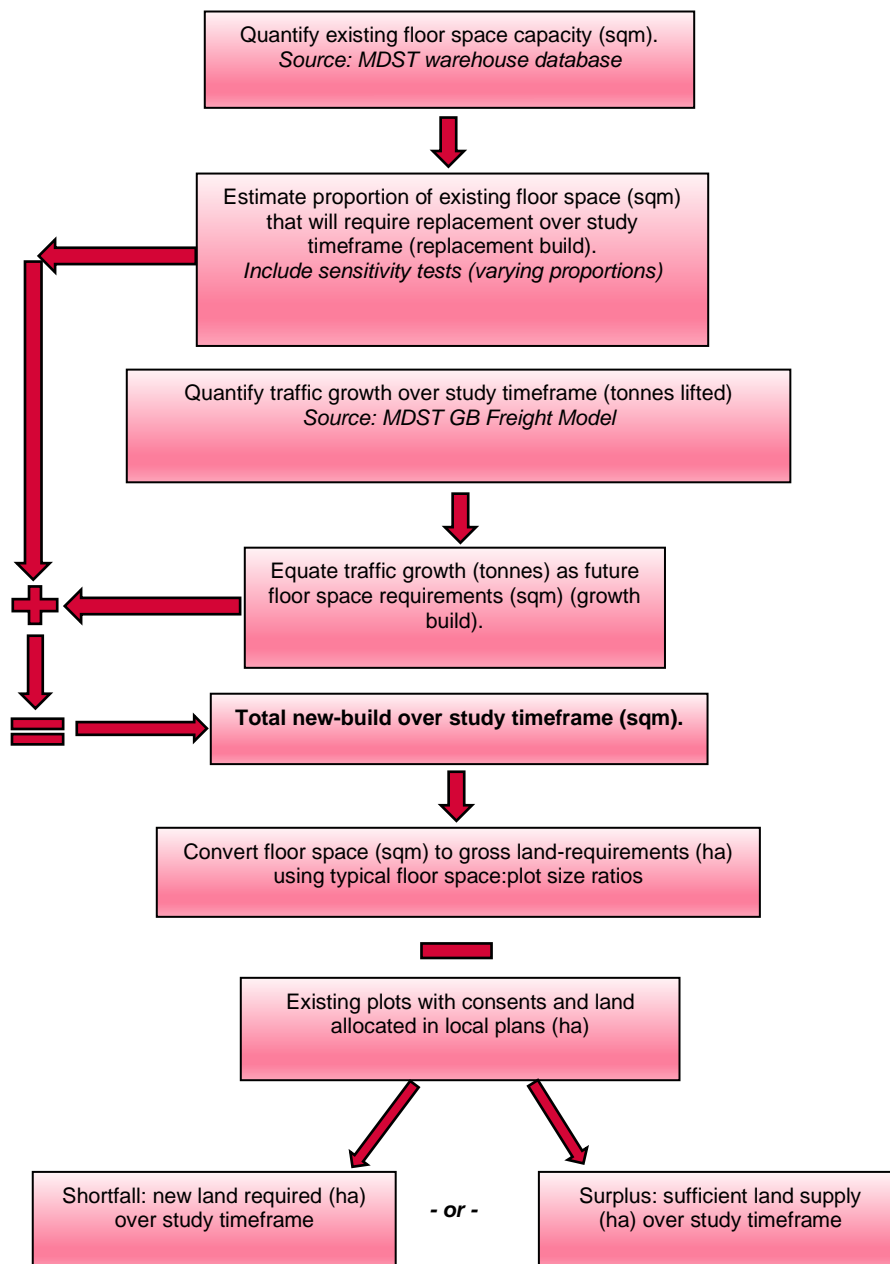
10. STRATEGIC B8 LAND USE FORECASTING

Methodology – Background

- 10.1 Land-use forecasting for other commercial sectors, such as offices or retail, often seeks to relate employment growth to the need for additional floor space, using consistent and robust employment densities. This methodology is potentially unsuitable for the logistics sector for three reasons:
- Warehousing units have a much shorter functional or economic life than other types of commercial property e.g. office buildings. There is a consequent need to develop new units, much of which is needed to replace existing life-expired capacity;
 - There is no consistent or robust employment density ratio that can be applied to the B8 sector. The primary function of warehousing is to handle cargo, meaning that demand for floor space is driven by factors such as cargo type (retail sector), volumes and throughput rates. This in turn dictates then employment requirements (numbers, skills etc..). Grocery retail has high throughputs rates (goods are picked at less than pallet-load quantities) and thereby requires higher employment levels when compared with slower moving lines which are stored and re-distributed at pallet-level quantities. Consequently, warehouses with broadly the same quantum of floor space can have significantly different employment levels; and
 - Increasing automation within warehouses, particularly for e-commerce, suggests future employment densities will be lower than today.
- 10.2 The land-use forecast methodology used in this section therefore seeks to overcome the apparent weakness. It is derived from the following key factors relating to new logistics facilities:
- The continual need to build new large-scale warehousing as a replacement for existing capacity which, over time, becomes life-expired (**replacement build**); and
 - Long-term growth in the demand for goods in the wider economy and the subsequent need for additional floor space in order to handle that growth (**growth build**).
- 10.3 Figure 10.1 overleaf seeks to summarise the forecast methodology.
- 10.4 Existing warehouse capacity can be quantified from available data sources, with a view then reached as to the likely replacement rate based on experience of the logistics sector. Freight traffic growth (a proxy for growth in the demand for goods) can be forecast using economic or traffic models, in this case the MDST GB Freight Model (used to produce forecasts for Network Rail and Highways England among other bodies). The growth is then related to floor space using cargo storage density and throughput rates expected at a modern distribution centre.

10.5 The base line forecast year adopted for this forecast exercise is 2021 as this represents the baseline position in terms of existing warehousing stock of over 9,000 sq.m. The key primary output is total new-build rates over a future time period (i.e. future demand for new-build units), measured as square metres of warehouse floor space. In this case, new-build rates up to 2050 have been forecast, with intervening years 2031 and 2041 also estimated. The forecasts are for the West Midlands region and for the Coventry and Warwickshire study area.

Figure 10.1: Overview of Replacement Demand and Traffic Growth Forecasting Methodology



Existing Warehouse Capacity

- 10.6 Given the above, the starting point of the land-use forecasting process is therefore to quantify the existing supply of large-scale logistics and distribution floor space capacity within the West Midlands region and the Coventry and Warwickshire study area. The data has been derived from MDST's warehouse database, which has been compiled from the Valuation Office Agency (VOA) non-domestic Rating List records (a record of all commercial property in England and Wales by floor space function and location, collated for Business Rates purposes). We have interrogated the raw database and extracted floor space data within commercial buildings with a designation 'warehouse' or a similar classification. For clarification, this includes:
- Floor space designated as 'warehouse' or similar within a building whose primary classification is 'Warehouse and Premises' i.e. a building purposely built to receive, store and distribute cargo (the classic distribution centre); and
 - Floor space designated as 'warehouse' or similar within a building that has some other primary classification e.g. a 'Factory and Premises' which contains floor space used to store and distribute goods manufactured at that site.
- 10.7 Property where the warehouse floor space (as defined) is greater than 9,000 square metres in total has been included, this broadly equating to buildings around 100,000 sq ft or larger, the logistics industry's recognised definition of a large-scale distribution centre. Other ancillary floor space designations (e.g. offices) have been excluded i.e. the total 'headline' size of a commercial property will be greater once these other floor space functions are included. Further, while the total quantum of 'warehouse' or similar floor space within an individual property is greater than 9,000 square metres, the actual floor space may be distributed over two or more different areas (zones) within the individual commercial property.
- 10.8 Across England and Wales a total of 2,438 buildings covering 51 million square metres of floor space can be identified from the VOA Rating List data (as at April 2021). A breakdown of these figures by Government Office Region are presented in the table below. The equivalent commercial property data in Scotland is collated by the Scottish Assessors Association (SAA). For reference, Scotland currently accommodates around 1.4 million square metres of large scale warehouse floor space, of which around 1.1 million square metres is located in the 'Central Belt'.

Table 10.1 : Current (2021) Large Scale Warehouse Capacity England and Wales, by Region

Region	000s sq m	Number Units	sqm/unit
East Midlands	10,142	402	25,228
North West	8,328	419	19,876
West Midlands	7,559	385	19,634
Yorkshire and The Humber	7,064	336	21,023
East	5,576	270	20,651
South East	4,021	204	19,710
South West	2,903	132	21,994
North East	1,947	90	21,637
London	1,870	121	15,454
Wales	1,588	79	20,102
Total	50,998	2,438	20,918

Source: MDS Transmodal warehouse database (VOA Rating List)

Table 10.2 Relative Market Share of Large-Scale B8 Warehousing by Region

	Market Share (%)	
	Floor Space	Number Units
East Midlands	20%	16%
North West	16%	17%
West Midlands	15%	16%
Yorkshire and The Humber	14%	14%
East	11%	11%
South East	8%	8%
South West	6%	5%
North East	4%	4%
London	4%	5%
Wales	3%	3%

Source: MDS Transmodal warehouse database (VOA Rating List)

- 10.9 The table shows that the East Midlands region hosts just over 10.1 million square metres of floor space across 402 commercial properties. It is the largest region in terms of total floor space (20% market share), though the North West has a greater number of units. The West Midlands region has the third largest concentration of large-scale warehousing in England and Wales, with just under 7.6 million square metres (15% market share when measured by floor space). The average floor space per commercial property in the West Midlands is around 19,600 square metres, compared with the national average of 20,900 square metres per unit.
- 10.10 North Warwickshire has the largest concentration of warehousing in the region with just under 0.9 million square metres of floor space across 36 properties. There are also further significant

concentrations of floor space in Birmingham, Stoke-on-Trent and Staffordshire generally. Coventry and Rugby both have around 0.5 million square metres of floor space. The position with respect to the Coventry and Warwickshire study area is shown in the table below.

Table 10.3 Current (2021) Large-Scale Warehouse Floor Space in Coventry and Warwickshire

Local Authority	000s sq m	Number Units
North Warwickshire	874	36
Coventry	505	25
Rugby	431	21
Warwick	189	11
Nuneaton & Bedworth	173	9
Stratford On Avon	71	5
Total	2,244	107
Mean sqm/unit	20,969	

Source: MDS Transmodal warehouse database (VOA Rating List)

10.11 Just over 2.2 million square metres of large-scale warehouse floor space is located in the Coventry and Warwickshire study area. This represents around 30% of the West Midlands regional total. Also note that the mean size per unit is also larger than the regional average. This suggests that the Coventry and Warwickshire study area accommodates a sizeable concentration of floor space serving a national hinterland (both traditional NDCs plus e-commerce focused customer fulfilment centres or CFCs). These are generally larger than buildings serving a regional market given their greater role in holding inventory ahead of demand from end users.

10.12 The table below shows the quantum of large-scale logistics floor space that has been developed at rail-served sites in the Coventry and Warwickshire study area.

Table 10.4 Current (2021) Rail-served Large-Scale Warehousing in Coventry and Warwickshire

	000s sq m
Birch Coppice	406
Hams Hall	316
ProLogis Park Coventry*	121
Total - Rail-served	843
Total - all floor space	2,244
% rail-served	38%

Source: MDS Transmodal warehouse database (VOA Rating List)

* Sidings alongside for conventional box wagons

- 10.13 Just over 0.8 million square metres of rail-served warehousing is identified in the study area, equating to around 38% of current capacity. In the case of Birch Coppice and Hams Hall, the rail connectivity is provided by the warehousing being located within the same site as an intermodal terminal, with containers transferred between rail wagons and warehousing using off-road shunting equipment on the private estate roads. At ProLogis Park, some of the warehousing units are directly served by rail sidings along one side and are designed to handle palletised and semi-bulk cargoes in conventional box/cargo wagons. These sidings were a condition of planning consent. The use of conventional wagons is only economic when moving large quantities in one move (i.e. full train load) between two rail-served facilities. They are therefore not generally suited to consumer type cargoes, which tend to move in smaller but frequent shipments e.g. in containers. The site has therefore never handled regular train services.
- 10.14 There are no further rail-served warehousing sites in the West Midlands, albeit the West Midlands Interchange SRFI (Four Ashes) has recently received planning consent via a DCO. There are also stand-alone intermodal terminals at Landor Street Birmingham (Freightliner Birmingham) and Telford. DIRFT is located just over the regional boundary in the East Midlands, though it will be the case that some intermodal traffic passing through the site will be to/from warehouse units in the West Midlands. It lies relatively close to Rugby. East Midlands Gateway is located close to the A42 to the north. Overall, around 11% of the West Midlands warehouse capacity is rail-served albeit it is currently located in the Coventry and Warwickshire study area. For reference, across England and Wales around 6% of warehouse floor space is rail-served.

Use of Rail Freight

The National Policy Statement (NPS) on National Networks promotes the development of a network of Strategic Rail Freight Interchanges (SRFI) to aid the transfer of freight from road to rail, supporting sustainable distribution and reducing trip mileage of freight movement on the national and local road networks. It aims to optimise the use of rail in long-haul primary trunk journeys, with other modes then providing the secondary (final leg) of a trip, with a view to reducing carbon

emissions, addressing congestion and improving capacity on the road network, and addressing pollution. Government thus seeks to deliver a network of SRFIs.

It should be noted that warehousing on rail-served sites is not required to use rail; and businesses may locate to these sites to 'future proof' the sustainability of their operations whilst non rail-served sites can operate on a 'satellite' basis making use of rail terminals which are close to them. With the end of 'red diesel' exemptions in April 2022 there will be no financial benefit from warehousing being located on sites which include a rail terminal.

Coventry and Warwickshire is relatively well served by existing SFRI sites either within the sub-region or close to it (including at DIRFT) and there is the potential for development of a further site to come forwards at Hinckley.²⁵ We do not consider that there is currently sufficient evidence to justify recommending specific development of further rail-served capacity in Coventry & Warwickshire at the current time.

However to support the use of rail in transporting goods (with associated sustainability benefits), consideration should be given to the providing additional warehousing capacity in locations close to the SRFI to support and enable growth in the use of rail in transporting goods. Bringing forward capacity in locations close to existing SRFI, which could include as extensions to existing sites or new sites - as well as road-based locations elsewhere – is therefore appropriate.

Replacement Build

- 10.15 Most newly built floor space is a replacement for existing warehouse stock which is 'life expired'. While this may not be related to physical obsolescence (i.e. many older buildings will be structurally sound), they can become functionally obsolete. This is particularly the case concerning the growth of e-commerce, where many older buildings cannot accommodate the automated picking/packaging equipment required for on-line sales, or the ability to handle distribution to retail outlets alongside direct to home e-commerce deliveries under the same roof. Many existing retailers have therefore commissioned more modern facilities (to service their e-commerce platforms) which have directly replace older distribution buildings (e.g. Marks & Spencer at East Midlands Distribution Centre). Also, new floor space has been built for emerging e-commerce only retailers, such as Amazon or ASOS, much of which has effectively replaced floor space previously operated by 'bricks and mortar' retailers which have either ceased trading or have radically downsized to address the fall in 'high street' sales.

²⁵ <https://www.hinckleynrfi.co.uk/>

-
- 10.16 A second factor is the ability, when compared with 20-30 years ago, to operate much larger distribution buildings. This has been facilitated by advances in modern ICT inventory management systems which have permitted much larger warehouses to be operated more efficiently than was previously the case. As a result, many operators have sought economies of scale can through merging operations based at multiple sites to one new location. Finally, changing market conditions, both within specific companies/sectors and in the wider economy, means that warehouse operations might need to relocate in order to remain competitive. Occupiers who previously sourced goods from domestic suppliers but now predominantly import from deep-sea markets may seek a new location at a rail-linked site in order to remain competitive.
- 10.17 A suitable example of these three issues is the on-line retailer very.co.uk (formerly Littlewoods and the Shop Direct Group). They have recently closed three older (functionally-obsolete) warehouse units in the Manchester area. The combined operations have been replaced by a modern purpose-built warehouse at the new East Midlands Gateway SRFI which can accommodate significant levels of automation. Economies of scale will be gained by merging three facilities into a single operation under one roof, and the East Midlands Gateway location was selected as it gave them direct access to an intermodal rail terminal, both as a means to reduce transport costs from the deep-sea container ports and 'future proofing' with regards to de-carbonisation.
- 10.18 Essentially, buildings reach the end of their useful economic life and are no longer suitable for their original designed use; a more modern replacement facility is therefore required. Older buildings can either be substantially refurbished for new occupiers or for a different use, or demolished and the plot 'recycled' for new buildings (which may or may not be warehousing). However, a consequence of this process is that new sites need to be brought forward (or new plots at existing sites) in order to allow occupiers to re-locate to new buildings, thereby releasing the existing facility for refurbishment or demolition.
- 10.19 In order to estimate the 'replacement build' element to 2050 (i.e. floor space which will become functionally obsolete or in some cases physically obsolete), the existing stock of large-scale warehousing in the West Midlands region and the Coventry and Warwickshire study needs to be considered. This has been undertaken and is detailed above.
- 10.20 On the basis that the average useful economic life of a modern warehouse building is 30 years, up to 2050 we could expect around 97% of the existing warehouse stock in the areas being considered to require replacement (i.e. $29 \text{ years}/30 \text{ years} = 97\%$). Likewise, up to 2031 and 2041 we could therefore expect around 33% and 67% respectively of the existing warehouse stock to require replacement. This can be considered the 'high replacement build' scenario as we have also considered a position where the rate of replacement begins to slow compared with historical trends. This may extend the useful life to around 40 years. This suggests that around 73% of the existing stock will require replacement up 2050. This can be considered the 'low replacement build' scenario.

10.21 The table below shows the estimated 'replacement build' rates under both scenarios for the Coventry and Warwickshire study and the West Midlands region to 2050.

Table 10.5 Replacement Build Rates to 2031, 2041 and 2050

Existing floor space - Coventry and Warks	2,244	000s sqm	
Existing floor space - West Midlands	7,559	000s sqm	
	000s sqm		
	2031	2041	2050
High Replacement Scenario			
Coventry and Warks	748	1,496	2,169
West Midlands	2,520	5,039	7,307
Low Replacement Scenario			
Coventry and Warks	561	1,122	1,627
West Midlands	1,890	3,780	5,480
High			
% replacement assuming	33%	to 2031	
30 years economic life	67%	to 2041	
	97%	to 2050	
Low			
% replacement assuming	25%	to 2031	
40 years economic life	50%	to 2041	
	73%	to 2050	

Source: MDST Warehouse Database and estimated replacement rates

Growth Build

10.22 Demand for warehouse floor space is driven by the need to handle, store and re-distribute cargo. Therefore, future economic growth in the wider economy along with forecast population increases will lead to a growth in the volume of consumer goods handled. This in turn will lead to increasing demand for additional warehouse floor space. Consequently, new warehouses are constructed partly to accommodate growing traffic volumes over the long term (the 'growth build' element).

10.23 In order to estimate the growth build element two factors need to be considered, namely:

- The current (2021) volume of goods which are delivered directly to large-scale distribution centres in Coventry and Warwickshire and the West Midlands region (i.e. only including those commodities which pass through large-scale distribution centres, so excluding bulk and semi-bulk cargoes such as aggregates and forest products); and

-
- Likewise, the volumes of goods that can be expected to be delivered directly to large-scale distribution centres in Coventry and Warwickshire and the West Midlands region in the forecast years up to 2050.
- 10.24 Both current and forecast volumes (as described) have been produced using the MDS Transmodal GB Freight Model. This is an analytical tool which can estimate existing freight flows (by origin-destination, mode, commodity and port of entry/departure for international traffics) and generate forecasts for future years (on the same basis) under different policy and economic scenarios. It has recently been used to generate forecasts for the DfT, Network Rail, Highways England, the NIC and Midlands Connect.
- 10.25 In 2020, MDS Transmodal produced an updated set of rail freight demand forecasts for Network Rail for the years 2023, 2033 and 2043 (to inform their long term planning process). They were subsequently re-produced in the recently published Solent-Midlands Multimodal Freight Strategy jointly produced by Network Rail and Highways England. We have therefore extracted the relevant rail and road forecast traffic volumes from the 'central' scenario (Scenario E) Network Rail forecasts. Values for 2031, 2041 and 2050 were interpolated from the 2033 and 2043 outputs.
- 10.26 The table below shows the total volume of cargo currently destined for Coventry and Warwickshire (for commodities which pass through large-scale warehouses) alongside the proportion estimated to be delivered directly to large scale distribution centres. Based on previous projects, we estimate this to be 45% of total tonnage delivered for road freight, while all inbound containerised rail traffic is assumed to be destined for a large-scale warehouse. It is also assumed that a proportion of intermodal rail traffic destined for an East Midlands terminal (DIRFT and East Midlands Gateway) will eventually end up in a West Midlands distribution centre (in this case, 25% is assumed). On the same basis, projected volumes for the forecast years up to 2050 are presented. The table following shows the equivalent figures for the West Midlands region.

Table 10.6 Existing and Forecast Freight Traffic Destined for Coventry and Warwickshire

Coventry & Warks	000s tonnes-lifted			
	2021	2031	2041	2050
Road				
Total	25,552	27,838	30,713	33,036
Total to warehouse	11,499	12,527	13,821	14,866
Intermodal Rail				
Total	943	985	1,152	1,246
To warehouse	943	985	1,152	1,246
From East Mids rail terminal - To warehouse	409	701	1,051	1,340
Total to warehouse	1,352	1,686	2,204	2,587
Total to warehouse	12,851	14,213	16,025	17,453
Growth v 2021		1,362	3,174	4,602

Source: MDS Transmodal GB Freight Model

Table 10.7 Existing and Forecast Freight Traffic Destined for West Midlands

West Midlands	000s tonnes-lifted			
	2021	2031	2041	2050
Road				
Total	132,003	147,002	167,538	183,528
Total to warehouse	59,402	66,151	75,392	82,588
Intermodal Rail				
Total	2,423	3,107	4,427	5,328
To warehouse	2,423	3,107	4,427	5,328
From East Mids rail terminal - To warehouse	409	701	1,051	1,340
Total to warehouse	2,832	3,808	5,478	6,669
Total to warehouse	62,234	69,959	80,870	89,256
Growth v 2021		7,725	18,636	27,022

Source: MDS Transmodal GB Freight Model

- 10.27 The forecasts, as described, indicate that for the Coventry and Warwickshire study area an additional 4.6 million tonnes can be expected to pass through large scale distribution centres in 2050 compared with 2021. Likewise, the equivalent figure for the West Midlands region is an additional 27 million tonnes over 2021 volumes.
- 10.28 The growth in annual traffic for each forecast year (when compared with 2021 levels) have subsequently been converted into the need for additional floor space i.e. the growth build element,

using generally accepted 'conversion factors' which relates annual tonnage throughput and floor space at large scale 'high bay' type warehouses. The tables below show the forecast traffic growth alongside the additional floor space required to handle that growth.

Table 10.8 Forecast Traffic Growth and Additional Floor Space Required

	2031	2041	2050
Coventry and Warks			
Traffic growth v 2021 (000s tonnes)	1,362	3,174	4,602
Additional floor space (000s sqm)	54	125	181
West Midlands			
Traffic growth v 2021 (000s tonnes)	7,725	18,636	27,022
Additional floor space (000s sqm)	304	733	1,063

Source: MDS Transmodal GB Freight Model and Consultant estimations

Total New-Build and Land Requirements

- 10.29 By combining the 'replacement build' and 'growth build' elements, the total warehouse new-build which can be expected for each forecast year can be calculated. This is shown in the tables below for the various scenarios.

Table 10.9 Forecast New-Build Rates to 2050 – Coventry and Warwickshire

	000s sqm		
Coventry and Warks	2031	2041	2050
High Replacement Scenario			
Replacement build	748	1,496	2,169
Growth build	54	125	181
Total	802	1,621	2,350
Low Replacement Scenario			
Replacement build	561	1,122	1,627
Growth build	54	125	181
Total	615	1,247	1,808

Source: MDS Transmodal GB Freight Model and Consultant estimations

Table 10.10 Forecast New-Build Rates to 2050 – West Midlands

West Midlands	000s sqm		
	2031	2041	2050
High Replacement Scenario			
Replacement build	2,520	5,039	7,307
Growth build	304	733	1,063
Total	2,824	5,773	8,371
Low Replacement Scenario			
Replacement build	1,890	3,780	5,480
Growth build	304	733	1,063
Total	2,194	4,513	6,544

Source: MDS Transmodal GB Freight Model and Consultant estimations

NB: The West Midlands total includes the new-build rate for Coventry and Warwickshire

- 10.30 For the High Replacement scenario within Coventry and Warwickshire, around 1.6 million square metres of new large-scale warehouse floor space is forecast to be built by 2041 and just under 2.4 million square metres by 2050. For the West Midlands region as a whole, we would expect around 8.4 million square metres of new-build floor space by 2050.

Traffic Forecasts – Sensitivity Analysis

- 10.31 We have also undertaken a ‘sensitivity test’ freight forecast. In this case, the forecast traffic volumes quoted above for 2050 are estimated to grow by a further 15%, with the volumes in the interval years interpolated between the higher 2050 forecast and the 2021 actual. This is shown in the table below for Coventry and Warwickshire and the West Midlands region.
- 10.32 The sensitivity analysis is run to understand the effect of changes in the traffic growth volumes on the overall need for warehousing floorspace. It aims to understand and quantify what impact a 15% uplift in traffic volumes would have on warehouse space.

Table 10.11 Sensitivity Test Traffic Forecast (2050 Traffic Forecast + 15%) – Coventry and Warwickshire

Coventry & Warks	000s tonnes-lifted			
	2021	2031	2041	2050
Road				
Total	25,552	29,842	34,131	37,991
Total to warehouse	11,499	13,429	15,359	17,096
Rail				
Total	943	1,112	1,281	1,433
To warehouse	943	1,112	1,281	1,433
From East Mids rail terminal - To warehouse	409	799	1,190	1,541
Total to warehouse	1,352	1,912	2,471	2,975
Total to warehouse	12,851	15,340	17,830	20,071
Growth v 2021		2,490	4,979	7,220

Source: MDS Transmodal GB Freight Model plus 15% additional traffic

Table 10.12 Sensitivity Test Traffic Forecast (2050 Traffic Forecast + 15%) – West Midlands

West Midlands	000s tonnes-lifted			
	2021	2031	2041	2050
Road				
Total	132,003	159,263	186,524	211,058
Total to warehouse	59,402	71,669	83,936	94,976
Rail				
Total	2,423	3,701	4,978	6,128
To warehouse	2,423	3,701	4,978	6,128
From East Mids rail terminal - To warehouse	409	799	1,190	1,541
Total to warehouse	2,832	4,500	6,168	7,669
Total to warehouse	62,234	76,169	90,104	102,645
Growth v 2021		13,935	27,870	40,411

Source: MDS Transmodal GB Freight Model plus 15% additional traffic

- 10.33 On this basis, for Coventry and Warwickshire an additional 7.2 million tonnes can be expected to pass through large scale distribution centres in 2050 compared with 2021 (or a further 2.6 million tonnes annually over the standard traffic forecast). Likewise, the equivalent figure for the West Midlands region is an additional 13.4 million tonnes over 2021 volumes.

10.34 As per above, the growth in annual traffic (compared with 2021 levels) for the sensitivity test traffic forecasts have subsequently been converted into the need for additional floor space using the same generally accepted 'conversion factors'. The tables below show the sensitivity test forecast traffic growth alongside the additional floor space required to handle that growth.

Table 10.13 Sensitivity Test Forecast Traffic Growth and Additional Floor Space Required

	2031	2041	2050
Coventry and Warks			
Traffic growth v 2021 (000s tonnes)	2,490	4,979	7,220
Additional floor space (000s sqm)	98	196	284
West Midlands			
Traffic growth v 2021 (000s tonnes)	13,935	27,870	40,411
Additional floor space (000s sqm)	548	1,097	1,590

Source: MDS Transmodal GB Freight Model plus 15% and Consultant estimations

10.35 Again, by combining the 'replacement build' and 'growth build' elements, the total warehouse new-build which can be expected for each forecast year can be calculated. This is shown in the tables below for the various scenarios.

Table 10.14 Traffic Forecast and Sensitivity Test Comparison – Coventry & Warwickshire

Coventry and Warks	000s sqm		
	2031	2041	2050
High Replacement Scenario			
Replacement build	748	1,496	2,169
Growth build	98	196	284
Total	846	1,692	2,453
Low Replacement Scenario			
Replacement build	561	1,122	1,627
Growth build	98	196	284
Total	659	1,318	1,911

Source: MDS Transmodal GB Freight Model + 15% and Consultant estimations

Table 10.15 Traffic Forecast and Sensitivity Test Comparison – West Midlands

	000s sqm		
<i>West Midlands</i>	2031	2041	2050
High Replacement Scenario			
Replacement build	2,520	5,039	7,307
Growth build	548	1,097	1,590
Total	3,068	6,136	8,897
Low Replacement Scenario			
Replacement build	1,890	3,780	5,480
Growth build	548	1,097	1,590
Total	2,438	4,876	7,071

Source: MDS Transmodal GB Freight Model + 15% and Consultant estimations

Overall Results

- 10.36 The tables below therefore compares the standard traffic forecast outputs with those for the sensitivity test (for the High Replacement scenario). Overall, the sensitivity test only adds around 100,000 square metres to the new-build rate by 2050. This illustrates that the replacement demand – the need for newer, modern warehouse units - is the main driver of floorspace needs within the model.

Table 10.16 Traffic Forecast and Sensitivity Test Comparison

	000s sqm		
	2031	2041	2050
Coventry and Warks			
Traffic Forecast Low Replacement	615	1,247	1,808
Traffic Forecast High Replacement	802	1,621	2,350
Sensitivity Test High Replacement	846	1,692	2,453
Difference	44	71	103
West Midlands			
Traffic Forecast Low Replacement	2,194	4,513	6,544
Traffic Forecast High Replacement	2,824	5,773	8,371
Sensitivity Test High Replacement	3,068	6,136	8,897
Difference	244	363	527

- 10.37 Assuming a range of plot ratios, the requirement range for the study area’s strategic warehousing needs is set out below. This is then compared to the results of the completions trend analysis.
- 10.38 It is of note the 0.35 plot ratio was preferred in the Leicestershire Strategic Distribution 2021 report based on plot ratio testing. We consider this to be more appropriate based on recent development

trends. On this basis the modelling suggests that the completions trends of the 2011-19 period may exceed the needs over the plan period to 2041.

Table 10.17 Coventry and Warks Strategic Warehousing Land Needs 2021-2041, ha

	Sq.m floorspace	Land (Ha) @0.4 Plot Ratio	Land (Ha) @0.35 Plot Ratio
Traffic Forecast Low Replacement	1,247,000	312	356
Sensitivity Test Low Replacement	1,318,000	330	377
Traffic Forecast High Replacement	1,621,000	405	463
Sensitivity Test High Replacement	1,692,000	423	483
Completions Projection			458

Source: MDST/lceni

10.39 In drawing conclusions there are then a number of key issues which arise including:

- a) is it more appropriate to use the low or high replacement scenario;
- b) what weight should be given to the sensitivity testing and completions trends; and
- c) to what extent is it feasible to see replacement – i.e. redevelopment of buildings – happening on existing sites, or indeed former industrial sites, as opposed to requiring new land.

10.40 There are a number of different factors which need to be weighed up in assessing the 'high replacement' and 'low replacement scenarios.' These include:

1. Market evidence suggests that while many existing older buildings may be physically sound, they are increasingly becoming functionally obsolete. To a great extent, this situation is being driven by changes in the retail sector, and in particular the large growth rates for e-commerce. As noted above, many older buildings cannot accommodate the automated picking/packaging equipment required for on-line sales, or the ability to handle distribution to retail outlets alongside direct to home e-commerce deliveries under the same roof. Many existing retailers have been and are continuing to modernise their distribution facilities. A further consequence of e-commerce growth is a growing need for smaller purpose built 'cross-dock' type facilities close to urban conurbations where goods from on-line customer fulfilment centres can be transferred directly to LGVs/MGVs for final delivery to residential properties. This requirement is effectively replacing the traditional RDC warehouse.

2. The de-carbonising agenda is likely to drive further demand for warehouse facilities which are either directly served by the railway network (such as at Birch Coppice or Hams Hall) or at sites close to intermodal terminals. Long distance trunk-hauls from ports and to/from more distant domestic origins/destinations can then be undertaken by (predominantly) electric powered trains (as battery electric HGVs are unlikely to have sufficient range).

3. Increasing automation within warehouses and the need for RDCs and ‘cross-dock’ type facilities to be equipped with fast-charging points (in order that multiple LGVs/MGVs can be re-charged while they are loaded) is driving demand for warehouse facilities which have substantially higher electric power requirements. Many older warehouses are located where the regional electricity distribution network does not have sufficient capacity, leading to demand for new buildings at locations where grid power capacity is available.

4. Set against this, the capital values of many units build from the late 1990 onwards is likely to be too high to see them demolished. We would therefore expect to see some refurbishment (rather than replacement) of stock build post 2000 or sub-division to provide smaller units. Refurbishment is most likely for units on plots of over 10 ha.

10.41 These factors draw in different directions, and we consider that it would therefore be appropriate to take the midpoint between the low and high replacement scenarios in identifying a minimum level of floorspace provision. This equates to a minimum need for 410 ha to 2041.

10.42 We do however consider that there are there are factors which point to the potential to see stronger demand than this. Firstly is the shift towards e-commerce which has arisen from the Covid-19 pandemic, which has accelerated previous trends. Second is the effects of trade disruptions and macro-economic uncertainties, including the effects of Brexit and the blocking of the Suez Canal, on level of stock holding (the impacts of which have been to increase the requirements for warehouse space).

10.43 IcenI therefore consider that it would be appropriate to plan for future development to be in line with recent completions trends over the initial 10 year period (2021-31), with the subsequent decade then seeing potentially slower growth in line with the traffic growth and replacement demand modelling.

Table 10.18 Conclusions on the Quantitative Need for Strategic Warehousing Floorspace

	Ha
Need 2021-31 (based on completions trend)	229
Need 2031-41 (based on traffic growth and replacement demand)	207
Total need	436

10.44 As is standard practice, it is then appropriate to include a margin to support a choice of sites in a competitive market and ensure that there is some flexibility of supply to allow for some unforeseen delays in delivery without constraining the market. A 5 year margin based on the 5 year completions trend in considered appropriate.

10.45 The table below calculates on this basis the scale of development which we would recommend is planned for.

Table 10.19 Recommended Need for Strategic B8 – Coventry & Warwickshire

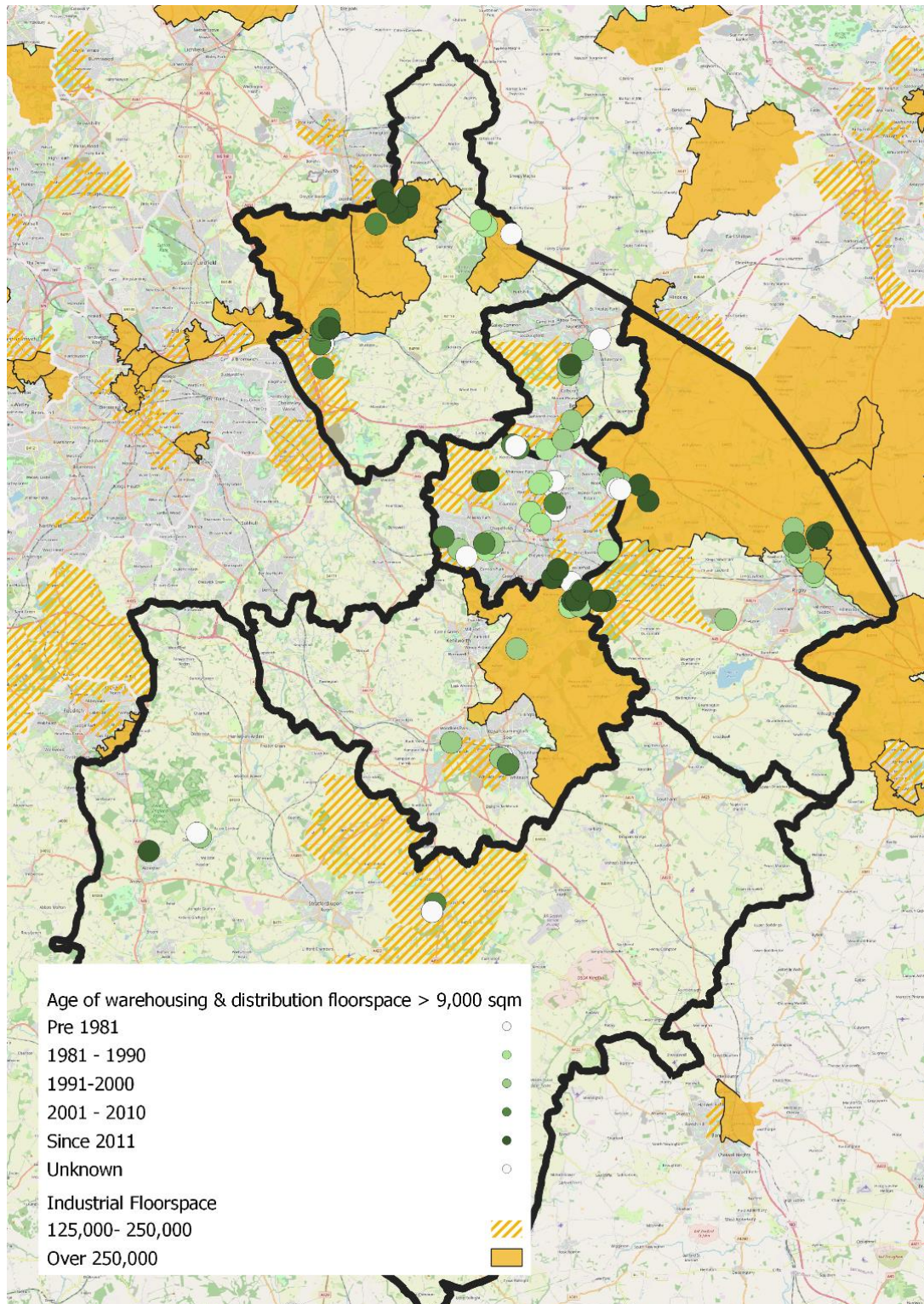
Ha	Need to 2041	Need to 2050
Base Need	436	620
5 Year Margin	115	115
Total Land Requirement	551	735

The Potential for Recycling or Reuse of Existing Strategic B8 Sites

- 10.46 The above analysis identifies the quantum of development which might be expected together with the appropriate supply-side margin to allow for demand uncertainties, slippage and ensure a choice of sites.
- 10.47 In this section we move on to consider the degree to which it might be realistic for part of the need identified to be met through recycling of existing sites, and to provide guidance for the detailed local consideration of the potential for this.
- 10.48 In general terms, sites which are likely to be suitable for redevelopment to provide new large warehousing units will be on plot of over 10 ha in good quality locations which relate well to the strategic road / main A-road network, have adequate power supply, are accessible by public transport and where there are no neighbouring uses which could restrict the operation of the warehouse.
- 10.49 The work on the HEDNA has not included a detailed assessment of existing sites to assess the ongoing suitability to cater for the needs of this market segment, and address issues such as the shape of plots, access, environmental quality, adjacent uses, public transport accessibility etc. However we have sought to give some consideration to the potential to deliver a proportion of the assessed through the redevelopment of existing sites.
- 10.50 The map below indicates that existing warehousing space in the sub-region of over 9,000 sq.m is generally relatively well-located having regard to the strategic road network. However older stock is particularly concentrated within Coventry and in established estates in Rugby and Nuneaton. Urban sites in Coventry away from the Strategic Road Network may be less attractive, but there may be other locations such as Bermuda Business Park, Swift Valley or Atherstone where land can be recycled. Supply assessments for individual authorities might consider these issues further to further interrogate whether a proportion of the identified need could be met through existing sites. Equally there is potential for brownfield former manufacturing sites to come forwards, which in some circumstances may be suitable for large scale B8 development.²⁶ These issues can be picked up through local authorities' land availability assessments.

²⁶ We note for instance that Prologis Ryton and Hams Hall were brownfield sites.

Figure 10.2: Spatial Distribution of B8 Units of over 9,000 sq.m by Age



11. DRAWING CONCLUSIONS ON EMPLOYMENT LAND NEEDS

- 11.1 The outcomes of the modelling and recommended future requirements are considered below with a view to drawing conclusions on future employment land needs. The analysis includes consideration of an appropriate 'margin' for flexibility.

Offices

- 11.2 In most instances the VOA trend is negative based on the last ten years of net change. Significant losses in Warwick and Coventry have been seen historically and are extrapolated forwards in this scenario. However this unlikely to be realistic or desirable, given that PDR related losses will have converted poorer quality stock already and there is likely to be demand in the future from growing sectors. New City Centre office floorspace has been coming forwards in Coventry City Centre at Friargate since 2018 which has driven up the gross completions trend.
- 11.3 Given that office requirements tend to be closely linked to employment levels, it is recommended that in the round **the labour demand models best represent future needs for office floorspace**. The labour demand should best represent the future economic outlook, it is recommended that this be used for planning policy requirements.
- 11.4 There is some uncertainty about future levels of occupancy and utilisation of offices post pandemic and clarity regarding this may not be gained for some time. At the present time it would be reasonable to plan for the modelled needs, but it may be suitable to consider a lower rate of need based on the sensitivity model that assumes that homeworking trends permanently increase to reduce future densities by around 30% (Tables 10.7 / 10.8).
- 11.5 In reality there is some expectation that future office demand will be focused on higher quality provision that is more likely to manifest in stronger markets – notably Coventry and Warwick/Leamington – which is reflected to a degree in the labour demand figures.
- 11.6 It is of note that Friargate in Coventry City Centre – 2.35m sq.ft offices – would deliver substantially above the forecasts here and has the potential to support additional inward investment in City Centre as well as compensate for historic under delivery and past losses. Grade A space can attract inward investment and will likely capture greater share of take-up than historically. However wider office market trends point to lower overall demand in the future in the post pandemic period; with competition from other locations such as Birmingham City Centre and Arden Cross. It will be important to monitor market trends.

Industrial and Warehousing

- 11.7 The VOA trends for net floorspace changes are high in North Warwickshire and Rugby, driven by warehousing developments and demand. These are more pronounced in recent years influenced by strong demand for both manufacturing and warehousing/ logistics space. Furthermore trends in Nuneaton and Bedworth, Stratford-on-Avon and Coventry have also been positive recently – in part influenced by delivery on sites allocated through local plans.
- 11.8 The labour demand model produces a much narrower range and suggests that forecast industrial losses are outweighed by gains in warehousing needs in all areas – although in reality these may be overly influenced by national trends in manufacturing rather than representing actual floorspace requirements for industry, further compounded by a delinking of floorspace needs from jobs growth as capital inputs drive productivity to a greater extent than workforce growth does.
- 11.9 Neither the VOA or labour demand models are able to differentiate the strategic and more local industrial / warehouse requirements.
- 11.10 **The completions data is likely to be the best representation of market needs for the next phase of plan making for industrial / warehousing floorspace** particularly for the short/medium-term. Comparing the completions data with other sources, monitoring by authorities suggests far higher levels of development have been achieved and therefore may be required in the future.
- 11.11 Consultation suggests that **whilst B8 demand is very strong, and that there is a need for separate allocations for B1c/B2 where land is delineated from sites going for B8** in order to support the manufacturing sector. There is a strong manufacturing sector in the sub-region which needs to be provided for.

Adjustments for Margin

- 11.12 It is recommended a margin for flexibility be applied that recognises:
- Forecasting is not an exact science;
 - Locational and site size requirements vary; and
 - Potential for delay/slippage in sites coming forward.
- 11.13 The margin allows for the potential for delay in some sites coming forwards; an additional buffer so that in future demand is greater than forecasts it can be accommodated, and to reflect the right market in recent years with low current vacancy rates.

- 11.14 This is included as five years of gross completions for industrial / distribution²⁷ and 2 years for offices / R&D, as shown below. Five years is traditionally considered suitable as a margin however in the case of offices it is disproportionate to the scale of need modelled and likely to lead to an over inflation of figures.

Table 11.1 Margin for Flexibility (excl strategic B8) (Ha)

	Office/ R&D	Industrial exc B8 strategic	Total
N. Warwickshire	0.7	11.2	11.9
N. and Bedworth	0.2	9.1	9.3
Rugby	1.9	30.1	32.0
Stratford-on-Avon	-	33.2	33.2
Warwick	-	11.2	11.2
Coventry	4.6	29.5	34.1
Total	7.4	124.3	131.7

Source: Icen

- 11.15 For Stratford and Warwick, data issues mean no office margin is included. It may therefore be appropriate to treat figures as minima; but this should be informed by detailed consideration of the office stock and trends in losses.

Replacement Demand

- 11.16 Replacement demand factors make provision for losses of future stock, assuming that past patterns of losses continue. It is normal that some stock is lost as it ages and premises become redundant. This can be due to changing industry patterns or because firms simply need new premises. Differences between losses and gains as well as market feedback can be useful indicators of the need for replacement demand. The sector by sector matters are discussed below.

Offices

- 11.17 Considerable losses have occurred in Coventry through Change of Use under Permitted Development Rights (PDR). The VOA negative net trend is considerable in Coventry and to a lesser extent in Warwick. The Friargate scheme is an ambitious proposal for Coventry that can both compensate for some losses of older stock and attract new investment. Otherwise, Icen is of the view that specific provision for replacement demand of offices is not warranted in the current market.

Industrial and Warehousing

- 11.18 If a positive approach is taken to provision overall, through the use of gross completions, there is no need to make further inclusion for replacement demand. If net (VOA) trends were used then a considerable additional allowance would be required. Making a judgement on the rate of replacement of older stock (such as 50% of historic losses) preferably requires a detailed understanding of the

²⁷ Increased on a pro-rata basis for projections to 2050

pattern, type and nature of losses in local areas which is better suited to individual area ELRs. Using the gross completions does assume that past losses will to an extent continue and some of the forecast need may occur on recycled existing industrial premises.

Recommendations

11.19 Taking into account the narrative above the following recommendations are made in regard to future needs. These draw on:

- labour demand modelling for office needs;
- gross completions trends for industrial and warehousing; and
- margin.

Table 11.2 Employment Land Needs 2021-2041, ha

	Office	General Industrial	Sub-Total	Strategic B8
N. Warwickshire	5.3	56.1	61.4	
N. and Bedworth	2.2	45.5	47.7	
Rugby	5.2	150.5	155.7	
Stratford-on-Avon	5.2	166.1	171.3	
Warwick	11.4	56.2	67.6	
Coventry	8.5	147.6	156.1	
Total	37.7	621.9	659.6	551

Source: VOA / CE/lceni

Table 11.3 Employment Land Needs 2021-2050, ha

	Office	General Industrial	Sub-Total	Strategic B8
N. Warwickshire	7.0	81.4	88.4	
N. and Bedworth	3.0	66.0	69.0	
Rugby	6.5	218.2	224.7	
Stratford-on-Avon	7.2	240.9	248.1	
Warwick	15.8	81.4	97.2	
Coventry	10.0	214.0	224.0	
Total	49.4	901.8	951.3	735

Source: VOA / CE/lceni

Meeting the Strategic B8 Need

11.20 We next turn to consider what approach should be used in meeting the strategic B8 need identified.

11.21 The PPG outlines that strategic policy-making authorities will then need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones). There are clearly multiple technical issues to be considered in assessing specific prospective sites including environmental and highways impacts, impacts on Green Belt or the landscape, through to power requirements etc. The intention of this report is therefore not to recommend specific locations, but to provide guidance which the local authorities in the sub-region can use in considering what sites are appropriate.

11.22 We consider that key locational considerations include:

- Road accessibility – sites should be located where they can be accessed from the strategic road network (motorway or significant A-road) which has capacity (or the potential to improve capacity) to support the proposed development. Regard in this respect should be had to planned improvements;
- Power supply – sites should be located where there is potential to access sufficient power. This is an important consideration given the potential for increased automation, electrification of vehicle fleets, and systems for chilled goods. Some power could however be generated through modern buildings with solar panels/ photovoltaics.
- Proximity to Rail Terminals – as explained co-location of warehousing on sites with rail terminals is becoming less relevant, but there are potential sustainability benefits and cost savings to transporting goods long distance by rail. The potential for rail access will also help to future proof investments. Sites close to existing / planned terminals with capacity should be assessed more positively.
- Labour availability – accessibility to labour is an important consideration. Locations which can draw on a wider labour pool should be assessed more positively. This will include urban areas within the sub-region, as well as outside of it – including Birmingham for instance. Regard should be had to the accessibility of locations by public transport, particularly from deprived areas and those with available labour market capacity, and the ability of employment nodes with a greater density of employment to sustain regular public transport services.
- Neighbouring activities – supply should not be located in close proximity to residential areas (or accessed through them), with suitable locations able to support 24/7 operations. They should be away from incompatible land uses. Locations should be able to accommodate high bay warehousing of at least 20m height without unacceptable impacts.

11.23 With this set of considerations in mind we would recommend that a geographical spread of commercially attractive sites is identified and brought forward, with the aim of catering for the requirements of occupiers with different locational requirements and avoiding issues of over-concentration which can create localised issues of labour market competition between businesses.

11.24 We consider on this basis that key potential corridors within the sub-region which could accommodate strategic B8 development include:

- M42/A446 Corridor – there is an existing concentration of B8 development in this area, which benefits from a rail terminal at Hams Hall and is proximate to a concentration of population in Birmingham including deprived areas in East Birmingham;
- M6 Corridor – this corridor includes Junctions 2 and 3 on the northern side of Coventry, as well as Junction 1 at Rugby. Coventry is a large population centre which includes areas of deprivation.
- M45/A45 Corridor – this corridor has seen the successful delivery of B8 development at Prologis Ryton, which is close to Coventry as a main population centre, with further land with planning permission at Symmetry Park Rugby and Coventry and Warwickshire Gateway. There is a rail terminal at DIRFT.
- A5 Corridor – this Corridor includes rail terminals at Hams Hall and DIRFT and connects to the M42, M6 and M1. There are however potential issues of capacity and the prospect/funding of dualling of the road. Parts of the corridor fall outside of the Green Belt.

11.25 Existing concentrations of development indicates that the above are attractive locations for strategic B8 development and relate well to the Golden Triangle. However there is the potential that over concentration of development in these areas in the north/west of the sub-region could create pressures particularly in terms of the highways network and labour market (subject to detailed assessment). Icenl therefore consider that there is the potential for other corridors within the sub-region, particularly in South Warwickshire, to play a greater potential role in providing strategic B8 development than they have historically. These include:

- M40 Corridor – there has been strategic B8 development brought forwards at Banbury and Bicester, highlighting the potential of this corridor. There is potential to consider provision at or close to junctions on this corridor within the sub-region.
- A46 Corridor – there is limited strategic B8 development on this corridor with potential that it could play some role in the future.

11.26 We would therefore envisage a continuing focus of strategic B8 growth in the north and west of the sub-region, but with a greater potential role for South Warwickshire than seen historically. Given the need for Green Belt development if the needs identified are to be met, it would be advisable to

coordinate assessment of suitable sites at a sub-regional level to integrate relevant consideration including landscape harm, power capacity, and seek to limit harm to Green Belt purposes. It would not be appropriate in our view to simply replicate past development patterns in respect of the spatial distribution of development by local authority.

- 11.27 Planning for strategic B8 development is inevitably an area where it will be important that the local authorities in the sub-region continue to collaborate.

PART D: MIX OF HOMES NEEDED

12. SIZES AND TYPES OF HOMES NEEDED

12.1 This section considers the appropriate mix of housing across the study area, with a particular focus on the sizes of homes required in different tenure groups for new development. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

12.2 The number of families in Coventry-Warwickshire (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 104,800 as of the 2011 Census, accounting for 29% of households; this proportion is similar to the regional and national average.

12.3 This analysis has drawn on 2011 Census data which is now somewhat out-of-date. However, it would be expected that general patterns between areas will remain broadly the same (i.e. areas with greater proportions of family households in 2011, will still be expected to have greater proportions now). New (2021) Census data should start to filter through later in 2022, which will allow for this analysis to be updated.

Table 12.1 Households with dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	Other household (with dependents)	All other households (no dependent children)	Total	Total with dependent children
Coventry-Warwickshire	No.	55,464	14,155	26,433	8,785	254,760	359,597	104,837
	%	15.4%	3.9%	7.4%	2.4%	70.8%	100.0%	29.2%
West Midlands	%	15.4%	4.3%	7.5%	2.9%	69.8%	100.0%	30.2%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

12.4 The table below shows the same information for each local authority. The analysis shows relatively few family households in Stratford-on-Avon (26%) and higher proportions in Coventry and Nuneaton & Bedworth; Coventry also sees a higher proportion of lone parent households than other locations.

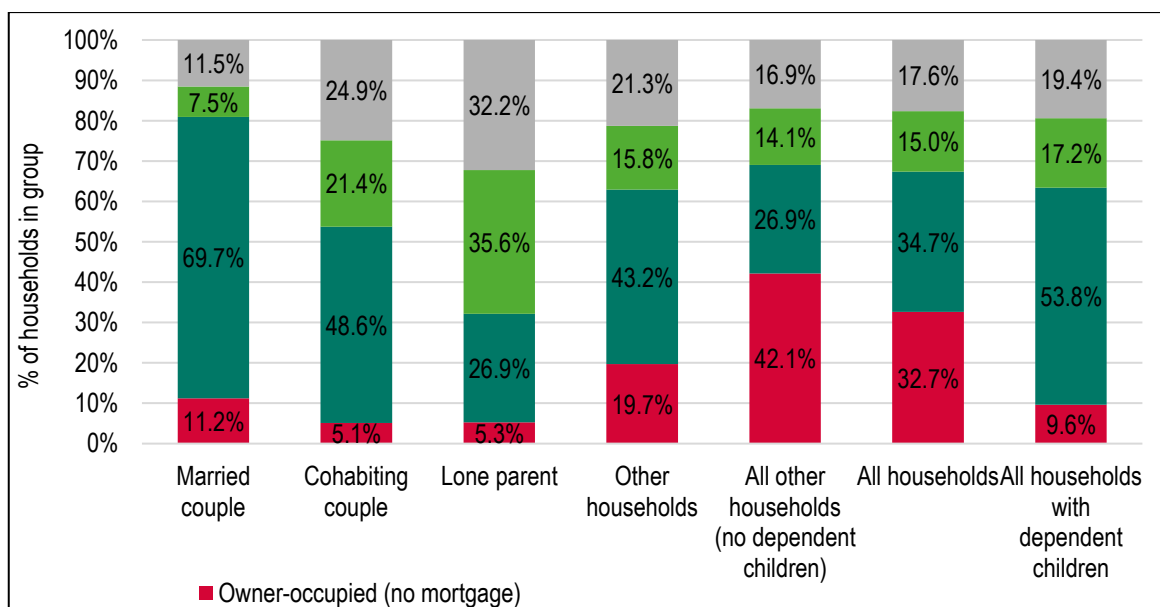
Table 12.2 Households with Dependent Children (2011) – local authorities

	Married couple	Cohabiting couple	Lone parent	Other household (with dependents)	All other households (no dependent children)	Total	Total with dependent children
Coventry	14.3%	3.9%	9.6%	3.2%	69.0%	100.0%	31.0%
North Warwickshire	15.3%	5.0%	5.8%	2.1%	71.6%	100.0%	28.4%
Nuneaton & Bedworth	15.4%	5.0%	7.5%	2.3%	69.8%	100.0%	30.2%
Rugby	16.9%	4.3%	6.4%	2.2%	70.2%	100.0%	29.8%
Stratford-on-Avon	16.7%	3.1%	4.9%	1.5%	73.8%	100.0%	26.2%
Warwick	15.8%	3.1%	5.7%	2.1%	73.4%	100.0%	26.6%
Warwickshire	16.1%	4.0%	6.1%	2.0%	71.9%	100.0%	28.1%
Coventry-Warwickshire	15.4%	3.9%	7.4%	2.4%	70.8%	100.0%	29.2%

Source: Census (2011)

12.5 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 32% of lone parent households are owner-occupiers compared with 81% of married couples with children.

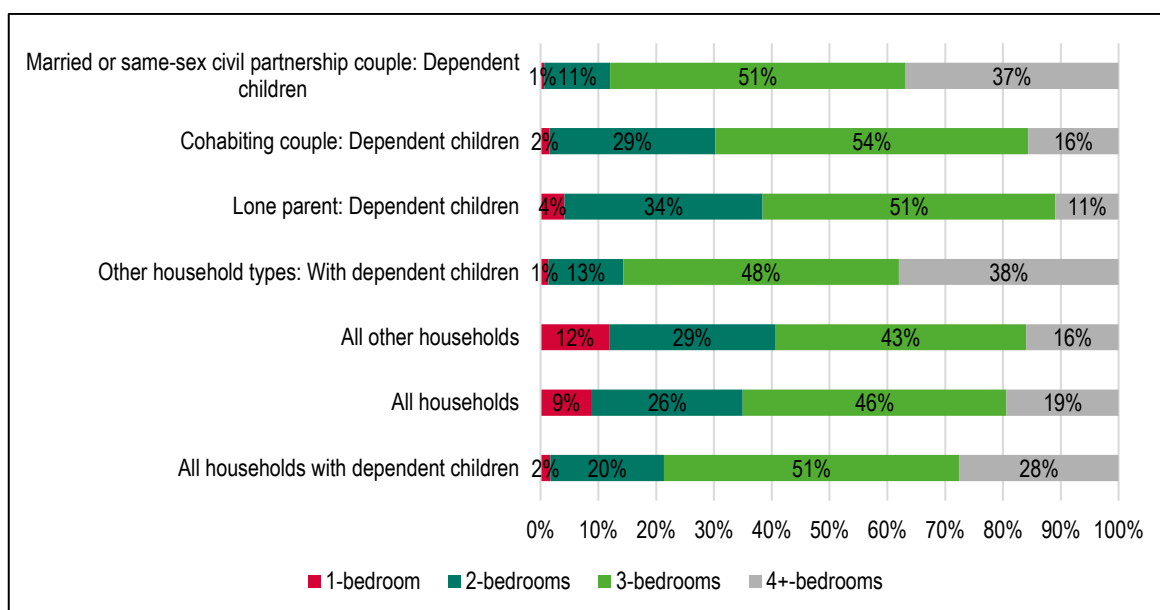
Figure 12.1: Tenure of households with dependent children (2011) – Coventry-Warwickshire



Source: Census (2011)

12.6 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3-bedroom housing with varying degrees of 2-and 4+-bedroom properties depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.

Figure 12.2 Number of Bedrooms by Family Household Type, 2011 – Coventry-Warwickshire



Source: Census (2011)

The Mix of Housing

- 12.7 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 12.8 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period (taken for the purposes of analysis to be the 2022-32 period).
- 12.9 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a generally similar profile of housing in each tenure group when compared with the regional and national position. Observations about the current mix feed into conclusions about future mix later in this section.

Table 12.3 Number of Bedrooms by Tenure, 2011

		Coventry- Warwickshire	West Midlands	England
Owner-occupied	1-bedroom	2%	2%	4%
	2-bedrooms	21%	20%	23%
	3-bedrooms	52%	54%	48%
	4+-bedrooms	25%	24%	25%
	Total	100%	100%	100%
Social rented	1-bedroom	31%	29%	31%
	2-bedrooms	35%	34%	34%
	3-bedrooms	31%	33%	31%
	4+-bedrooms	3%	4%	4%
	Total	100%	100%	100%
Private rented	1-bedroom	16%	18%	23%
	2-bedrooms	39%	37%	39%
	3-bedrooms	34%	36%	28%
	4+-bedrooms	12%	10%	10%
	Total	100%	100%	100%

Source: Census (2011)

- 12.10 The table below shows the same information for each of the local authorities – this shows broadly similar patterns across areas although there are a few notable differences; this includes a high proportion of 4+-bedroom market homes in Stratford-on-Avon, lower proportions of 1-bedroom social rented homes in Stratford-on-Avon and North Warwickshire.

Table 12.4 Number of Bedrooms by Tenure, 2011 – local authorities in Coventry-Warwickshire

		Coven- try	N Warwks	N & B	Rugby	SoA	Warwick
Owner-occupied	1-bedroom	2%	2%	2%	2%	3%	3%
	2-bedrooms	21%	19%	21%	20%	19%	22%
	3-bedrooms	60%	55%	57%	49%	40%	43%
	4+-bedrooms	17%	24%	20%	29%	38%	32%
	Total	100%	100%	100%	100%	100%	100%
Social rented	1-bedroom	34%	26%	33%	30%	20%	31%
	2-bedrooms	34%	34%	31%	34%	44%	37%
	3-bedrooms	29%	37%	33%	33%	32%	29%
	4+-bedrooms	4%	3%	3%	3%	4%	3%
	Total	100%	100%	100%	100%	100%	100%
Private rented	1-bedroom	14%	14%	14%	17%	15%	22%
	2-bedrooms	37%	37%	39%	39%	41%	42%
	3-bedrooms	37%	39%	40%	33%	30%	22%
	4+-bedrooms	12%	10%	7%	11%	14%	14%
	Total	100%	100%	100%	100%	100%	100%

Source: Census (2011)

Overview of Methodology

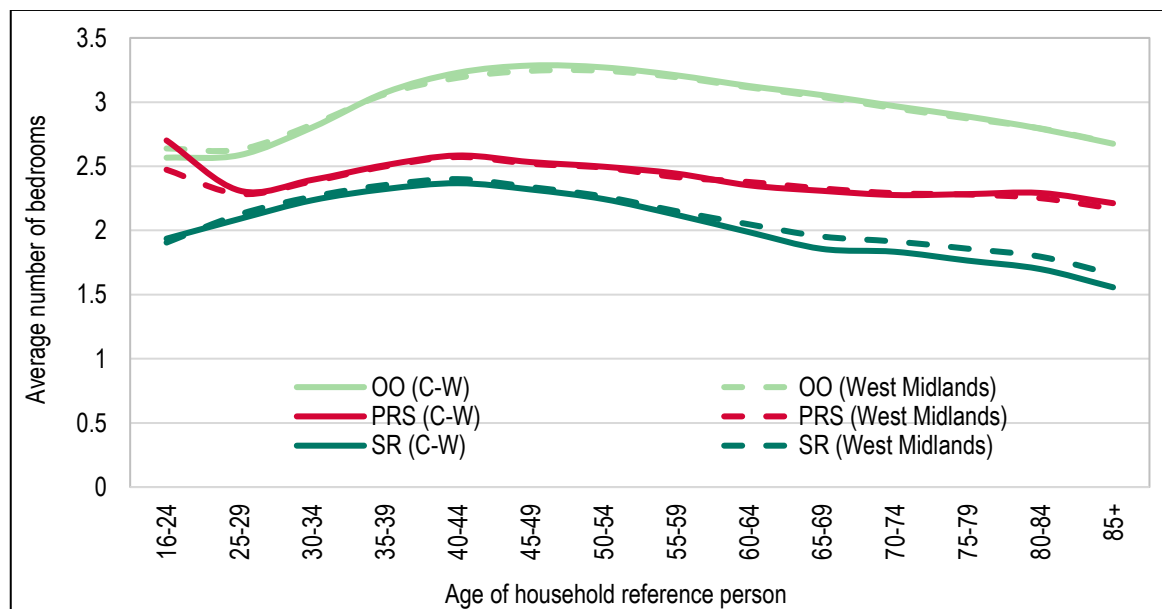
- 12.11 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

- 12.12 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 12.13 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.
- 12.14 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.
- 12.15 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 12.16 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 12.17 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Coventry-Warwickshire and the West Midlands. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is

seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.

Figure 12.3 Average Bedrooms by Age and Tenure in Coventry-Warwickshire and the West Midlands



Source: Census (2011)

12.18 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the West Midlands region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

12.19 The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

12.20 The table below presents the projected change in households by age of household reference person, this clearly shows particularly strong growth as being expected in older age groups (and to some

extent some younger age groups e.g. those aged up to 29). The number of households headed by someone aged 50-59 is projected to see a small decline over the period studied.

Table 12.5 Projected Change in Household by Age of HRP in Coventry-Warwickshire – trend-based projection

	2022	2032	Change in Households	% Change
16-24	14,994	18,176	3,182	21.2%
25-29	23,540	28,690	5,150	21.9%
30-34	33,791	36,785	2,994	8.9%
35-39	34,159	34,817	658	1.9%
40-44	34,011	37,959	3,948	11.6%
45-49	33,349	35,616	2,266	6.8%
50-54	37,864	34,694	-3,170	-8.4%
55-59	38,059	34,463	-3,596	-9.4%
60-64	32,515	37,322	4,807	14.8%
65-69	28,655	37,100	8,445	29.5%
70-74	29,354	31,396	2,042	7.0%
75-79	25,588	26,011	424	1.7%
80-84	18,169	24,355	6,185	34.0%
85 & over	17,284	21,939	4,655	26.9%
Total	401,332	439,322	37,990	9.5%

Source: Demographic Projections

Initial Modelled Outputs

- 12.21 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Analysis takes account of both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 12.22 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from the Local Authority Housing Statistics (“LAHS”) and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing approaching a quarter of households as requiring 3+- bedroom homes (over a third in Nuneaton & Bedworth).

Table 12.6 Breakdown of Housing Register by Current Bedroom Need, 2021

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	45%	30%	19%	6%
North Warwickshire	38%	38%	20%	4%
Nuneaton & Bedworth	22%	37%	35%	7%
Rugby	52%	19%	13%	16%
Stratford-on-Avon	57%	32%	9%	3%
Warwick	63%	24%	10%	4%
Warwickshire	50%	31%	15%	4%
Coventry-Warwickshire	47%	30%	17%	5%

Source: Local Authority Housing Statistics, 2020

- 12.23 The table below shows the modelled outputs of need by dwelling size in the three broad tenures. The table is provided by linking to local and regional occupancy patterns with the data taking an average of the two positions.

Table 12.7 Modelled Mix of Housing by Size and Tenure in Coventry-Warwickshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	26%	54%	18%
Affordable home ownership	18%	40%	31%	11%
Affordable housing (rented)	32%	35%	30%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 12.24 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 12.25 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).
- 12.26 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers), in particular, this shows a higher number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011,

there were 205,200 households with some degree of under-occupation and just 4,600 overcrowded households. For clarity the figure used in the tables below are:

- +2 – household has two or more spare bedrooms
- +1 – household has one spare bedroom
- 0 – household has the same number of bedrooms as required for family members
- -1 – household is overcrowded with one bedroom too few
- -2 – household is overcrowded with at least two bedroom too few

Table 12.8 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Coventry-Warwickshire

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	70,660	47,493	118,153
+1	0	39,239	37,507	10,328	87,074
0	4,850	9,674	15,772	2,251	32,547
-1	312	1,243	1,959	393	3,907
-2	104	163	304	102	673
TOTAL	5,266	50,319	126,202	60,567	242,354

Source: Census (2011)

12.27 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 12.9 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Coventry-Warwickshire

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	5,183	499	5,682
+1	0	9,392	5,204	732	15,328
0	15,423	8,097	5,139	468	29,127
-1	1,043	1,284	934	57	3,318
-2	132	135	107	9	383
TOTAL	16,598	18,908	16,568	1,764	53,838

Source: Census (2011)

Table 12.10 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Coventry-Warwickshire

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	8,683	2,692	11,375
+1	0	14,461	6,662	3,391	24,514
0	8,838	8,581	4,885	1,016	23,320
-1	1,137	1,254	969	199	3,559
-2	160	221	202	54	637
TOTAL	10,135	24,517	21,402	7,351	63,405

Source: Census (2011)

- 12.28 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.
- 12.29 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 12.11 Adjusted Modelled Mix of Housing by Size and Tenure – Coventry-Warwickshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	37%	41%	12%
Affordable home ownership	21%	43%	27%	10%
Affordable housing (rented)	34%	37%	25%	4%

Source: Housing Market Model (with adjustments)

- 12.30 The tables below show the same outputs for each of the local authorities. Generally the figures show similar patterns, although there are variations due to the current stock profile, projected future demographic change and levels of over- and under-occupation.

Table 12.12 Adjusted Modelled Mix of Housing by Size and Tenure – Coventry

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	37%	42%	11%
Affordable home ownership	21%	46%	18%	15%
Affordable housing (rented)	32%	38%	25%	5%

Source: Housing Market Model (with adjustments)

Table 12.13 Adjusted Modelled Mix of Housing by Size and Tenure – North Warwickshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	41%	43%	6%
Affordable home ownership	23%	36%	34%	7%
Affordable housing (rented)	34%	36%	26%	4%

Source: Housing Market Model (with adjustments)

Table 12.14 Adjusted Modelled Mix of Housing by Size and Tenure – Nuneaton & Bedworth

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	37%	42%	10%
Affordable home ownership	21%	40%	31%	8%
Affordable housing (rented)	37%	33%	25%	4%

Source: Housing Market Model (with adjustments)

Table 12.15 Adjusted Modelled Mix of Housing by Size and Tenure – Rugby

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	31%	44%	17%
Affordable home ownership	20%	38%	32%	11%
Affordable housing (rented)	34%	35%	27%	4%

Source: Housing Market Model (with adjustments)

Table 12.16 Adjusted Modelled Mix of Housing by Size and Tenure – Stratford-on-Avon

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	38%	40%	12%
Affordable home ownership	22%	42%	28%	8%
Affordable housing (rented)	35%	38%	23%	3%

Source: Housing Market Model (with adjustments)

Table 12.17 Adjusted Modelled Mix of Housing by Size and Tenure – Warwick

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	39%	39%	11%
Affordable home ownership	24%	44%	25%	8%
Affordable housing (rented)	35%	36%	25%	4%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

12.31 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented Housing

12.32 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is possible that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people); that said this group might also be expected to need other forms of accommodation (e.g. foyer or supported housing). In taking any recommendations forward, the Councils will therefore need to consider any specific issues in their local area.

12.33 As noted, the conclusions also consider the Housing Register, but recognises that this will be based on a strict determination of need using the bedroom standard; there will be some households able to afford a slightly larger home or who can claim benefits for a larger home than they strictly need (i.e. are not caught by the spare room subsidy ('bedroom tax') – this will include older person households). The conclusions also take account of the current profile of housing in this sector (which for example shows a varying proportion of 1-bedroom homes in the current stock across areas).

12.34 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing (which is close to the modelled outputs) would be appropriate.

Table 12.18 Suggested Mix of Social/Affordable Rented Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	30%	35%	25%	10%
North Warwickshire	30%	35%	25%	10%
Nuneaton & Bedworth	25%	35%	30%	10%
Rugby	35%	30%	20%	15%
Stratford-on-Avon	40%	35%	20%	5%
Warwick	40%	35%	20%	5%
Warwickshire	35%	35%	20%	10%
Coventry-Warwickshire	35%	35%	20%	10%

Source: Conclusions drawn on a variety of sources

Affordable Home Ownership

- 12.35 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested (with some adjustments to take account of student households in Coventry). It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate, and it can be noted that there really is very little difference in the recommendations across areas.
- 12.36 It can be seen that the profile of housing in this sector is generally for slightly larger homes than for the social/affordable rented sector – this will in part reflect the fact that some degree of under-occupation would be allowed in such homes. For 1-bedroom units, it needs to be recognised that the figures are driven by the modelling linked to demographic change; again Councils may need to consider if the figures are appropriate on a local context. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation.

Table 12.19 Suggested Mix of Affordable Home Ownership Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	20%	45%	25%	10%
North Warwickshire	20%	40%	30%	10%
Nuneaton & Bedworth	20%	40%	30%	10%
Rugby	20%	40%	30%	10%
Stratford-on-Avon	20%	45%	25%	10%
Warwick	20%	45%	25%	10%
Warwickshire	20%	40%	30%	10%
Coventry-Warwickshire	20%	45%	25%	10%

Source: Conclusions drawn on a variety of sources

Market Housing

- 12.37 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). This sees a slightly larger recommended profile compared with other tenure groups – again there is little variation across areas.

Table 12.20 Suggested Mix of Market Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	10%	40%	40%	10%
North Warwickshire	10%	35%	45%	10%
Nuneaton & Bedworth	10%	35%	45%	10%
Rugby	10%	30%	45%	15%
Stratford-on-Avon	10%	35%	40%	15%
Warwick	10%	40%	40%	10%
Warwickshire	10%	35%	45%	10%
Coventry-Warwickshire	10%	40%	40%	10%

Source: Conclusions drawn on a variety of sources

- 12.38 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.
- 12.39 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Councils could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

- 12.40 The analysis above has focussed on overall study area-wide and local authority needs with conclusions very much at the strategic level. It should however be recognised that there will be variations in the need within areas due the different role and function of a location and the specific characteristics of local households (which can also vary over time). This report does not seek to look at smaller-area needs, and this would be best suited to individual projects for local authorities; however, below are some points for consideration when looking at needs in any specific location.
- a) Whilst there will be differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
 - b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced rural areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;

c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock;

d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in the centre of towns may be more suited to flatted development (as well as recognising the point above about role and function) whereas a rural site on the edge of an existing village may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level.

12.41 The Councils should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall.

12.42 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement

Built Form

12.43 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

12.44 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the HMA and constituent authorities as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

12.45 The table below shows a notable proportion of homes are bungalows (7% of all flats and houses) with over half of these having 2-bedrooms (and most of the rest having 3-bedrooms); a slightly higher proportion (9%) of homes across England are bungalows.

Table 12.21 Number of dwellings by property type and number of bedrooms (March 2020) – Coventry-Warwickshire

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	3,720	14,750	6,600	1,540	130	26,690
Flat/Maisonette	31,450	33,230	2,690	1,870	660	69,890
Terraced house	1,640	40,880	80,250	6,700	520	129,970
Semi-detached house	320	15,670	77,660	8,700	370	102,700
Detached house	140	2,470	26,080	40,840	670	70,200
All flats/houses	37,270	107,000	193,280	59,650	2,350	399,450
Annexe	-	-	-	-	-	560
Other	-	-	-	-	-	1,710
Unknown	-	-	-	-	-	6,260
All properties	-	-	-	-	-	407,990

Source: Valuation Office Agency

12.46 For individual local authorities the proportion of the stock that is bungalows is shown below. Generally across the County, the proportion does not vary much, going from 11.2% in Charnwood, up to 14.0% in Hinckley & Bosworth:

- Coventry – 4.0%;
- North Warwickshire – 8.7%;
- Nuneaton & Bedworth – 7.3%;
- Rugby – 8.9%;
- Stratford-on-Avon – 10.0%;
- Warwick – 6.6%;
- Warwickshire – 8.2%; and
- Coventry-Warwickshire – 6.7%

12.47 In general, discussions with local estate agents find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).

12.48 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

12.49 As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

-
- 12.50 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 12.51 Overall, the Councils should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are often relatively land intensive.
- 12.52 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats vs. Houses

- 12.53 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.
- 12.54 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in Coventry-Warwickshire and England. This shows a total of 30% of all bedroom homes as flats and would potentially point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors. It is considered that greater emphasis should be given to mix by dwelling size than type recognising the potential for built-form to vary in different locations.
- 12.55 This analysis is based on considering the current built-form in different tenures. Any decisions about the types of dwelling to be provided will need to take account of factors such as households type of those likely to occupy dwellings (where for example households with children will be more suited to a house than a flat). However, site characteristics may also play a role in deciding the most suitable built-form (e.g. city/town centre developments may be more suited to flats).

Table 12.22 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Owner-occupied	Social rented	Private rented	All (2-bedroom)
Coventry	21%	51%	42%	34%
North Warwickshire	9%	18%	27%	15%
Nuneaton & Bedworth	10%	42%	37%	21%
Rugby	13%	33%	38%	23%
Stratford-on-Avon	17%	33%	34%	25%
Warwick	28%	58%	59%	43%
Warwickshire	17%	39%	43%	28%
Coventry-Warwickshire	18%	44%	43%	30%
England	21%	48%	50%	35%

Source: 2011 Census

- 12.56 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing, although it is still the case that houses are likely to make up the majority of the need in this sector.

Summary

- 12.57 The proportion of households with dependent children is similar to the regional and national average with around 30% of all households containing dependent children in 2011. There is limited variation in the proportion of households with children across areas, although it is notably that the City has a greater proportion of parents.
- 12.58 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to demographic change concludes that the following represents an appropriate mix of affordable and market homes for new development, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which are particularly high in the market sector).

Table 12.23 Suggested Mix of Housing by Size and Tenure – Coventry-Warwickshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	40%	40%	10%
Affordable home ownership	20%	45%	25%	10%
Affordable housing (rented)	35%	35%	20%	10%

Source: Derived from Housing Market Model

-
- 12.59 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- 12.60 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Councils should also monitor the mix of housing delivered.
- 12.61 Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Councils should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.
- 12.62 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

13. SPECIFIC HOUSING MARKET SEGMENTS

Self and Custom-Build Housebuilding

- 13.1 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) (“the 2015 Act”) provides a legal definition of ‘self-build and custom housebuilding’ which is where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 13.2 The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector. In *Laying the Foundations: a Housing Strategy for England* (November 2011), the Coalition Government set out plans to enable more people to build or commission their own home.
- 13.3 The Housing and Planning Act 2016 (“the 2016 Act”), which received Royal Assent on 12th May 2016, formally introduced the ‘Right to Build’ at Chapter 2. This 2016 Act required local planning authorities to set up a register of people wanting to undertake a custom or self-build project in their area. Under the ‘duty to grant planning permissions etc.’, the 2016 Act has placed a legal duty on the relevant authority to grant enough planning permissions to meet the demand for self-build housing as identified through its register in each base period. The Self-Build and Custom Housebuilding Regulations 2016 subsequently came into force on 31st October 2016, amending the 2015 Act and implementing Chapter 2 of the 2016 Act.
- 13.4 In the Government’s Housing White Paper²⁸ (paragraph 3.14) in January 2017, the commitment to support the self-build and custom housebuilding sector was reasserted, the Government stating that “*alongside smaller firms, the Government wants to support the growth of custom built homes*” in recognition of the fact that custom build homes are generally built more quickly, built to a higher quality and tend to use more productive and modern methods of construction.
- 13.5 In addition, the Government highlighted that “*fewer homes are custom built in England than many other countries, but there is evidence of more demand for them including from older people*”. According to successive Ipsos MORI polls at the time of the Paper’s publication, more than a million people across the UK expected to buy a building plot, secure planning permission or start/complete construction work on their new home.
- 13.6 On the other side of the argument however, the Government (paragraph 3.15) did acknowledge that there are barriers to self-build and custom housebuilding, including access to finance – as “*mortgages for custom and self-built homes represent a very small proportion of the overall lending*

²⁸ Fixing our Broken Housing Market (DCLG, February 2017)

market”; the planning process and variations to local authority approaches and crucially, land supply and procurement.

- 13.7 The Government has continued to express support for the self-build and custom housebuilding sector through the more recent White Paper: Planning for the Future which was consulted on during August 2020 to October 2020.
- 13.8 On 21st August 2021, an independent review by Richard Bacon MP into scaling up self-build and custom housebuilding was published. The review recognises and champions the benefits of self-build housing including boosting overall housing delivery, increasing choice in the market and delivering homes which are generally high-quality. The report sets out a number of recommendations including raising awareness of the Right to Build, strengthening current legislation and supporting planning reforms to maximise the opportunities for self-build housing.
- 13.9 The Bacon Review and the recommendations set out therein recognise the challenges associated with delivering serviced plots as well as the self and custom build homes on those plots; however, there is also recognition that the UK “lags far behind other developed countries”. This includes land assembly and infrastructure (i.e. other countries have a more developed land assembly function); planning (zoned land to build whatever is permitted); SME builders (housing delivered by local builders) and delivery at scale (self and custom build homes delivered on both small and large sites).

Self and Custom Build Registers

- 13.10 As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority’s area in order to build their own self-build and custom houses.
- 13.11 All of the local authorities in the study area introduced a Self-Build and Custom Housebuilding Register on 1st April 2016 in line with the requirements of legislation. In terms of confirmed monitoring data, there has now been five full base periods up to 30th October 2020.
- 13.12 Across the study area, only Warwick District has introduced a local connections test. They have also implemented a charge for entry onto the register which again is the only local authority in the study area to do so. The impact of which has severely reduced the number of entries onto the register.
- 13.13 Each Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended) and must have regard to the entries when carrying out their planning, housing, land disposal and regeneration functions. If assessed over the five base periods, there has been an average of 155 registered expressions of interest in a serviced plot of land and a total of 774 entries.

- 13.14 The Table below provides a base period and local authority breakdown of those individuals who have expressed demand for serviced plots of land in Coventry and Warwickshire. Despite the introduction of a local connection test and fee in Warwick it remains on average the most popular local authority for this type of development although this might not be sustained.

Table 13.1 Serviced Plot Demand by Base Period in Coventry and Warwickshire

Base Period:	1	2	3	4	5	Total	Annual Average
Coventry	0	3	7	2	18	30	6
North Warwickshire	7	4	3	7	4	25	6
Nuneaton & Bedworth	0	4	2	8	3	17	4
Rugby	13	29	29	20	22	113	25
Stratford-on-Avon	39	48	22	44	18	171	38
Warwick	109	110	95	95	9	418	93
Total	168	198	158	176	74	774	155

Source: Right to Build Registers Monitoring. Annual average is over 4.5 yrs

- 13.15 It is worth highlighting that a survey²⁹ undertaken by YouGov on behalf of the National Custom and Self-Build Association (“NaCSBA”) in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority’s self-build register may underestimate demand. On the other hand, it is also noted that individuals can choose to join more than one authority’s register which could result in an element of double counting.

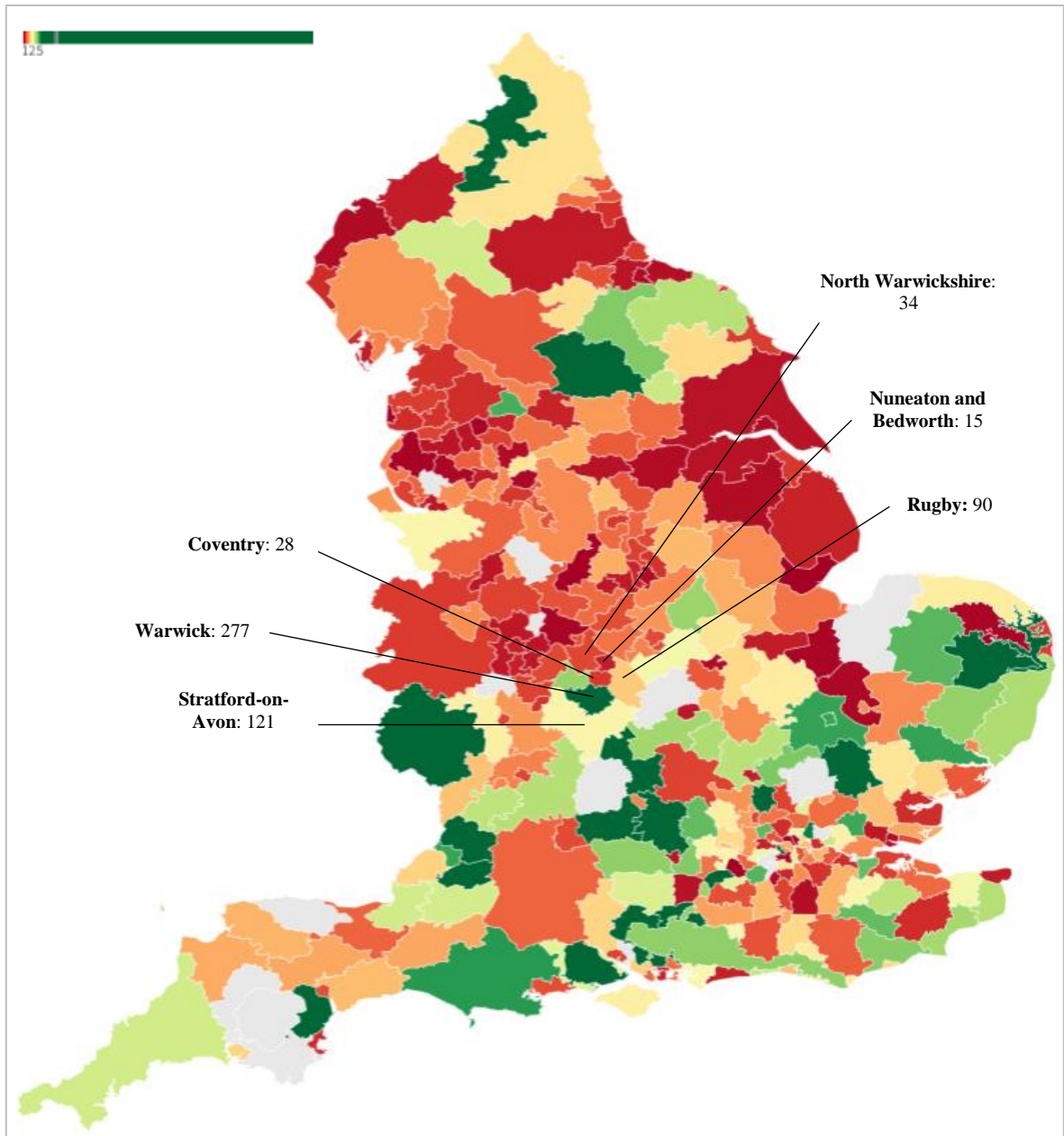
Broader Demand Evidence

- 13.16 In order to supplement the data from the Council’s own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.
- 13.17 First, it is worth highlighting that the recent October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property
- 13.18 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots across Coventry and Warwickshire in relative terms. The association has recently published analysis

²⁹ A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

with supporting maps and commentary titled “Mapping the Right to Build” in 2019. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England. One of the key maps within the report highlights the areas of strongest demand and this is shown in the Figure below.

Figure 13.1: Overall Demand for Self-Build Plots per 100,000 of Population, 2019 Registers³⁰



Source: NaCSBA “Mapping the Right to Build”, 2020.

³⁰ N.B. the data for Coventry does not reflect the revised data set out in Table 2.1 which has been amended to correct previous inaccuracies.

13.19 The map reflects register data from local authorities across the country with Warwick and Stratford showing the greatest demand. The data which sits behind the map states that demand ranges from 277 persons per 100,000 in Warwick and 121 in Stratford-on-Avon to 15 in Nuneaton and Bedworth.

Supporting the Self-Build and Custom Housebuilding

13.20 It is clear that there is demand for self-build and custom housebuilding serviced plots of land across Coventry and Warwickshire – particularly to the south of the study area.

13.21 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG³¹ is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.

13.22 There are a number of measures which can be used to do this, including but not limited to:

- supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans. There is already evidence of this in the area (e.g. in the Kenilworth Neighbourhood Plan³²);
- working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing; and
- when engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;
- working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.

13.23 Icení would note that an increasing number of local planning authorities have adopted specific self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that paragraph 11(d) of the Framework is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application.

³¹ Paragraph: 025 Reference ID: 57-025-20210508

³² The Neighbourhood Plan includes a 5% requirement for self-build housing on certain sites

The Policy Response

- 13.24 A specific policy would typically express support for self-build and custom housebuilding. Icenl recognises that all of the local authorities in the study area have such a Local Plan policy (or Draft Local Plan policy in the case of Stratford-on-Avon) supporting Self and Custom Build. In addition to a specific policy, the authorities of Rugby, Stratford-on-Avon and Warwick have also produced an SPG.
- 13.25 Some areas also require that a minimum proportion of plots within development schemes (often over a certain size) are offered to self-builders or as custom-build plots and/or allocation of sites solely for the use. This is often known as the “Teignbridge Rule” after the first District Council to adopt the first self-build policy. In this instance, 5% of all developable housing land is allocated for custom and self-build on larger sites. This policy has a fallback mechanism – if plot(s) have been made available and marketed for at least 12 months and not sold, the plot(s) may either remain on the open market as custom build or be offered to the Council or a Housing Association before being built out by the developer.
- 13.26 An assessment³³ of all Local Plans in England in August 2019 by the Right to Build Taskforce found that 21% of post-legislation Local Plans offered support through a ‘percentage’ policy based on the Teignbridge rule. In addition, around 28% of Local Plans offered support through a mix of policies identifying opportunities; 28% offered support through land allocations and 25% offered support through affordable housing policies.
- 13.27 At present, the local authorities do not have a policy which seeks a percentage of self and custom build housing on larger sites which could enable a greater number of serviced plots to come forward in each area at pace. Stratford-on-Avon has specifically supported delivery of self and custom build within the Gaydon/Lighthorne Heath allocation which serves as a strong example in the study area – the Right to Build Taskforce has labelled this policy as “ambitious” in a positive sense. There are no specific allocations in any of the Local Plans for serviced plots.
- 13.28 Icenl consider that in order to respond to demand in the sector, and in response to the PPG’s requirements, the Councils - particularly those in South Warwickshire where demand is greatest - should continue to express active support self and custom build homes but should also seek a percentage of self and custom build on larger sites with an appropriate fallback mechanism should plots fail to sell; consider opportunities to identify specific sites for serviced plots (i.e. on public sector land, where available) and encourage developers as part of the overall housing mix to incorporate serviced plots where there is evidence of strong demand.

³³ Assessment of all Local Plans in England, Right to Build Task Force, August 2019 [unpublished]

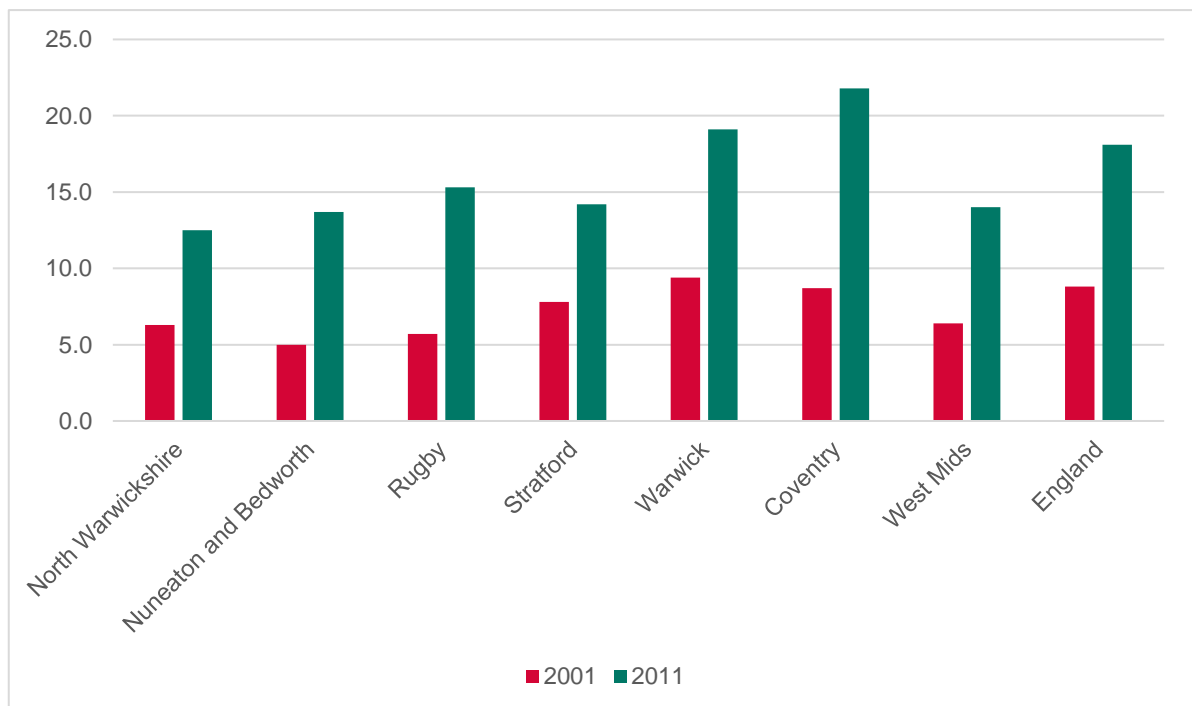
Private Rented Sector

13.29 As a starting point, it is important to consider the profile of renters living in the area, the size of the private rented sector and dynamics associated with values and affordability.

The Size of the Sector

13.30 In Coventry & Warwickshire, the growth in the private rented sector was strong over the last two census points outperforming the national trend between 2001-11. The Figure below shows how the private rented sector changed. The sector is of significant scale and proportion in Warwick District and Coventry District with over a fifth of households (22%) living in the PRS in Coventry; which partly reflects its City status. Over 10,500 households lived in the sector in Warwick in 2011 with over 26,500 households living in the sector in Coventry.

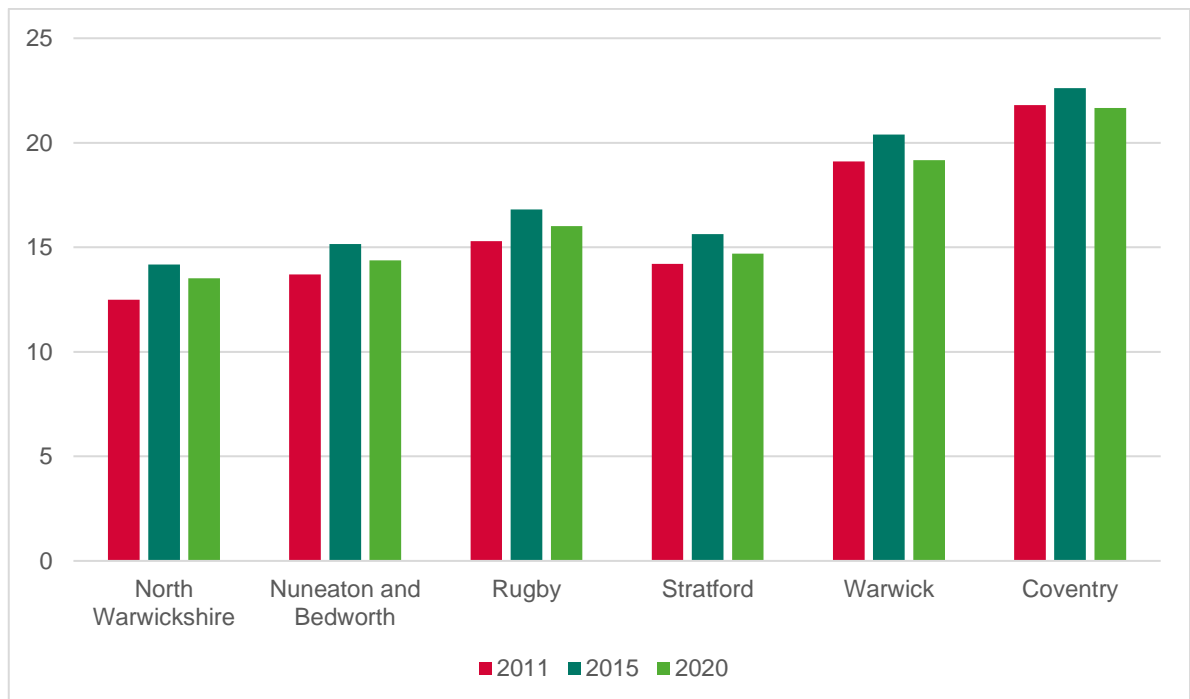
Figure 13.2: Growth in the Private Rented Sector, 2001-2011 (% Proportion)



13.31 In order to bring this up to date, IcenI has drawn on data published by ONS which provides a view on how the tenure profile may have evolved since the 2011 Census. It should be caveated that the confidence value varies greatly by authority and the data is therefore only intended to provide a broad view on the potential tenure profile. Clearly as the Census 2021 data begins to emerge, we will have a clearer understanding of the true picture.

13.32 Bearing this in mind, the Figure below shows how the tenure profile could have changed across the study area over the period from 2011 to 2015 to 2020. As is clear, the proportion of households living in the private rented sector increased notably in 2015 in all authority areas, but the proportion has decreased over the period to 2020.

Figure 13.3: Potential Change in Tenure Profile, PRS, 2011-2020



13.33 This aligns with the national picture with the latest English Housing Survey³⁴ stating that the proportion of households in the private rented sector decreased over the period 2015/16 to 2020/21. In England in 2020/21, the private rented sector accounted for 19% of all households down from 20% in 2015/16 with private renting more prevalent in London (27% of all households) compared to the rest of England (17%).

13.34 Regardless, it is clear that overall, the sector has grown substantially over the last two decades and continues to play a key role in the market, particularly in Coventry City and Warwick District where the size of the sector is notably above the national average outside of London.

The Profile of Renters

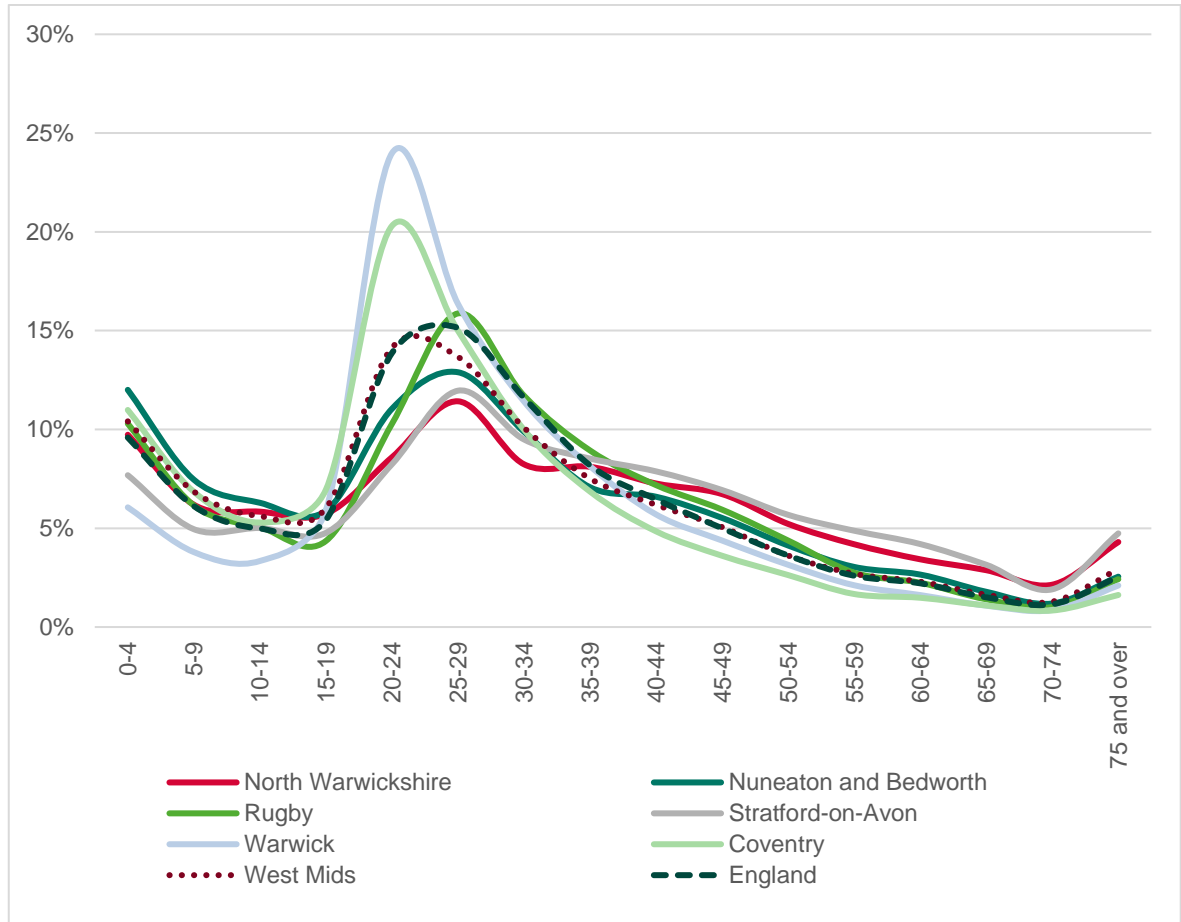
13.35 As is shown in the Figure below, the age of those renting at the point of the 2011 Census across the study area was skewed towards those aged 20 to 39 in line with the regional and national average. In North Warwickshire and Stratford-on-Avon, there was a higher proportion of those aged 40 and over whereas in Warwick and Coventry, the proportion of households in their 20s was significantly higher – reflecting the large student population in both areas.

13.36 In Warwick District and Coventry City, 40% and 35% of private renters were aged in their 20s respectively - significantly higher than the national average of 29% and all other Districts. The main

³⁴ English Housing Survey 2020/21

difference between Coventry and Warwick was the notable proportion of younger children aged 14 and under in the former (23% of households) compared with the latter (13% of households).

Figure 13.4: Age Profile of Private Rented Sector Tenants, Coventry & Warwickshire



Source: 2011 Census

- 13.37 Turning to household composition, the Table below identifies the profile of each household living in the private rented sector and how this varies across the study area. Across the board, the analysis shows that the largest household group was single person households aged under 65 accounting for over a quarter (28%) of all households on average which is typical of the private rented sector profile.
- 13.38 There are however clear variances between each authority area. In Warwick District, over a third (34%) of private renters were singles aged under 65 with Coventry City having the lowest proportion; although, it should be noted that Coventry had the highest number of younger single households in absolute terms. In both areas, full-time students account for around a tenth of private renting households with a high proportion of lone parents with children also living in the sector in Coventry.

Table 13.2 Household Composition of Private Renters (%)

	North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford-on- Avon	Warwick	Coventry
One Person Aged 65+	6%	4%	3%	7%	3%	3%
One Person Aged <65	27%	29%	29%	27%	34%	26%
Couple Aged 65+	3%	1%	1%	3%	1%	1%
Couple No Children	18%	15%	20%	21%	20%	11%
Couple Dep. Children	19%	20%	19%	18%	11%	16%
Couple Non-Dep.	3%	2%	2%	3%	1%	1%
Lone Parent Dep.	12%	18%	11%	9%	8%	17%
Lone Parent Non-Dep.	3%	2%	2%	2%	1%	2%
Full-Time Students	0%	0%	0%	0%	9%	10%
Other Households	8%	9%	13%	10%	12%	13%
All Households (No.)	2,913	6,683	5,903	6,596	10,513	26,503

Source: Census 2011

- 13.39 In the Districts outside of Coventry and Warwick, the profile of households in the sector is more focussed towards couples with and without children accounting for between 35% of all households in Nuneaton and Bedworth to 40% in Rugby. In Rugby, in line with Warwick and Coventry, there is also a high proportion of “other households” (including unrelated adults sharing).
- 13.40 In respect of where residents (household reference persons or “HRP”) living in the private rented sector work, the Table below sets out the industries of employment of HRPs in the PRS. This shows that the two main industries of those living in the sector are (1) public administration, education and health as well as (2) distribution and hospitality. In Warwick and Stratford-on-Avon, there is also a strong representation of those working in financial and professional industries. This is also true for Coventry when focussing solely on the significant number of those HRPs working in the industry.

Table 13.3 Industry of Employment of Private Renters

	North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	Coventry
Agriculture, energy and water	5%	3%	2%	5%	3%	2%
Manufacturing	12%	12%	11%	9%	10%	10%
Construction	9%	7%	6%	8%	5%	5%
Distribution and Hospitality	25%	27%	24%	24%	21%	26%
Transport and communication	14%	13%	19%	9%	12%	12%
Financial, Prof and Admin	13%	11%	12%	19%	18%	14%
Admin, education & health	18%	22%	21%	17%	24%	25%
Other	4%	6%	4%	8%	6%	5%

Source: Census 2011

- 13.41 Turning to the occupation of all HRPs living in the PRS, the Table below is clear in showing that there is a high proportion of high skilled, professional households in the sector in Warwick District and Stratford-on-Avon with 57% and 46% of HRPs working in the top three major occupation groups respectively. This compares with only 32% in Coventry City with the area having a much higher proportion of HRPs in low skilled roles in (40% of all households) which is also the case in North Warwickshire, Nuneaton and Bedworth and Rugby.

Table 13.4 Occupation of Private Renters

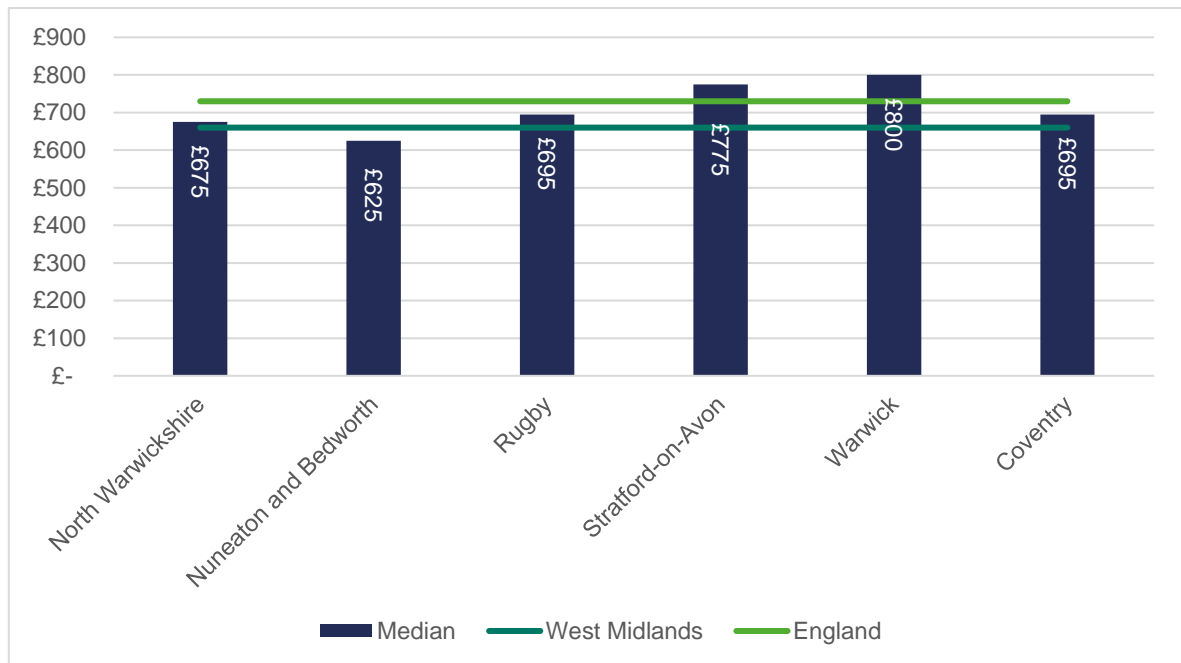
	North Warwickshire	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	Coventry
Managers and Directors	11%	9%	10%	16%	12%	6%
Professional	12%	10%	14%	15%	29%	16%
Associate Professional	10%	9%	11%	14%	17%	9%
Admin and Secretarial	8%	9%	9%	8%	8%	9%
Skilled Trades	15%	13%	11%	17%	9%	9%
Caring and Leisure	8%	11%	7%	7%	6%	10%
Sales and Custom Service	6%	8%	5%	5%	6%	10%
Process and Machine	13%	13%	12%	6%	4%	9%
Elementary	16%	19%	22%	10%	9%	20%

Source: Census 2011

Rental Market Statistics

- 13.42 Across the study area outside of Nuneaton and Bedworth, median rents are higher than the regional average of £660 PCM. The median rent ranges from a low of £625 PCM in Nuneaton and Bedworth District to highs of £775 PCM in Stratford-on-Avon District and £800 PCM in Warwick District – both of which have median rental values above the national average.

Figure 13.5: Median Rents by Authority, 2021



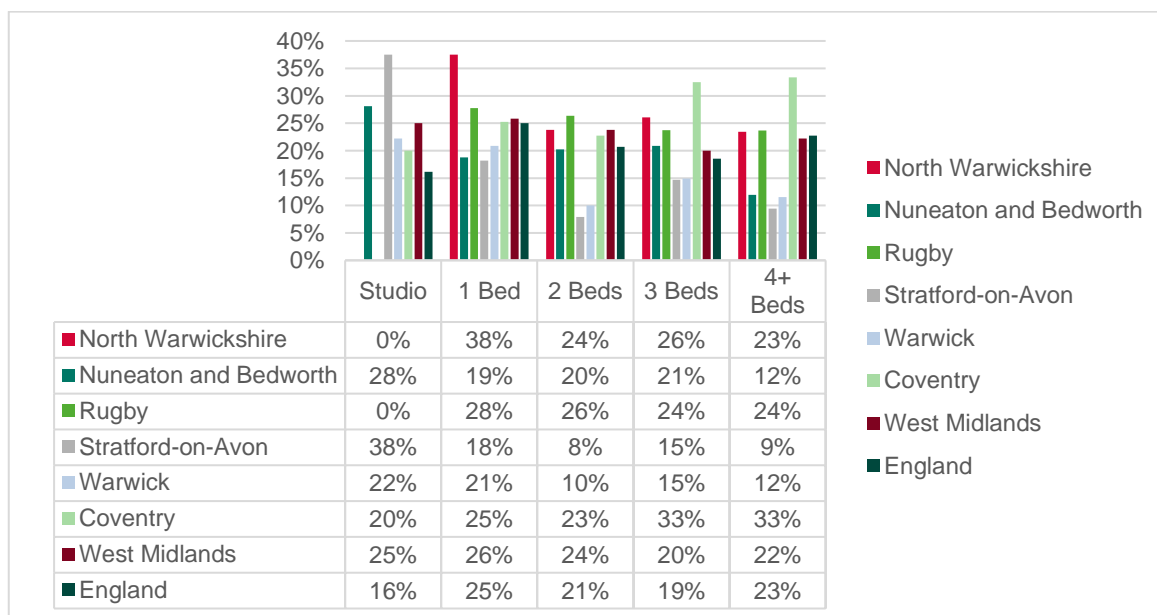
- 13.43 If we drill into median rents by property size, the Figure and Table below shows that the private rents in Warwick and Stratford-on-Avon for all property sizes except for studios are above the regional and national median. The median rents for 1 bedroom properties in Warwick are around £695 PCM with median rents for 2 bedroom properties at £825 PCM – significantly higher than the national equivalent of £700 PCM.
- 13.44 There are also strong rents in relative terms for family sized housing of 3 bedrooms in Warwick District at £1,000 PCM and in Rugby District at £975 PCM. In Coventry City, which has the largest private rented sector, median rents sit marginally above the regional median for all sizes but below the national median. In the context of a Build to Rent or co-living product, the rental values in Warwick and Stratford-on-Avon are more likely to attract an institutional investor; however, clearly the size of the market in Coventry City provides the critical mass necessary to make such a product work.

Figure 13.6: Monthly Median Rents by Size, Year to March 2021



13.45 Turning to rental trends, the evidence indicates that median rents have increased over the last seven years across the board but to the greatest extent in Coventry City at 33% when lettings are taken as a whole. This is followed by Nuneaton and Bedworth (25%) and North Warwickshire (23%). In comparison, growth in Warwick and Stratford-on-Avon has been notably weak.

Figure 13.7: Rental Growth in Coventry & Warwickshire, 2014 – 2021 (%)



Source: Icen analysis of ONS Private Rental Market Statistics. Note no data provided for rooms.

13.46 In the context of a Build to Rent or co-living product where properties tend to be developed with 1 and 2 bedrooms and to some extent 3 bedrooms, rental growth has been relatively strong in Coventry, Rugby and North Warwickshire; however, it is recognised that the latter has a small private rental market.

Affordability of the PRS and Local Housing Allowance

13.47 Affordable rents as well as securing the initial rental deposit constitute a key barrier to accessing housing for some households, particularly as private rents have grown faster than household incomes and above housing benefit allowances. The relative unaffordability of larger, family sized, homes for rent can often result in distortions and inefficiency in the market limiting the development of larger properties despite evident local needs.

13.48 The Local Housing Allowance (“LHA”) sets the amount of housing benefit or Universal Credit housing element that households in the private rented sector can claim. It is intended to reflect the lowest 30th percentile of local private rents to allow welfare claimants access to the market. On 1st April 2020, LHA rates were increased – following a five year freeze – to ensure that the rates covered the 30th percent of market rents in each area.

13.49 The latest allowances by bedroom size are set out in the Table below for the various BRMAs which cover the six authorities in the study area. The rates for 1 bedroom properties up to 4 bedroom properties are shown.

Table 13.5 Monthly LHA Rate³⁵ by Broad Rental Market Area by Size

BRMA	Authorities Covered	1 Bed	2 Beds	3 Beds	4 Beds
Birmingham	North Warwickshire	£525	£625	£675	£850
Coventry	North Warwickshire, Coventry, Nuneaton & Bedworth, Rugby and Warwick	£490	£575	£675	£875
Mid Staffs	North Warwickshire	£425	£550	£650	£850
Solihull	North Warwickshire, Stratford-on-Avon and Warwick	£575	£725	£875	£1,200
Rugby & East	Rugby and Stratford-on-Avon	£525	£640	£750	£995
Cheltenham	Stratford-on-Avon	£550	£695	£850	£1,195
Cherwell Valley	Stratford-on-Avon	£650	£775	£900	£1,297
Warwickshire South	Stratford-on-Avon and Warwick	£625	£750	£900	£1,200

Source: VOA, 2022

13.50 If we then set these LHA rates against private rental values and focus on the lower quartile rents (i.e. the lowest 25% or “entry-level rents”) for the study area authorities, it is clear that LHA has fallen below market rents for certain property sizes in a number of areas despite the LHA rate being increased on 1st April 2020. The Table below shows the difference between the LHA cap and entry-level rents.

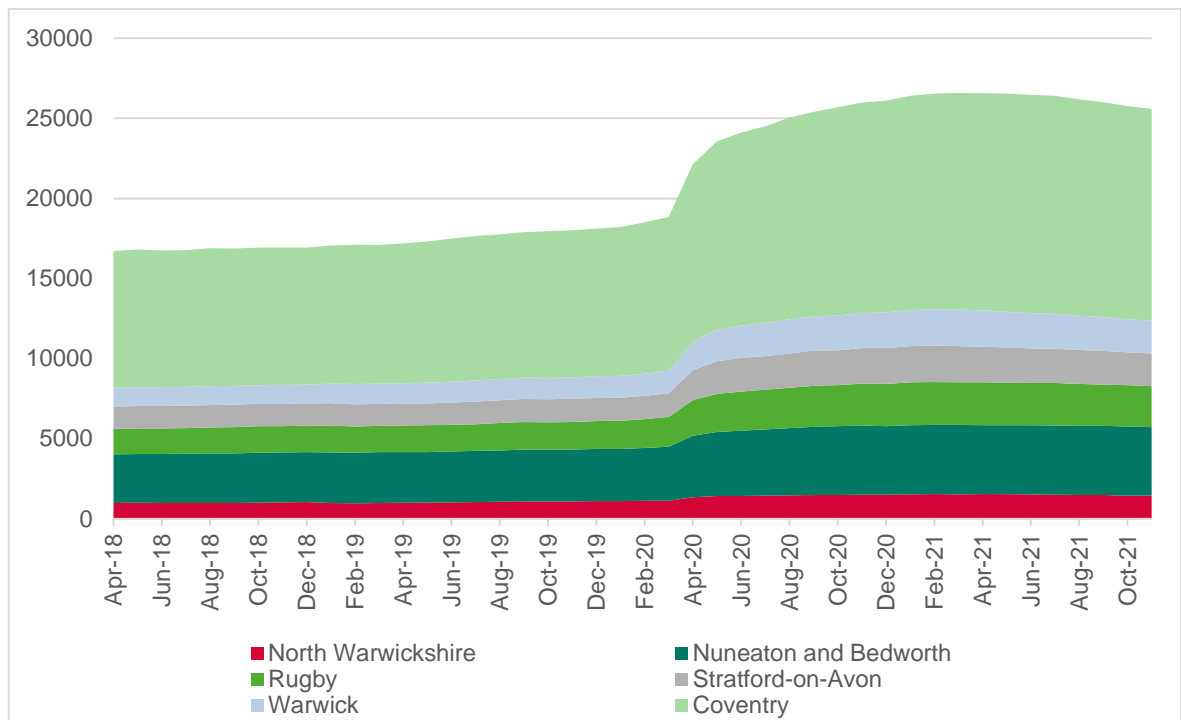
³⁵ LHA Rate correct in February 2022

Table 13.6 LQ Rents set against LHA Rates by Authority Area

		1 Bed	2 Beds	3 Beds	4 Beds
North Warks	LQ Rent	£485	£580	£650	£950
	Birmingham BRMA	£525	£625	£675	£850
	Difference	£40	£45	£25	-£100
	Coventry BRMA	£490	£575	£675	£875
	Difference	£5	-£5	£25	-£75
	Mid Staffs BRMA	£425	£550	£650	£850
	Difference	-£60	-£30	£0	-£100
	Solihull BRMA	£575	£725	£875	£1,200
Difference	£90	£145	£225	£250	
Nuneaton and Bedworth	LQ Rent	£425	£550	£625	£863
	Coventry BRMA	£490	£575	£675	£875
	Difference	£65	£25	£50	£12
Rugby	LQ Rent	£525	£650	£750	£1,000
	Coventry BRMA	£490	£575	£675	£875
	Difference	-£35	-£75	-£75	-£125
	Rugby & East BRMA	£525	£640	£750	£995
	Difference	£0	-£10	£0	-£5
Stratford-on-Avon	LQ Rent	£600	£700	£875	£1,200
	Cheltenham BRMA	£550	£695	£850	£1,195
	Difference	-£50	-£5	-£25	-£5
	Cherwell Valley BRMA	£650	£775	£900	£1,297
	Difference	£50	£75	£25	£97
	Rugby & East BRMA	£525	£640	£750	£995
	Difference	-£75	-£60	-£125	-£205
	Solihull BRMA	£575	£725	£875	£1,200
	Difference	-£25	£25	£0	£0
	Warwickshire South BRMA	£500	£625	£750	£950
Difference	-£100	-£75	-£125	-£250	
Warwick	LQ Rent	£650	£770	£900	£1,238
	Coventry BRMA	£490	£575	£675	£875
	Difference	-£160	-£195	-£225	-£363
	Solihull BRMA	£575	£725	£875	£1,200
	Difference	-£75	-£45	-£25	-£38
	Warwickshire South BRMA	£500	£625	£750	£950
	Difference	-£150	-£145	-£150	-£288
Coventry	LQ Rent	£525	£625	£725	£950
	Coventry BRMA	£490	£575	£675	£875
	Difference	-£35	-£50	-£50	-£75

-
- 13.51 As the analysis shows, there are differences between LHA rates in certain authority areas when set against entry-level rents - which points to particular challenges for both single households and family households who are trying to access the sector on lower incomes in these areas. It is particularly challenging for households in areas including Warwick and Coventry where LHA rates are below LQ rents for all sizes.
- 13.52 The changing nature of welfare benefits payments, particularly housing benefits and the introduction and shift to Universal Credit have direct implications for lower earning and economically inactive households.
- 13.53 The operation of the welfare benefit cap has been in place now for a number of years, restricting the total amount of benefit - including housing benefits - which in turn serves to restrict housing choice and opportunity for those family households affected as is evident from our analysis. The maximum amount of welfare and housing benefit is capped currently at £384.62 per week or £1,666.67 per month outside of London for families with children and couples.
- 13.54 It is possible to drill into the number of private rented sector households supported by Housing Benefit or Universal Credit. In November 2021, a total of 69,950 residents in the study area claimed housing benefit or Universal Credit with a housing element. Out of these claimants, around 25,590 lived in private rented accommodation (equal to 37% of all claimants) with Coventry City having the highest proportion of claimants living in private rented housing at 41% of all claimants and Warwick District having the lowest at 25%.
- 13.55 The Figure below shows how the number of claimants living in private rented accommodation has changed over time. Combined, the total number of claimants in the PRS increased from 16,710 in April 2018 to 25,590 in August 21 which is equal to an increase of 28%. As is clear, there was a notable increase following the introduction of lockdown measures in March 2020 in relation to the Covid-19 pandemic – with a significant increase seen in Coventry City.

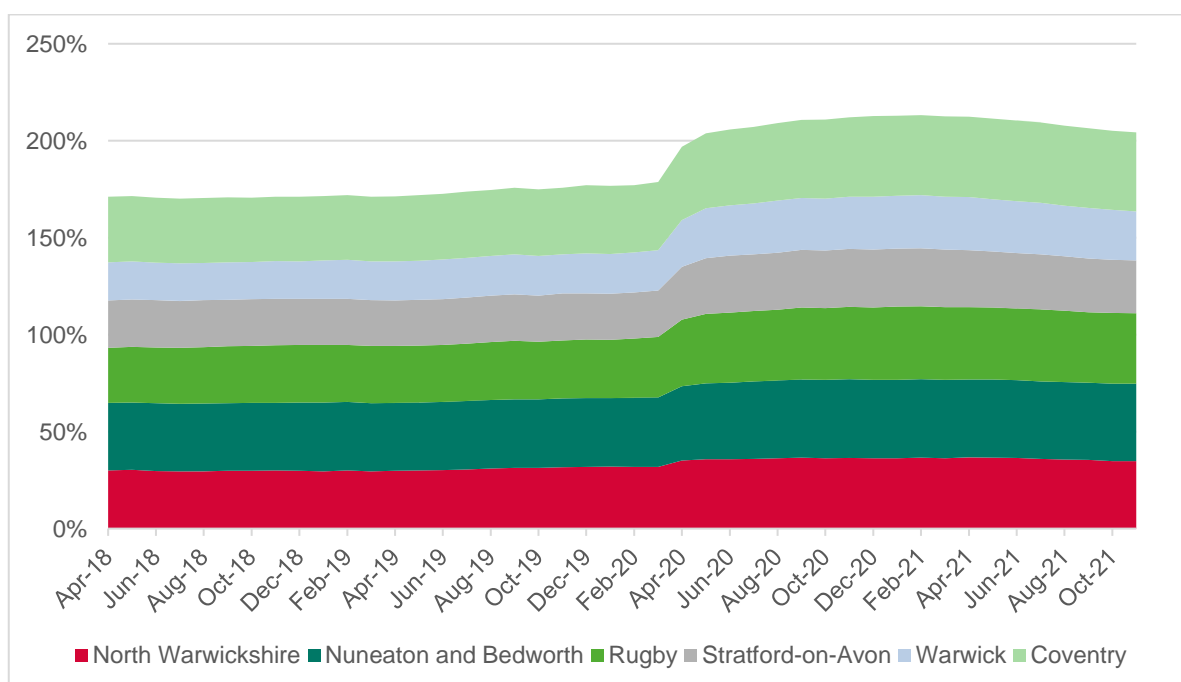
Figure 13.8: Households in Private Rented Sector Supported by Housing Benefits or UC



Source: DWP

13.56 Over the same period, the proportion of claimants living in the private rented sector increased from 31% to 37%. As is shown in the Figure below, at a local authority level, Coventry City and Rugby experienced the largest increases of claimants in the PRS. The sector has played a key role in supporting households claiming Universal Credit.

Figure 13.9: Proportion of Households Claiming Housing Benefit in PRS



Source: DWP

-
- 13.57 It is the case that for many living in the PRS, barriers to households becoming homeowners are less likely to relate to income and/or the cost of housing and more about other factors such as saving for a deposit or difficulties obtaining a mortgage. However, it should also be noted that some households will choose to rent privately as this can be a more flexible option – particularly in Coventry City where entry-level rental values are notably lower than adjoining Warwick District.

Build to Rent Development

- 13.58 In the context of the private rented sector’s growth over the last 20 years and a national housing shortage, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development.

The Policy Context

- 13.59 In respect of Build to Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e., Build to Rent).
- 13.60 At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.
- 13.61 This was realised through the publication of the revised Framework (February 2019) which recognises the emergence of the strength of the private rented sector. The Framework (paragraph 61) says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need). The Framework’s glossary also introduces a definition for Build to Rent development, thus recognising it as a sector:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development”.

- 13.62 It represents development which is constructed with the intention that it will be let rather than sold. The benefits of Build to Rent are strong and are best summarised in the Government’s A Build to Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are which ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants’ choice “as generally speaking tenants only have the option to rent from a small-scale landlord”.

-
- Retaining tenants for longer and maximising occupancy levels as Build to Rent investment is an income focused business model;
 - Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and
 - Utilising good design and high-quality construction methods which are often key components of the Build to Rent model.

13.63 This Build to Rent Guide provides a helpful overview of the role that Build to Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.

13.64 Over recent years there has been a rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build to Rent as it begins to mature and strengthen as a development sector, the Savills UK Build to Rent Market Update³⁶ for Q3 2021 states that the market now had 50,800 completed units, 37,700 under construction and 84,000 in the development pipeline, a total of 172,500 units.

13.65 The report notes that around 88% of the operational stock was located in City Centre flats but there had been a slight shift towards “housing led, family targeted” Build to Rent schemes in suburban locations. This was on the belief that there is a wider PRS market for houses (63%) than for flats.

13.66 The Savills work also noted that the sector had bounced back from a Pandemic related slowdown. They also noted new entrants into the sector seeking longer term investment.

The Profile of Tenants

13.67 The British Property Federation (“BPF”), London First and UK Apartment Association (“UKAA”) recently published (February 2021) a report³⁷ profiling those who live in Build to Rent accommodation in London - which makes up the bulk of the market. The proportion of Build to Rent in London accounts for 47% of current provision falling to 44% once the pipeline supply is included. This demonstrates a slight movement out of London which goes against the historic trend. There is now more Build to Rent activity outside of London than in the Capital.

³⁶ https://www.savills.co.uk/research_articles/229130/306754-0

³⁷ https://buildtorent.files.wordpress.com/2021/01/who-lives-in-build-to-rent-1.pdf?mc_cid=624df5d223&mc_eid=e05cc2220b

-
- 13.68 Around 62% of residents were aged between 25 and 34 compared with 47% in the wider private rented sector market. The remaining residents included 17% aged between 16 and 24 and 13% aged 35-44 both of which were below the corresponding values for the wider private rented sector market.
- 13.69 The survey based data identified that incomes are similar to those in private rented sector accommodation with 43% earning less than £32,000 and 29% earning between £32,000 and £47,000. Typically, Build to Rent residents spend between 29% and 35% of their income on accommodation. This compares to 29% to 32% in the wider private rented sector demonstrating a willingness to pay slightly more. The lower value would put this group in the lowest 40% of earners in London.
- 13.70 The report noted that Build to Rent has comparable levels of affordability but is notably more affordable for couples and sharers. This is perhaps reflected in the higher incidence of these household types within the Build to Rent sector.
- 13.71 The report also identified a broadly similar balance of people working in the public and private sectors with 90.5% of residents employed in the private sector living in Build to Rent accommodation compared with 80% in the private rented sector. The most common industries included Finance and Insurance (25%), Other Services (20%) and IT and Communications (including marketing) (15%); however, it should be highlighted that this was London focussed as the key area for the product.

The Existing Build to Rent Provision

- 13.72 The authority areas in the study area currently have no planning policy in place to deal with planning applications which are submitted for Build to Rent development; although this in part reflects the recent emergence of the sector and changes to national planning policies concerning the status and importance of Build to Rent as part of the private rental market.
- 13.73 However, in some areas, this has not hindered Build to Rent coming forward. As is clear from the Table below, there have already been a handful of schemes which have come through the planning system. A total of 531 Build to Rent units are either coming forward and are under construction or have already been delivered in Rugby, Coventry and Stratford-on-Avon. To date, there has been no activity in Warwick District.

Table 13.7 Build to Rent Provision, 2022

	Consented	UC	Completed	Total
North Warwickshire	0	0	0	0
Nuneaton & Bedworth	0	0	0	0
Rugby	0	360	0	360
Stratford-on-Avon	0	0	82	82
Warwick	0	0	0	0
Coventry	0	0	89	89
Total	0	360	171	531

Source: LPA Monitoring

- 13.74 In Rugby District, 360 Build to Rent units are coming forward as part of the regeneration of the town's Market Quarter. The scheme is being delivered across four separate blocks providing for 1 and 2 bedroom apartments. At this stage, no other schemes for Build to Rent have reached pre-application stage.
- 13.75 In Coventry City, 49 Build to Rent units have been constructed as part of the Spirits Quarter regeneration development with a mix of 2, 3 and 4 bedroom homes coming forward as part of Phase 1 of the wider development site. A separate scheme at Herbert House located in Tile Hill has also delivered 40 units – providing a mix of 1 and 2 bedroom apartments. A 1 bedroom apartment is currently on the market for £625 PCM, and a 2 bedroom apartment is currently on the market for £730 PCM. These rents are notably above median rents in the City for the respective sizes.
- 13.76 In Stratford-on-Avon, 82 Build to Rent units have been delivered at Fordham House in Stratford-upon-Avon providing for a mix of 1 and 2 bedroom apartments. At the time of writing, the development is fully let. A 1 bedroom apartment was let at £750 PCM in June 2021 which is £100 PCM more than the median rent for this size; however, this fee includes extras such as wi-fi.

The Recommended Policy Response

- 13.77 It is evident that the private rented sector is growing and there is a particular age profile and household group that it caters for which are factors all in line with the target tenant of the Build to Rent product. The PPG on Build to Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build to Rent.
- 13.78 Icen consider there will be an ongoing need and a role for Build to Rent provision to continue to support these particular household groups for years to come moving forward. Having looked in detail at the sector across the study area, there is evidence of the necessary characteristics of target tenants as well as the overall market in Warwick, Coventry and Rugby. As a result, it is recommended that a specific policy is developed by these three authorities. As the market for suburban build-to-

rent development matures, there is potential for a greater role for the sector in these and other locations.

- 13.79 A Local Plan policy would effectively set out parameters regarding how schemes would be considered, and how affordable housing policies would be applied. In considering the dwelling mix proposed in relation to a Build-to-Rent scheme; we would expect the focus to be on 1, 2 and some 3-bed properties given the occupancy profile associated with Build to Rent accommodation. However, given that this is still a relatively embryonic sector, the Councils need not be overly prescriptive.
- 13.80 The Framework's definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. It would be appropriate for the Council to adopt a consistent definition.
- 13.81 The Councils will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build to Rent development will however differ from that of a typical mixed tenure development: returns from the Build to Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed.
- 13.82 In general terms, it is expected that a proportion of Build to Rent units will be delivered as 'Affordable Private Rent' housing. The PPG³⁸ states that:

"The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a

³⁸ ID: 60-002-20180913

discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development”

- 13.83 The Councils should have regard to the PPG on Build-to-Rent development with the starting point for affordable housing therefore being that 20% of units would be Affordable Private Rented units at a discount of 20% to local market rents.

Co-Living

- 13.84 The concept of co-living in its modern form of housing is relatively new, and whilst it is not specifically defined in the Framework, it is often used as part of a wider definition relating to a type of intentional community where residents share living space and a set of interests, values and/or intentions.
- 13.85 Traditionally co-living has ranged from the coming together of space, time and resources for activities - for example, meals and discussion in the common living areas - through to shared workspace and collective endeavours such as living more sustainably.
- 13.86 Over recent years, media interest in co-living has in part been driven by the pressures faced by the millennial generation and the potential to provide communal living driven by affordability and a transient, social oriented young professional resident in high cost locations. Traditionally the idea of co-living through sharing of rented housing is not a new idea and has long operated across the country. In this context, co-living can encompass many structural forms.
- 13.87 In its current form, modern co-living in the UK tends to be urban focused and integrated into a single building, house, or apartment, a sharing of amenities, and a demographic trend towards 20 to 30 something professionals. As a market segment, this is most well developed currently in London where companies such as The Collective, Roam, Fizzy Living and Lyvly are actively adopting a 'WeWork' style model to housing based on a new renting approach for the Capital that offers private bedrooms, shared common spaces and community events, and an all-inclusive rent.
- 13.88 The focus of existing co-living examples tend to be large city schemes with studies indicating that whilst the sharing of space is deemed more acceptable - especially by city dwellers - the model of co-living needs to carefully consider the scale of provision balanced alongside personal space needs and privacy.

13.89 There are a number of benefits of Co-Living with the main benefit being that it is a safe and reliable form of housing in a time of huge housing shortage. More widely, Cleaver and Frearson³⁹ have recently highlighted six specific categories of the advantages of Co-Living as follows:

1. Affordability;
2. Health and happiness;
3. Choice and flexibility;
4. Safety and security;
5. Diversity; and
6. Sustainability

13.90 In terms of affordability, the provision of shared space offers cost savings. This is mirrored by research conducted by CBRE⁴⁰ which found that “co-living is a cost-effective city centre housing solution, that achieves impressive densities”.

13.91 As previously mentioned, one of the demand drivers of an increase in co-living is due to the affordability, because of the decline in affordability of homeownership, this has shifted demand for private rental housing. Co-living also provides more choice and flexibility as well as shared live/workspace which in turn creates diversity.

13.92 With the pandemic-driven shift towards professionals working from home, the availability of dedicated space to work is an important attractor. However it has been reported⁴¹ that some operators have felt the impact on their business model as “Government restrictions have forced operators to suspend some perks, limit mixing and stop all but essential travel” and in some cases outside visitors where banned during lockdowns. As a result the demand for such homes has slowed.

Cost of Co-living

13.93 Due to the limited number of enquiries around co-living development in the study area, it is difficult to grasp the potential cost of this accommodation. It also needs to be considered that the cost of co-living is not directly comparable to rental accommodation as it includes the cost of utilises as well as access to shared facilities (e.g. gyms, cinema rooms etc.) the extent and quality of which will differ from development to development. Some developers even reduce costs for those that sign up to longer tenancies.

³⁹ All Together Now: The Co-living and Co-working Revolution (Cleaver, Naomi and Frearson, Amy), 2021

⁴⁰ <https://www.cbre.co.uk/services/business-lines/valuation-and-advisory/valued-insights/articles/introduction-to-Co-Living>

⁴¹ <https://www.bloomberg.com/news/articles/2021-06-16/the-collective-said-to-explore-sale-as-pandemic-curbs-co-living>

-
- 13.94 Where there is an established co-living market in the UK (i.e. London and Manchester), we have looked to draw out comparables. In London, co-living studio flats can range from £1,050 per month in Hounslow to two-bedrooms at £1,650 per month in Camden⁴².
- 13.95 In Manchester, some co-living studio apartments are being marketed⁴³ from £215 per week which equates to £930 per month. However, this particular example includes access to co-working space as well as co-living as part of the overall rental cost.
- 13.96 These costs compare to the equivalent median rent e in the wider private rented market in Hounslow of £800 for a studio and £1,950 per month for a two bedroom home in Camden. In Manchester, the average Studio flat is £575 per month. Once bills are added to rental costs it reasonable to say that cost of co-living is comparable to renting although less so in Manchester and most likely in the study area. This would make broad sense as a burgeoning sector would struggle to get a foothold in the market if it was considerably more expensive than traditional stock.
- 13.97 It is also the case that as more of the space the developer/owners are able to make more money per square foot than they do from traditional rental accommodation as each tenant is charged for it. The developer can also benefit from added sales in the facilities they provide (e.g. if they have a coffee shop).

The Typical Profile of Tenants

- 13.98 The growth in the market for co-living developments is linked to the wider growth in the private rented sector as considered upfront in this section - and the rise of house sharing within this - and has seen particular interest from the younger population. One key macroeconomic factor is due to the affordability constraints of home ownership, which has resulted in a growing number of people renting homes and for a longer level of time (e.g. whilst households save for a deposit).
- 13.99 Co-living has evolved because of the way of people live. There's a change in "patterns of work, rising loneliness, ageing...making us think differently about the sorts of homes we want, and co-living is one potential solution", according to CBRE⁴⁴. It is the case that young professionals in particular are being pushed towards private rented accommodation due to rising house prices and newer generations prefer a more flexible approach to living⁴⁵. For this group, the offer of a flexible, short-

⁴² <https://www.gravitycoliving.com/blog/cost-living-london/>

⁴³ <https://www.oppidan-life.com/location>

⁴⁴ <https://www.cbre.co.uk/services/business-lines/valuation-and-advisory/valued-insights/articles/introduction-to-Co-Living>

⁴⁵ <https://www.fmindustry.com/en/2019/perspectives/47798/Why-Co-Living-is-Driving-the-UK%27s-Private-Rental-Sector-private-rental-homes-UK-Co-Living-Millennials-property-asset-classes-Residential-Property-United-Kingdom.htm>

term leases and an opportunity to live in a part of community (with all bills covered), is particularly appealing.

13.100 Overall, therefore, the current co-living business model and characteristics principally draw on a large base of transient younger, high skilled professional households and individuals - particularly those without dependents. If we consider the profile of private renters across the study area, as set out upfront in this section, these are characteristics which are akin to Warwick District and Rugby District. Owing to the size of the market and potential in Coventry City, this must also be an area to test.

13.101 There is a high proportion of single individuals aged between 20-39 in these areas with a relatively high proportion in higher skilled roles living in the sector in Rugby and Warwick. There is also a high proportion of 'other' households in the sector – particularly in Coventry City - which includes unrelated adults sharing which all points towards an underlying market for a co-living product. Clearly, not all individuals which have these characteristics will choose a co-living product; however, there is unarguably a large base relative to the target demographic.

The Current Co-Living Position in Coventry and Warwickshire

13.102 The Councils have no specific policy on co-living development owing to the fact that co-living is a relatively new housing model with few schemes outside of London. It is also the case that none of the authority areas have any pipeline supply for such housing developments. However, the product is embryonic, and we would expect a number of schemes to come forward via pre-application discussions in the coming months.

The Policy Response

13.103 On the same basis that there is a strong foundation to develop policy around Build to Rent, it is considered that a specific policy should be developed for co-living housing in Coventry City, Warwick District and Rugby District in the main urban areas. The nature of the market in these areas demonstrates that there is potential for a market to grow and support the housing needs of a number of household groups.

13.104 Outside of London, we are not aware of any planning authorities that have a specific adopted co-living policy. Manchester City Council has developed an interim co-living policy and has made clear that an initial ceiling of up to 5,000 units to evaluate and test the market for co-living housing. As noted, there is now adopted policy at the pan-London level as well as in a number of London Boroughs in the context where a number of schemes are already fully operational in London.

13.105 The London Plan under Policy H16 relating to large-scale purpose-built shared living provides guidance on co-living developments. The London Plan recognises that these developments may provide a housing option for single person households who cannot or choose not to live in self-contained homes or HMOs. It refers principally to schemes which are generally of at least 50 units

and provide an alternative to traditional flat shares and includes additional services and facilities, such as room cleaning, bed linen, on-site gym and concierge service.

13.106 In addition to the London Plan, a number of London Boroughs have or are developing specific local planning policies to respond to co-living schemes as they become more of a focal point for developers in the private rented sector. This includes Hackney and Lambeth which were the first two to progress with local policy on the sector. In both instances, as examples, the Councils acknowledged the principle of purpose-built, large-scale shared living, in line with the London Plan policy – noting a scale of 50 units in Hackney and 30 units in Lambeth. A range of criteria is set out including the requirement that it meets an identified need.

13.107 In Manchester, the City Council has recognised a need to be open to innovative housing models in an interim policy statement whilst setting an ‘initial ceiling’ of 5,000 units to be tested against a number of criteria, policies and specific standards in line with existing planning policy. The initial ceiling is intended to enable the Council to evaluate the suitability of co-living development at a manageable scale, and the contribution co-living can make to its core objectives.

13.108 Drawing on the policy frameworks established in the London Plan, the Council should construct a policy which supports high-quality co-living schemes where:

1. it is of good quality and design and adhere to minimum space standards⁴⁶;
2. it is located centrally and is well-connected to local services and employment by walking, cycling and public transport, and its design does not contribute to car dependency;
3. it is under single management;
4. The facility has a concierge or other adequate safety and security personnel;
5. its units are all for rent with minimum tenancy length of no less than three months;
6. communal facilities and services are provided that are sufficient to meet the requirements of the intended number of residents and offer at least:
 - a) convenient access to a communal kitchen with adequate facilities to meet the needs of all residents;
 - b) outside communal amenity space (roof terrace and/or garden);
 - c) internal communal amenity space (dining rooms, lounges) ;
 - d) laundry and drying facilities;
7. the private units provide adequate functional living space and layout, and are not self-contained homes or capable of being used as self-contained homes

⁴⁶ Nationally Described Space Standards

-
8. a management plan is provided with the application
 9. it delivers a level of affordable housing (discounted private rent) (set at viable levels) or up-front cash in lieu of a contribution towards affordable housing or an annual contribution in perpetuity.

13.109 As set out it is expected that co-living schemes could be delivered in the main urban areas of Coventry, Warwick and Rugby where there is a core demographic and tenant profile which would align with the target market of co-living housing. These areas are also well connected to local services and transport and would help support the night-time economy in conjunction with the existing student population.

13.110 The policy could expect that schemes would be under single management and offer rent with a minimum tenancy of no less than 3 months as well as align with local planning policies and space standards.

13.111 Other local authorities have encouraged co-living development where it is located next to growth areas or major centres of employment, it meets zero-carbon objectives, where students are precluded from the development and where it applies maximum tenancy lengths. These can be further considerations for the Councils to draw on when developing policies.

13.112 As noted previously, Manchester City Council has also limited the number of co-living developments in the City to 5,000 units⁴⁷ to “allow the Council to evaluate the suitability of this type of development at a manageable scale, and the contribution these facilities can make to our core objectives.” The three selected authorities could consider a similar approach.

Student Housing Needs

13.113 This section considers the housing needs of students across the Coventry and Warwickshire area drawing on the existing profile of students and the expected growth in student numbers and purpose built student accommodation gleaned from our core analysis and discussions with key stakeholders.

13.114 The Framework is clear that the needs of students, as a key household group, should be assessed and reflected in planning policies.

The Existing Profile of Student Housing Need

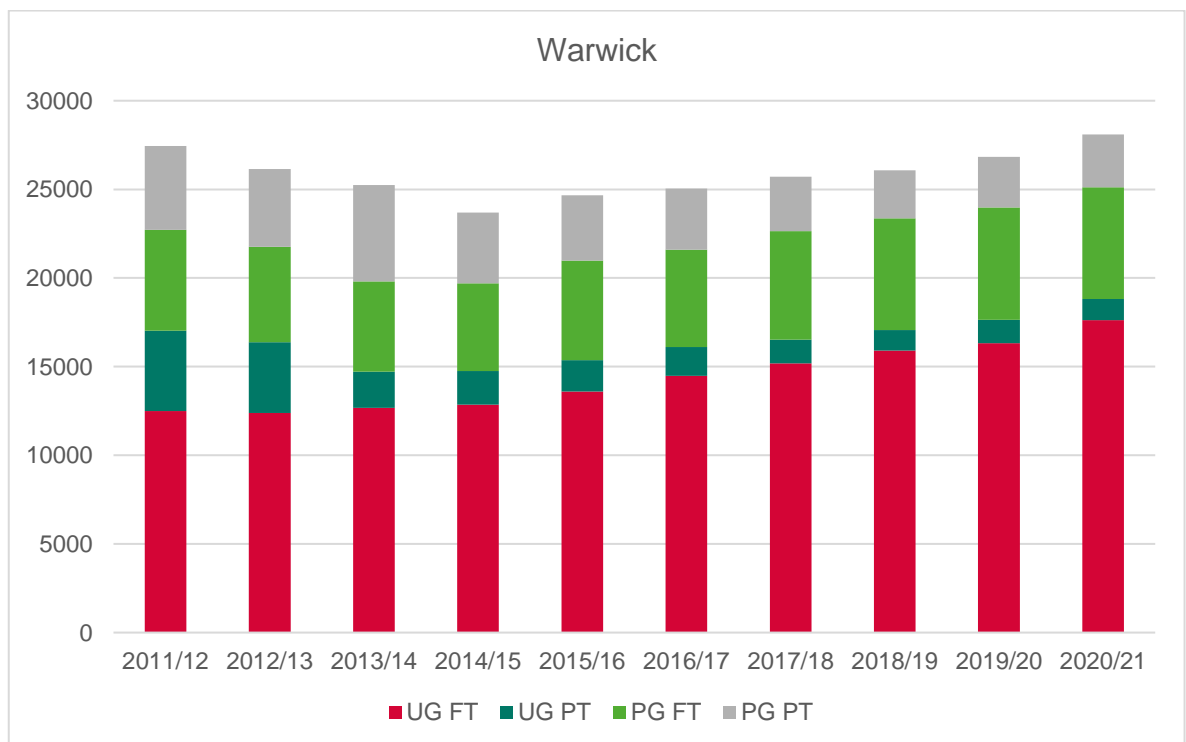
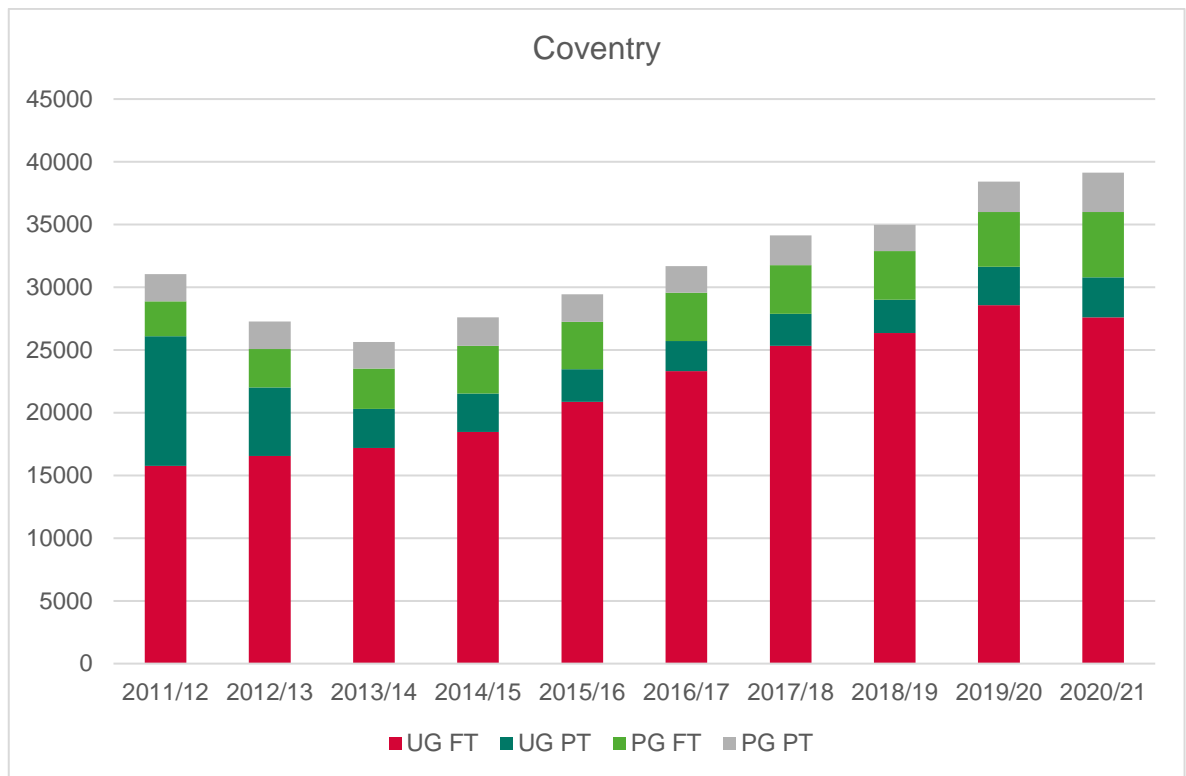
13.115 Across the study area, at the point of the 2011 Census, there were around 47,950 full time students aged 18 and over. The area has two higher education (“HE”) establishments which are relevant to this assessment: Coventry University and Warwick University. The study area also has a number of

⁴⁷ <https://democracy.manchester.gov.uk/documents/s17815/Co-living%20in%20Manchester.pdf>

colleges; however, the data allowing us to track trends in student numbers year-on-year for further education establishments is not consistently available. In any event, it is HE students which principally impact on the housing market, and therefore the assessment focuses on the two Universities.

- 13.116 IcenI has access to data allowing us to track trends in student numbers for Coventry University and Warwick University from the Higher Education Statistics Agency (“HESA”). Drawing on data from the HESA, the Figures below set out the pattern of growth over the last 10 years from 2011/12 to 2020/21. In the academic year 2020/21, the two Universities had a combined total of 67,245 full-time (“FT”) and part-time (“PT”) Undergraduate (“UG”) and Postgraduate (“PG”) students.
- 13.117 As is clear from the first graph, the student population decreased notably at Coventry University in the years following the introduction of the tuition fee rise in 2012; however, since a low of 25,630 students in 2013/14, student growth has increased significantly over the period to 2020/21 with an additional 13,510 students or 53% growth. The majority of this growth has been in FT UG students (i.e. over 10,000 additional students equal to 61% growth). In 2020/21, the University had a total of 39,140 students; however, it should be noted that Coventry University has a number of campuses outside of Coventry City including in London and Scarborough which are captured in this figure.
- 13.118 Turning to Warwick University, the second graph shows that post tuition fee increases, student growth decreased year-on-year to 2014/15 to reach a low of 23,685 students before increasing steadily over the period to 2020/21 with 19% growth across all student groups. However, all growth has been focussed on FT students with an increase of 37% and 28% in UG and PG students respectively.

Figure 13.10: Profile of Student Population, 2011-21

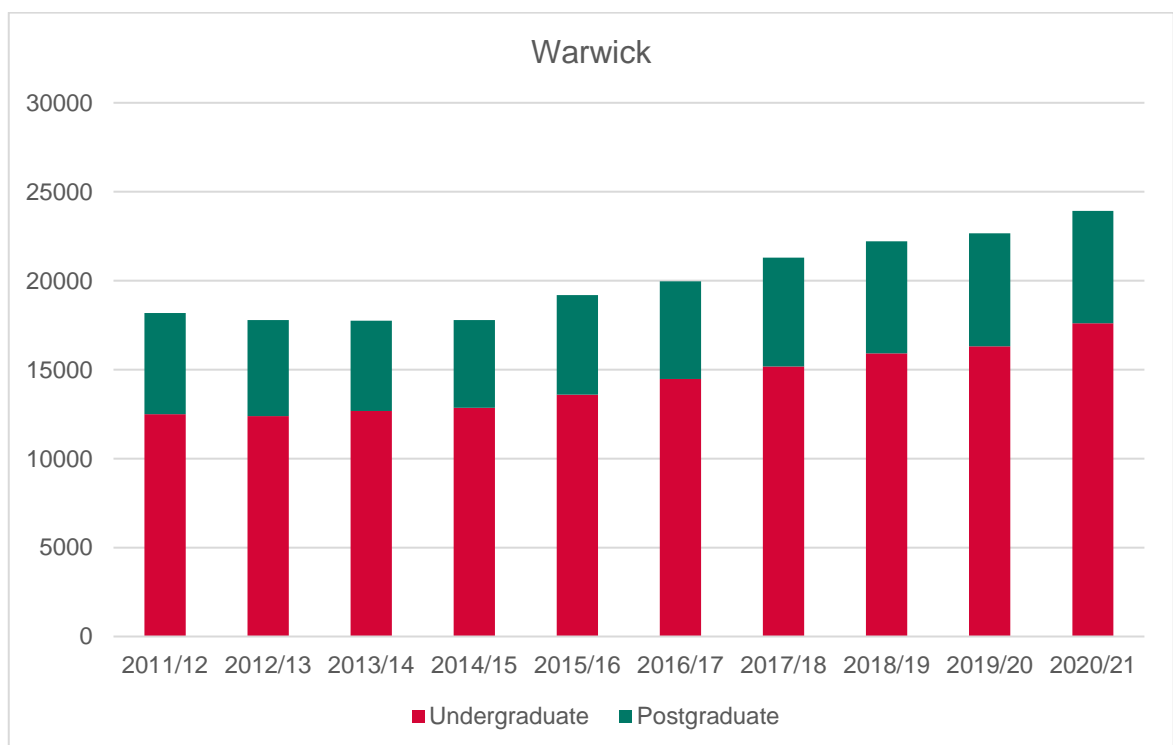
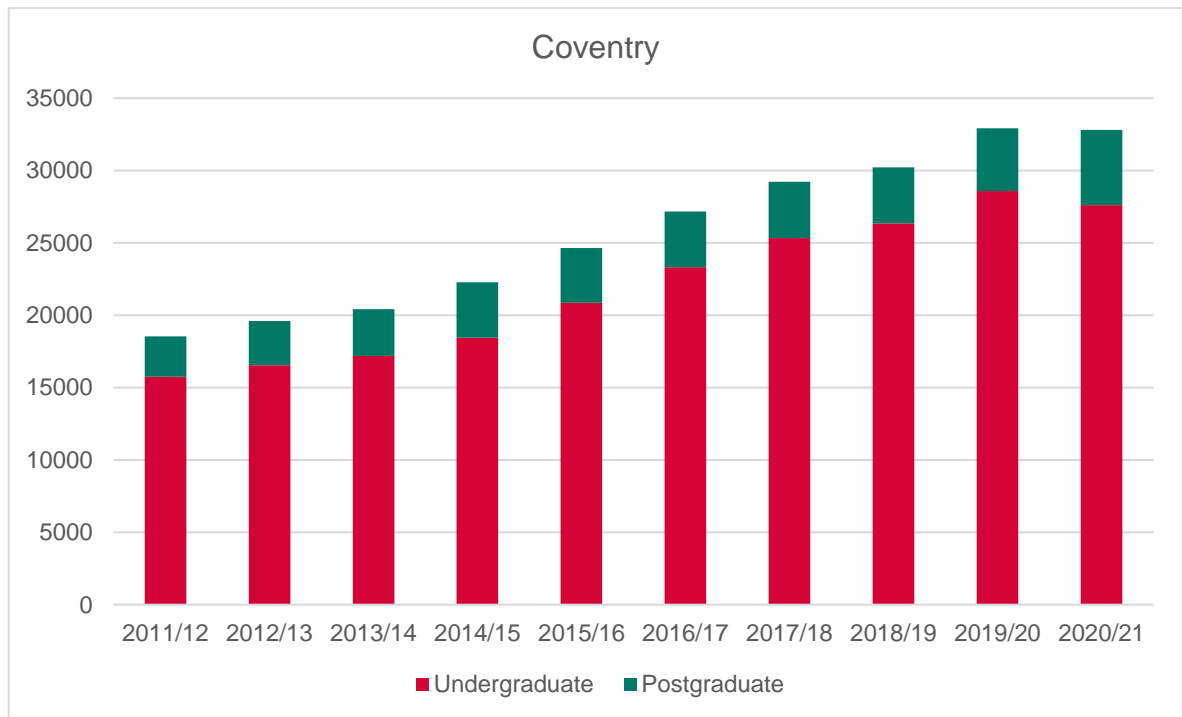


Source: HESA 2021

13.119 Recognising that housing needs arise principally as a result of FT students with those studying PT typically also living and working locally already or living with parents; we have drilled into this group specifically.

13.120 At Coventry University, the number of FT UG students grew over the 2011-21 period by 10,420 whilst the number of FT PG students grew by 1,980 totalling an additional 14,270 FT students. At Warwick University, the number of FT UG grew over the 2011-21 period by 4,765 students whilst the number of FT PG increased by 1,365 totalling 5,735 students. In 2020/21, Coventry University had 32,810 FT students and Warwick University had 23,920 FT students.

Figure 13.11: Trends in Full Time Higher Education Students



13.121 Finally, in respect of the profile of students, we note that there has also been a significant change in the origin of Coventry University's students with a notable increase in the number of international students with growth of 98% for EU students and 121% for non-EU students. Warwick University has also seen an increase in EU and non-EU students; however, the growth in relative terms has been to a much lesser extent.

Table 13.8 Change in Domicile of Students, 2011-2021

	Domicile	2011/12	2020/21	Change	%
Coventry University	UK	24,630	25,380	750	3%
	EU	1,915	3,800	1,885	98%
	Non-EU	4,505	9,960	5,455	121%
Warwick University	UK	18,650	17,805	-845	-5%
	EU	2,195	2,730	535	24%
	Non-EU	6,590	7,575	985	15%

Source: HESA 2021

13.122 Financially it is more lucrative for the universities to attract non-EU students and historically this has been in the main Chinese and Indian students. At a national level the number of Chinese students has fallen as a result of the pandemic while the Indian market has strengthened on the basis of increased numbers of post-study work visas.

The Profile of Accommodation

13.123 At the point of the 2011 Census, there were around 47,950 full time students aged 18 and over in the study area. In comparison, both Universities had 36,725 students in total in 2011/12. The Table below sets out a breakdown of students resident in each authority by age. Reflecting the location of both Universities, Coventry and Warwick had a significantly higher number of FT students.

Table 13.9 Profile of Full Time Students Aged 18 and Over

	North Warks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	Coventry
Aged 18-19	582	1,277	1,048	1,212	2,432	9,139
Aged 20-24	357	781	488	704	5,912	13,977
Aged 25 and Over	285	741	595	550	1,654	6,214
Total (No.)	1,224	2,799	2,131	2,466	9,998	29,330

Source: 2011 Census

13.124 The Table below sets out the accommodation profile of FT students at the point of the 2011 Census across Coventry and Warwickshire. This shows that the largest proportion of students aged 18 and over lived with parents in the non-University authority areas of North Warwickshire, Nuneaton and Bedworth, Rugby and Stratford-on-Avon. In these areas, the second most popular option was "other households" which includes living in a family household (i.e. living with a spouse, partner or child).

13.125 In Warwick District and Coventry City, the majority of students lived in all-student households, which principally comprise Houses in Multiple Occupation (“HMOs”). There was also a high proportion in each area living in University Halls as well as living either with parents or with a spouse or partner; however, in Warwick District almost half (48%) lived in HMOs and over a third (38%) in Coventry City lived in HMOs.

Table 13.10 Profile of Full Time Students Aged 18 and Over by Accommodation Type (%)

	North Warks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	Coventry
Living with Parents	75%	67%	60%	57%	16%	19%
University Communal	0%	0%	0%	0%	17%	23%
Other Communal	0%	0%	5%	10%	1%	1%
All Student Household	4%	6%	8%	10%	48%	35%
Living Alone	2%	4%	3%	4%	4%	7%
Other	19%	23%	24%	19%	14%	15%

Source: 2011 Census

13.126 It is notable that significant numbers of students residing in HMOs can lead to the dominance and concentration of HMOs in particular areas. Although it is not uncommon for areas with a high population of students to have a number of all student HMOs, it is important that a mix of residential accommodation be maintained within the neighbourhood. In particular:

- Student populations are transient and thus concentrations of HMOs can create relatively transient communities of people with a high population turnover. This can, in some circumstances, lead to issues of environmental upkeep and fly-tipping, as well as 'ghost' neighbourhoods in summer months.
- Areas with concentrations of HMOs are those in which there is an above average proportion of properties owned by landlords rather than owner occupiers. This can result in reduced investment in the upkeep of properties, which can lead to a general downward trend in neighbourhood quality.
- Growth in student HMOs within an area can inhibit the availability and supply of homes for other groups within the population, such as for families.

13.127 Coventry City Council have commissioned a separate report to drill into issues around student housing dynamics and HMO properties which will be published alongside the main HEDNA in due course.

Expected Student Growth and Provision of PBSA

- 13.128 This sub-section reflects discussions between IcenI and the respective Universities which were focussed on understanding the latest profile of current students and expected student growth as well as our review of planned provision of PBSA. The dynamic between the Universities' expansion plans, growth in student numbers and the provision of PBSA is critical to determining whether additional provision is necessary moving forward.
- 13.129 It should however be noted upfront that due to funding cycles, the Universities typically only plan ahead five years. There has also been a need to revisit strategies and masterplanning in a post-Covid world which has caused delays with bringing firm plans forward. It is therefore difficult at the time of writing to draw any firm conclusions from these discussions.

Coventry University

- 13.130 As set out, in the academic year 2020/21, Coventry University had a total of 39,140 students as part of its wider "group" which includes campuses in London and Scarborough as well as Coventry. Through discussions with the University, we understand that around 28,000 students of the global total study on courses at the Coventry campus.
- 13.131 The University owns accommodation on-campus equal to around 2,500 bedspaces which are principally aimed at first year students alongside a number of other specific groups. The latest position with regards to capacity is that around 2,200 bedspaces are occupied at the time of writing. In addition to the on-campus bedspaces, the University is also supporting 80 tenancies of students living in HMO accommodation with the University's accommodation team noting that a high number of students are choosing to live in PBSA with this trend increasing year-on-year as more of this accommodation comes forward.
- 13.132 IcenI has drilled into data gathered by HESA to better understand students' term-time accommodation preferences. This has been split out between first year UG, returning UG and all PG students; recognising that there is a distinct difference in preference between these main groups. However, it should again be noted that the data is skewed by the "group" total and the other University campuses and the data should be treated with caution – particularly around University owned halls.

Table 13.11 Coventry University Full-Time Student Term-Time Accommodation (%)

Accommodation	First Year UG	Returning UG	All PG
University Owned Halls	23%	33%	15%
Private Sector Halls	6%	8%	4%
Parents Home	27%	24%	11%
HMOs	15%	17%	32%
Own Residence	14%	13%	13%
Other	7%	5%	11%
Not Known	8%	1%	14%

Source: HESA, 2020/21

- 13.133 As is clear, there is a high proportion of UG students living in University Halls with around a quarter (23%) of first year UG students living in Halls owned by Coventry University. The majority (27%) of first year UGs live with parents with a high proportion also living in all students households or HMOs; as well as PBSA – which is taken to include both private sector halls and partly those with their “own residence” as this includes renting. The majority of PG students live in HMOs with a high proportion also expected to be living in PBSA.
- 13.134 The University has experienced notable growth over the last decade becoming the fastest growing University in the UK which is detailed upfront in this section. This has been driven by a significant investment programme over the last ten years including the development of the Alison Gingell Building which provides state of the art health simulation to support health and life science courses. This has been coupled with the development of new accommodation including Bishop Gate and Godiva Place which both opened in 2018 providing 725 and 772 en-suite bedrooms and studios for students respectively.
- 13.135 Icenis has reviewed the University’s Corporate Strategy 2030 and has discussed growth plans with the University’s accommodation team; however, we have been unable to confirm specific numbers with regards to the expected student population over the coming years. Nevertheless, it has been confirmed through our discussions that the University will continue to focus on both UG and PG students and the opportunity for progression from UG to PG courses. The University also expects the shift to a rising number of international students to continue moving forward with the international market being another focus. Nevertheless, at this stage, it is expected that student numbers will remain static for the next 2-3 years.
- 13.136 The Table below shows the number of bedspaces approved and due to be delivered in Coventry City over the next three years. In total, around 9,275 bedspaces are due to be completed which is a significant volume of development for the student housing sector. 4,819 bedspaces have been delivered in the last three years. There are currently no further PBSA schemes anticipated after 2023/24.

Table 13.12 Purpose-Built Student Accommodation, Bedspaces

	Completed	Committed
2017/18	0	
2018/19	2,602	
2019/20	2,217	
2020/21	0	
2021/22		5,449
2022/23		2,825
2023/24		1,000

- 13.137 Taken together, alongside the total amount of PBSA already in the City including University owned Halls – estimated to be around 16,000 bedspaces in total based on research undertaken by Coventry University – there is a significant volume of PBSA for students on the ground and in the pipeline.
- 13.138 In the short-term, with the volume of PBSA in the pipeline due to be delivered in the next 3 years and the expectation that student numbers will remain static, it does not appear that there is a need for intervention. However, the University’s plans to continue to grow the international student population could have an impact on housing needs in the medium to long-term. Through our discussions, it is also our understanding that there is an increasing number of students opting for PBSA as opposed to sharing with other students in HMOs due to the higher and improving quality of this form of stock – this will have to be closely monitored.
- 13.139 The Council should continue to liaise with the University as appropriate to ensure that the supply of PBSA over the long-term does not flood the market and a balance is struck. A separate study being commissioned by Coventry City Council will drill into these issues and consider the potential for reusing surplus PBSA for to house other household groups.

Warwick University

- 13.140 In the academic year 2020/21, Warwick University had a total of 28,105 students. Through our discussions with the University’s accommodation team, we understand that the student population increased to around 29,550; however, this data is not yet available via HESA. The University guarantees accommodation for first year UG students as well as a small proportion of other student groups.
- 13.141 In total, the University houses 7,500 students on-campus which the accommodation states is sufficient supply to home all students that require it in line with the student allocation policy. Students attending the University (i.e. excluding distance learners equal to around 4,00 students) either live on-campus, in Coventry City or in Warwick District with students in the latter living principally in Leamington. The University states that around 6,000 Warwick University students live in Leamington.

13.142 Icení has again drilled into data gathered by HESA to better understand students' term-time accommodation preferences. As expected, this shows that the majority of first year UG students live in one of the 7,500 bedspaces on-campus with returning UG students and PG living in HMOs or PBSA.

Table 13.13 Warwick University Full-Time Student Term-Time Accommodation (%)

Accommodation	First Year UG	Returning UG	All PG
University Owned Halls	85%	18%	24%
Private Sector Halls	0%	2%	3%
Parents Home	5%	4%	15%
HMOs	3%	53%	31%
Own Residence	2%	9%	12%
Other	2%	12%	9%
Not Known	2%	2%	7%

Source: HESA, 2020/21

13.143 As is the case in Coventry City, there has been a focus on delivering large quantities of PBSA albeit to a much smaller scale in absolute terms. The University's accommodation team has stated that all of the PBSA built on the collar of the University is full; also noting that, in line with the trend in Coventry, more students are choosing to live in PBSA as opposed to HMOs.

13.144 It was also noted however that for Warwick students, Coventry City is seen as being too far with the preference to be on or very close to campus or alternatively, live in Leamington owing to the area's character and appearance, as well as nightlife. As a result, the bulk of the PBSA market in Coventry City is being taken up by Coventry University students only.

13.145 The Table below sets out PBSA schemes delivered in recent years and shows that 929 bedspaces have been delivered since 2017/18 and there is forthcoming provision for another 292 bedspaces in Warwick District in the coming years.

Table 13.14 Purpose-Built Student Accommodation, Bedspaces

	Completed	Committed
2017/18	329	
2018/19	148	
2019/20	275	
2020/21	177	
2021/22		92
2022/23		200
2023/24		0

13.146 The University is currently in the midst of developing its Strategy looking ahead to 2030 and is due to share its draft strategy and accompanying masterplan with the District Council in spring 2022. The document will include a target number with regards to student growth; however, at this stage, Icení has been informed that the University intends to increase numbers at a “sustainable moderate growth” rate. The approach to housing all first year UG students will be maintained and there is a desire to also offer some additional accommodation to returning students.

13.147 In terms of the impact on housing, it is not clear at this stage due to the ongoing development of the University Strategy and Masterplan and as stated, the University has confirmed that they are currently working to develop the Strategy and are engaged with Warwick District Council in doing so. The Council should therefore continue to work with the University and monitor the situation until a clear vision is established.

The Policy Response

13.148 Overall, it is clear that Coventry City and Warwick District and their respective Universities has seen significant growth in students over the last decade; and the growth has been particularly in full-time students which have the greatest impact on the housing market. Over the 2011-21 period, Coventry University increased its full-time student population by 14,270 students group-wide and Warwick University by 5,735 students.

13.149 Coventry University owns and provides for around 2,500 bedspaces whilst Warwick University has 7,500 bedspaces on-campus which are all guaranteed for first year UG students and a small proportion of other student groups. In terms of the former, the University has seen growth on the back of a significant investment programme in new facilities accompanied by student accommodation provision in the City. A substantial amount of PBSA has also come forward in the City with a significant pipeline due to be built out in the next 3 years whilst Warwick has also seen a number of PBSA schemes come forward.

13.150 Looking ahead, Coventry City intends to continue to focus on the international market and growing its international student population; however, over the next 2-3 years, it is expected that student

numbers will remain fairly static. As noted, there is a significant pipeline of PBSA and as a result, it is not considered that any intervention from the Council is necessary at this stage. The City Council should continue to engage with the University

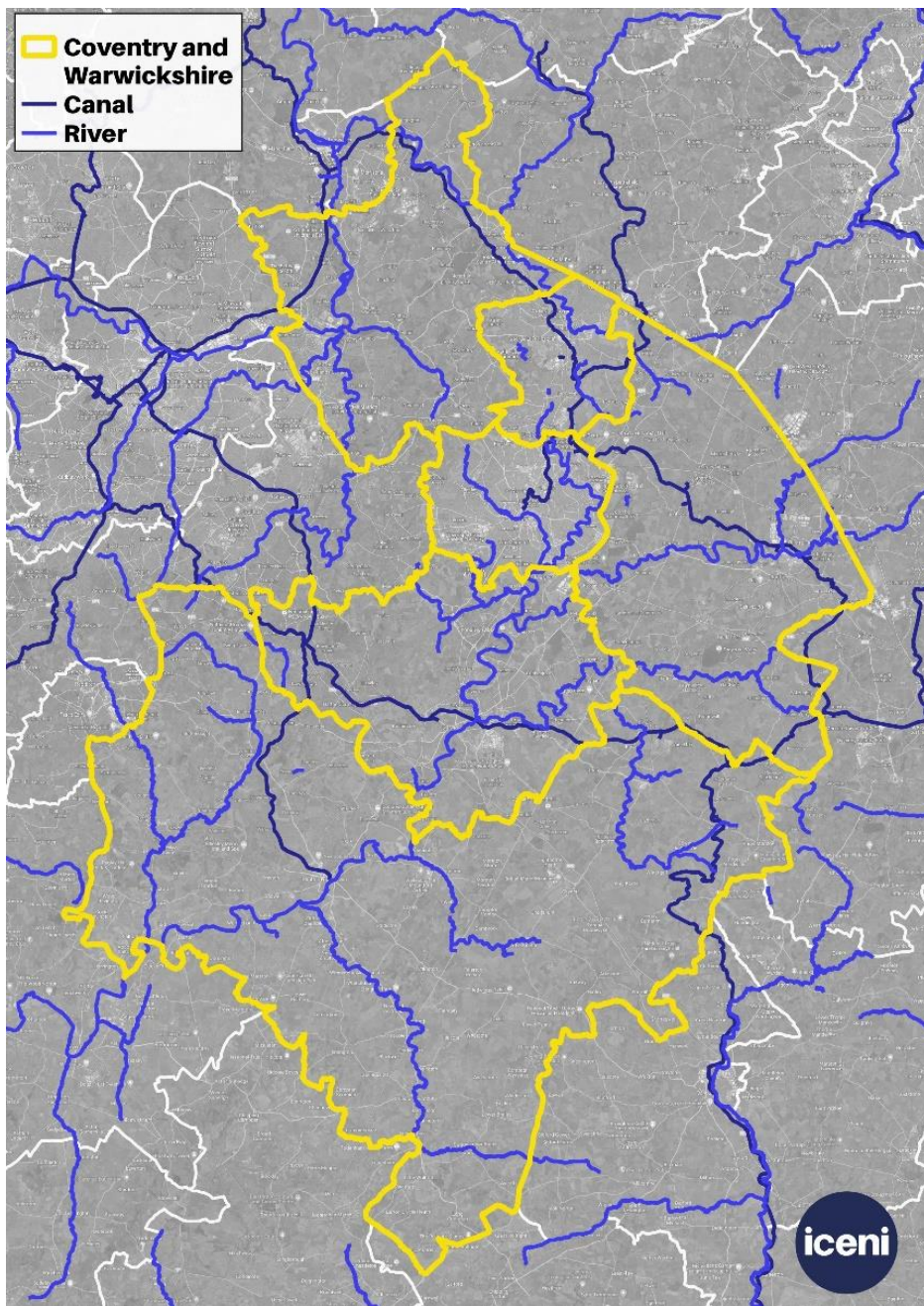
13.151 Warwick University's Strategy and accompanying masterplan is still being developed. At this stage, we have been informed that the University intends to continue with "sustainable moderate growth"; however, until the vision becomes clear, it is challenging to advise on whether any intervention is necessary.

13.152 Coventry City Council and Warwick District Council will need to maintain ongoing engagement with the two universities and monitor changes in student numbers and accommodation provision.

Caravans and Houseboats Dwellers

13.153 According to the Canals and Rivers Trust, across the West Midlands there is 520 miles of canals and as illustrated in the map below this includes considerable coverage within the study area and in each of the local authorities.

Figure 13.13: Canals and Rivers in Coventry and Warwickshire



13.154 The Association of Inland Navigation Authorities (“AINA”) is the industry body in Great Britain for those authorities with statutory or other legal responsibility for the management and operation of navigable inland waterways.

13.155 They have produced a range of reports including⁴⁸ in 2008 a survey based report titled “Numbers of Boats on the Inland Waterways”. The report recognises that “there has been a lack of definitive nationwide statistics on boat numbers, their locations, their moorings and their use.” In response

⁴⁸ Numbers of Boats on the Inland Waterways

AINA commissioned a study to look at two of the key components of the inland waterways - the numbers and types of boats on them and the numbers of moorings available.

13.156 Unfortunately, the data relating to canals in Coventry and Warwickshire was not reported but the navigation authority, British Waterways, did report for their network of 2,929 km of canals. Since that time British Waterways ceased to exist and was replaced by the Canal and River Trust.

13.157 The report for British Waterways shows that total boat numbers on their network grew by an average annual rate of just over 4% between 2002 and 2007. It also noted that the number of holiday hire boats remained stable over the period, but there was a significant expansion in trip, restaurant and community boats.

13.158 Overall, leisure business boat licenses nearly doubled over the five years. Within the private powered boat sector, growth was particularly strong amongst continuous cruisers and other residential boaters.

13.159 The total number of boats on the network in 2007 was 32,604 an increase of around 7,000 since 2002. This included 29,289 powered boats, 708 unpowered boats, 1,573 trip/restaurant boats, 996 hire boats and 38 unpowered day hire boats.

13.160 In terms of moorings the British Waterways reported that there were 24,714 moorings on their network and a further 3,100 vessels that were without a home mooring as they were in continuous use. The majority of this supply was private and 5,188 were owned by British Waterways.

13.161 AINA also produced a further advisory report⁴⁹ in 2011 called the "Residential Use of Inland Waterways". This report examined those using boats as their main residential location. The report acknowledges that "there is currently a strong demand for residential moorings but a scarce supply of suitable berths". The report provides examples of different types of vessels or structures in 'residential use' including

- Conventional vessels - These are boats that have originally been designed and built for navigation, the majority are cabin cruisers, narrow boats or wide-beam vessels e.g. barges.
- Vessels not capable of navigation - Vessels that have been modified (e.g. engines removed and/or interior altered) and vessels that are simply too large to navigate the waterway
- Floating structures not capable of navigation - Simply accommodation constructed to float on water.

⁴⁹ <https://aina.org.uk/wp-content/uploads/2018/04/RUIW-Feb11.pdf>

-
- Houseboat - A static vessel or purpose-built floating structure with no form of mechanical propulsion used, or designed for use, for residential purposes.

13.162 However, the report recognises that the term “houseboat” is sometimes used to refer to any of the other types of vessels and structures that are in residential use. The report also provides an outline of each the different types of moorings. These are

- Long-term / home mooring / mooring base - This is a mooring which comprises the usual ‘parking place’ for a vessel, from which it may or may not go cruising. This type of mooring will often be allocated to and/or occupied by a single identifiable vessel for a long period (e.g. one year or longer).
- Residential mooring - This is a long-term/mooring base for a vessel or floating structure with planning permission and navigation authority consent for use as a person’s sole or main residence. The vessel may leave the mooring from time to time to go cruising, undergo repair etc. for any period of time.
- Visitor / short-stay mooring - This type of mooring is specifically designated for boats to stop off or stay at for short periods whilst out cruising, usually for a maximum specified period.
- Casual mooring – this type of mooring occurs where boats tie up casually anywhere along the towpath or riverbank. Usually there is a general rule specifying the maximum period for casually mooring in one place (e.g. up to 14 days on waterways owned and managed by British Waterways)

13.163 The report notes that the 2008 boaters’ survey conducted by British Waterways included the question “Is your boat your main residence?” and that 18% answered yes as main or Monday-Friday residence, and extrapolating this to the approximately 30,000 privately licensed boats, British Waterways estimates that approximately 5,400 boats on its waterways are used for residential purposes.

13.164 If this number increased by 4% each year as was the estimated growth in the 2002 – 2007 period then there would be 8,991 boats used as a main residence. Extrapolating this figure further to 2040 would result in an increase to 18,994 boats used as a main residence.

13.165 Although this is purely an extrapolation and there is no evidence to suggest how high this number actually is or will be. Furthermore, these figures are for the whole British Waterways Network which Coventry and Warwickshire only comprises a small but notable part of.

13.166 The report then goes on to make a number of recommendations including:

“Some minority household groups are the subject of planning guidance such as Circulars, and a similar approach could help to ensure that the relevant issues specific to people living afloat are appropriately addressed by local authorities in both local housing and planning policy making as well as in development control.

Local authorities therefore have a responsibility to make well-informed planning decisions, using all the ‘tools’ available to them, including this advisory document. They should consult the relevant navigation authority and take into account their statutory duties, policies and any guidelines and local plans. They should also engage with all stake-holders at an early stage to understand the range of issues.

More generally, planning for residential moorings is most suitably dealt with when developing waterway strategies, local area development plans or similar; these plans should consider all types of moorings (residential, leisure, commercial and visitor moorings) and make appropriate provision for them within a local strategic context”

13.167 The Canal and River Trust have recently published⁵⁰ their annual report for the West Midlands. This noted that in 2020/21 there was record numbers of boat movements and that 7,386 boats use the canals each year. This would equate to around one quarter of the boats on the British Waterways network in the 2007.

13.168 To illustrate the supply and demand of moorings in the study area we have used the Canal and River Trusts Waterside Moorings search function.⁵¹ This is based on a five mile radius from a search location as such there will be some overlap and also some supply outside of the area (which we have sought to minimise as much as possible). As shown in the Table below, there are only 4 available moorings out of 138 in the five miles from each boroughs main settlement.

⁵⁰ <https://canalrivertrust.org.uk/refresh/media/original/44126-west-midlands-annual-report-2020-21.pdf>

⁵¹ <https://www.watersidemoorings.com/Search?DistanceMiles=0&Coordinates=55.3781%2C->

3.436&tab=&Availability=availablenow&Availability=availablesoon&Availability=occupied&BerthUse=Leisure&BerthUse=Residential

Table 13.15 Moorings within 5 Mile Radius of Major Settlements, Nov 2022

	Available	Occupied	Total
Atherstone ⁵²	0	27	27
Coventry	0	42	42
Coleshill	2	23	25
Nuneaton	0	13	13
Rugby	2	13	15
Stratford-upon-Avon	0	11	11
Warwick	0	5	5
Total	4	132	138

Source: Canal and River Trust

- 13.169 Given the growing demand for moorings and the relatively low level of vacancies the Councils should work with the relevant authorities (Canal and River Trust) to identify additional residential moorings in the study area.

⁵² Includes 2 occupied moorings at Alvecote Marina

14. HOUSING NEEDS OF OLDER PEOPLE & THOSE WITH DISABILITIES

Introduction

- 14.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

- 14.2 The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Coventry-Warwickshire are presented.

Current Population of Older People

- 14.3 The table below provides baseline population data about older persons in the study area and compares this with other areas. The population data has been taken from the 2021 Census and shows Coventry-Warwickshire has a similar age structure to other areas with 18% of the population being aged 65 and over.

Table 14.1 Older Persons Population, 2021

	Coventry-Warwickshire	West Midlands	England
Under 65	81.6%	81.2%	81.6%
65-74	9.5%	9.9%	9.8%
75-84	6.4%	6.4%	6.1%
85+	2.4%	2.5%	2.4%
Total	100.0%	100.0%	100.0%
Total 65+	18.4%	18.8%	18.4%
Total 75+	8.8%	8.9%	8.6%

Source: 2011 Census

- 14.4 The table below shows the same information for local authorities, this shows some notable variation in the proportion of people aged 65 and over, ranging from 15% in Coventry, up to 25% of the population of Stratford-on-Avon.

Table 14.2 Older Persons Population, 2021 – local authorities

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
Coventry	85.4%	7.6%	5.0%	2.0%	100.0%	14.6%	7.0%
North Warwickshire	78.1%	11.9%	7.4%	2.6%	100.0%	21.9%	10.0%
Nuneaton & Bedworth	80.9%	10.3%	6.5%	2.2%	100.0%	19.1%	8.8%
Rugby	81.9%	9.2%	6.6%	2.4%	100.0%	18.1%	8.9%
Stratford-on-Avon	74.8%	12.9%	8.9%	3.4%	100.0%	25.2%	12.3%
Warwick	81.1%	9.6%	6.5%	2.7%	100.0%	18.9%	9.2%
Warwickshire	79.5%	10.7%	7.2%	2.7%	100.0%	20.5%	9.9%
Coventry-Warwickshire	81.6%	9.5%	6.4%	2.4%	100.0%	18.4%	8.8%

Source: 2011 Census

Projected Future Change in the Population of Older People

14.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Coventry and Warwickshire is projected to see a notable increase in the older person population. Using the trend-based projection developed the increase in the population aged 65 and over is around 18% - the population aged Under 65 is in contrast projected to increase by just 4%.

14.6 In total population terms, the projections show an increase in the population aged 65 and over of 32,400 people. This is against a backdrop of an overall increase of 60,600 – population growth of people aged 65 and over therefore accounts for 54% of the total projected population change.

Table 14.3 Projected Change in Population of Older Persons, 2022 to 2032 – trend-based projection

	2022	2032	Change in population	% change
Under 65	773,293	801,480	28,186	3.6%
65-74	90,924	106,300	15,376	16.9%
75-84	62,125	72,266	10,141	16.3%
85+	23,686	30,614	6,928	29.2%
Total	950,029	1,010,661	60,632	6.4%
Total 65+	176,736	209,181	32,446	18.4%
Total 75+	85,811	102,881	17,069	19.9%

Source: Demographic Projections

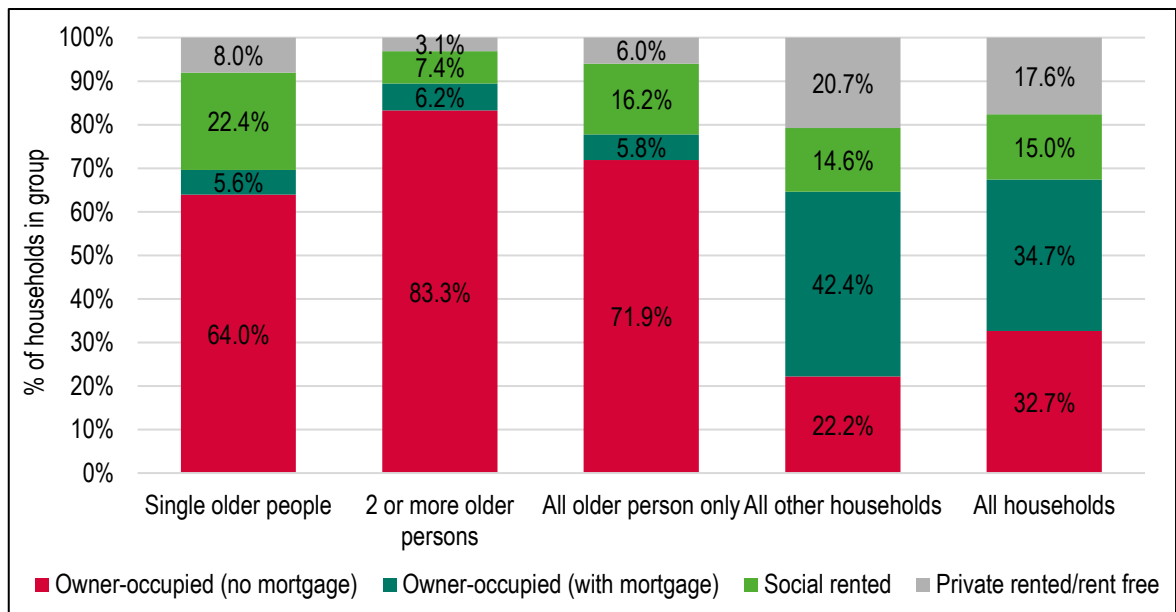
Characteristics of Older Person Households

14.7 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (78% of older person households), and indeed most are owner occupiers with no mortgage and thus may

have significant equity which can be put towards the purchase of a new home. Some 16% of older persons households across the study area live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 6%).

- 14.8 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

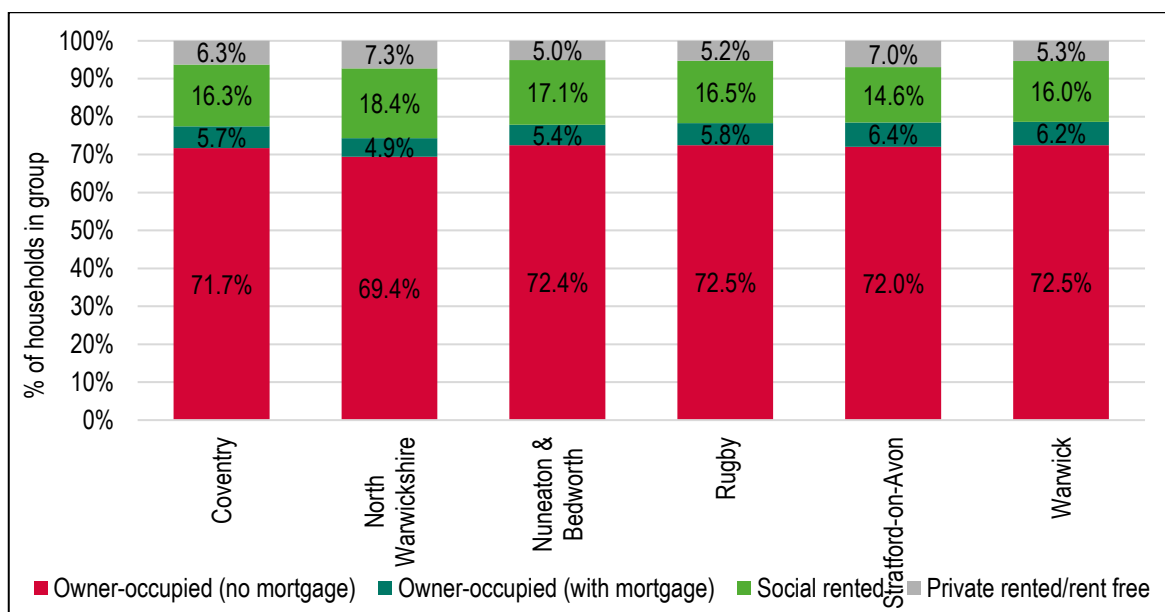
Figure 14.1: Tenure of Older Persons Households in Coventry-Warwickshire, 2011



Source: 2011 Census

- 14.9 The figure below shows the same information for local authorities – the data is provided for all older person households. The data shows that the tenure profile of older person households is similar across the study area, with all locations seeing the majority of older person households being owners-occupiers and low numbers in the private rented sector.

Figure 14.2: Tenure of Older Persons Households in Coventry-Warwickshire, 2011 – local authorities



Source: 2011 Census

Prevalence of Disabilities

14.10 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 32% of households in Coventry-Warwickshire contain someone with a LTHPD. This figure is slightly lower than seen regionally, and virtually the same as the national average. The figures for the population with a LTHPD also typically show the same trends when compared with other locations – some 17% of the population having a LTHPD.

Table 14.4 Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Coventry-Warwickshire	115,721	32.2%	149,420	17.3%
West Midlands	810,722	35.3%	1,062,064	19.0%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

14.11 The analysis also shows some differences between different parts of the study area, with Nuneaton & Bedworth seeing a higher proportion of population and households with a LTHPD.

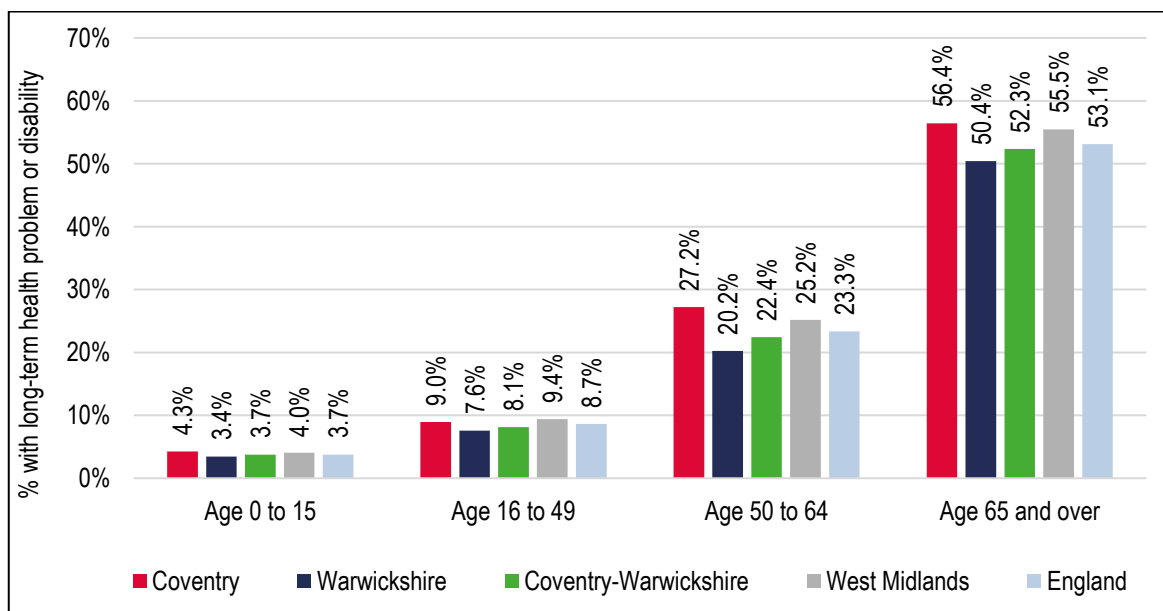
Table 14.5 Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas – Coventry-Warwickshire

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Coventry	43,584	33.9%	56,247	17.7%
North Warwickshire	9,061	35.1%	11,936	19.2%
Nuneaton & Bedworth	18,669	35.4%	24,379	19.5%
Rugby	12,581	30.0%	16,114	16.1%
Stratford-on-Avon	15,784	30.4%	20,334	16.9%
Warwick	16,042	27.3%	20,410	14.8%
Warwickshire	72,137	31.2%	93,173	17.1%
Coventry-Warwickshire	115,721	32.2%	149,420	17.3%

Source: 2011 Census

14.12 As noted, it is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows higher levels of LTHPD in each age band in Coventry when compared with the regional and national position.

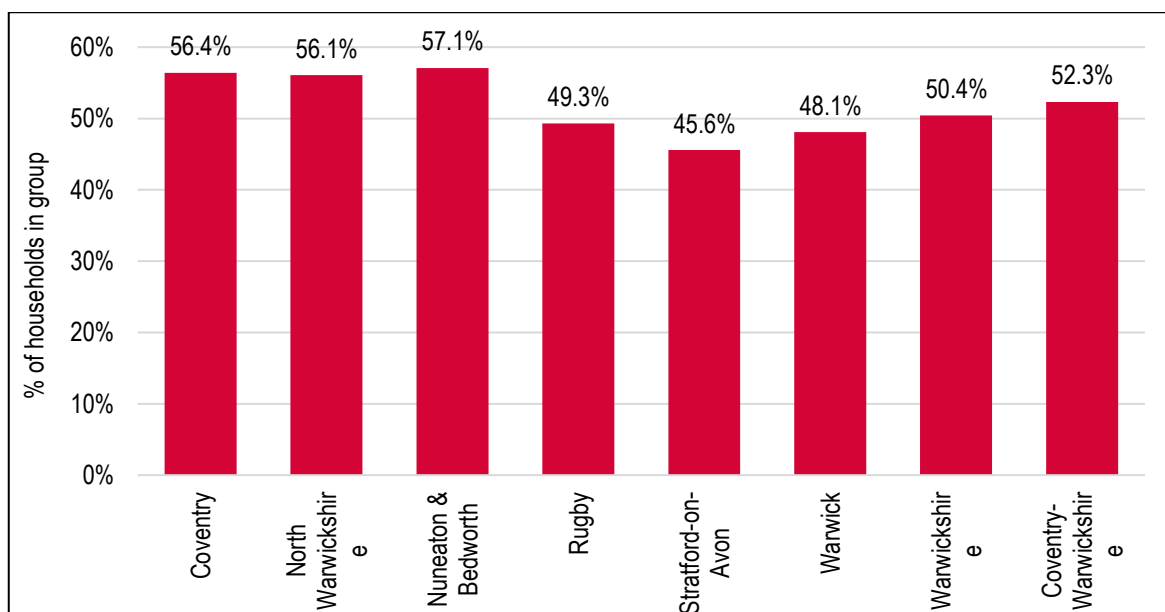
Figure 14.3: Population with Long-Term Health Problem or Disability by Age



Source: 2011 Census

14.13 The figure below shows the proportion of the population aged 65 and over with a LTHPD by local authority – this shows higher levels of disability in Coventry and Nuneaton & Bedworth, with much lower figures in Stratford-on-Avon and Warwick.

Figure 14.4: Proportion of population aged 65 and over with a Long-Term Health Problem or Disability – local authorities



Source: 2011 Census

Health Related Population Projections

- 14.14 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.
- 14.15 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 14.16 Of particular note are the large increases in the number of older people with dementia (increasing by 21% from 2022 to 2032 and mobility problems (up 20% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents 11% of total projected population growth.
- 14.17 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Table 14.6 Projected Changes to Population with a Range of Disabilities – Coventry-Warwickshire

Disability	Age Range	2022	2032	Change	% Change
Dementia	65+	12,143	14,720	2,577	21.2%
Mobility problems	65+	31,912	38,350	6,438	20.2%
Autistic Spectrum Disorders	18-64	5,502	5,857	355	6.4%
	65+	1,626	1,933	307	18.9%
Learning Disabilities	15-64	14,244	15,062	818	5.7%
	65+	3,609	4,234	624	17.3%
Challenging behaviour	15-64	261	275	14	5.5%
Impaired mobility	16-64	29,111	29,753	642	2.2%

Source: POPPI/PANSI and Demographic Projections

- 14.18 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 14.19 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older Persons

- 14.20 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: *Planning Practice Guidance* [63-010]

- 14.21 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.
- 14.22 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 14.23 Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool'*. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

14.24 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

14.25 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

14.26 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 14.7 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008) ⁵³	Housing in Later Life (2012) ⁵⁴	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

14.27 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;

⁵³ Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

⁵⁴ https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and
- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer

14.28 Icen and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

14.29 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

14.30 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. Calculations are based on comparing the proportion of people aged 65 and over with a LTHPD (56.4% in the case of Coventry) with the equivalent figure for England (53.1%). The table below also shows data from the Index of Multiple Deprivation (IMD) which is used to determine the local tenure split (discussed below).

Table 14.8 Data on health adjustments and Index of Multiple Deprivation

	% 65+ with LTHPD	Health adjustment	2019 IMD (rank of 317)
Coventry	56.4%	106.2%	81
North Warwickshire	56.1%	105.5%	155
Nuneaton & Bedworth	57.1%	107.4%	101
Rugby	49.3%	92.8%	222
Stratford-on-Avon	45.6%	85.8%	259
Warwick	48.1%	90.5%	263

Source: 2011 Census and Index of Multiple Deprivation

14.31 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Coventry is the 81st most deprived local authority in England (out of 317). This suggests a greater proportion of affordable housing than for an authority in the middle of the range. Authorities with relatively low deprivation might therefore be expected to see a higher proportion of market housing. To be clear this is market housing within the categories described above (e.g. housing with support and housing with care).

14.32 The table below shows the prevalence rates used in analysis with adjustments for health and deprivation. This shows higher needs for affordable housing in Coventry and Nuneaton & Bedworth, with other areas having higher prevalence in the market sector. As noted, this reflects the health of the local and deprivation although it is interesting to also note that Coventry was shown above to have a much lower proportion of older people as owner-occupiers than in other locations.

Table 14.9 Prevalence rates used in analysis of older person needs – Coventry-Warwickshire (rates per 1,000 population aged 75+)

	Housing with support		Housing with care		Residential care	Nursing care
	Market	Affordable	Market	Affordable		
Coventry	40	93	21	27	42	48
North Warwickshire	54	78	28	20	42	47
Nuneaton & Bedworth	43	91	24	25	43	48
Rugby	60	56	28	13	37	42
Stratford-on-Avon	62	45	27	11	34	39
Warwick	66	47	29	12	36	41

Source: Range of sources

14.33 The tables below show estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

14.34 Overall, the analysis suggests that there will be a notable need for both housing with support and housing with care (in both market and affordable sectors), as well as some additional nursing and residential care bedspaces. In Coventry the need is particularly for affordable housing (housing with support), with the opposite being the case in Warwickshire.

Table 14.10 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Coventry

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	40	462	970	508	104	612
	Affordable	93	1,168	2,274	1,106	245	1,350
Total (housing with support)		133	1,630	3,244	1,614	349	1,963
Housing with care	Market	21	210	514	304	55	360
	Affordable	27	855	653	-202	70	-131
Total (housing with care)		48	1,065	1,168	103	126	228
Residential care bedspaces		42	1,203	1,038	-165	112	-53
Nursing care bedspaces		48	567	1,168	601	126	726
Total bedspaces		90	1,770	2,206	436	238	673

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 14.11 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Warwickshire

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	58	1,913	3,560	1,647	843	2,490
	Affordable	60	5,198	3,695	-1,503	848	-655
Total (housing with support)		118	7,111	7,255	144	1,691	1,836
Housing with care	Market	27	721	1,665	944	392	1,336
	Affordable	15	477	947	470	217	687
Total (housing with care)		43	1,198	2,612	1,414	609	2,023
Residential care bedspaces		38	2,253	2,322	69	541	610
Nursing care bedspaces		43	2,261	2,612	351	609	960
Total bedspaces		80	4,514	4,934	420	1,150	1,570

Source: Derived from Demographic Projections and Housing LIN/EAC

14.35 The series of tables below provide the same information for each local authority (excluding Coventry).

Table 14.12 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – North Warwickshire

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	54	124	373	249	70	319
	Affordable	78	1,270	538	-732	101	-630
Total (housing with support)		132	1,394	911	-483	172	-311
Housing with care	Market	28	0	190	190	36	226
	Affordable	20	80	138	58	26	84
Total (housing with care)		47	80	328	248	62	310
Residential care bedspaces		42	284	292	8	55	63
Nursing care bedspaces		47	301	328	27	62	89
Total bedspaces		90	585	620	35	117	151

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 14.13 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Nuneaton & Bedworth

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	43	18	524	506	115	621
	Affordable	91	1,310	1,095	-215	241	25
Total (housing with support)		134	1,328	1,619	291	356	647
Housing with care	Market	24	123	284	161	62	224
	Affordable	25	82	298	216	66	282
Total (housing with care)		48	205	583	378	128	506
Residential care bedspaces		43	562	518	-44	114	70
Nursing care bedspaces		48	278	583	305	128	433
Total bedspaces		91	840	1,101	261	242	503

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 14.14 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Rugby

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	60	369	642	273	143	415
	Affordable	56	1,211	598	-613	133	-480
Total (housing with support)		116	1,580	1,239	-341	276	-65
Housing with care	Market	28	20	303	283	67	350
	Affordable	13	100	144	44	32	75
Total (housing with care)		42	120	446	326	99	425
Residential care bedspaces		37	389	397	8	88	96
Nursing care bedspaces		42	489	446	-43	99	56
Total bedspaces		79	878	843	-35	188	152

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 14.15 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Stratford-on-Avon

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	62	686	1,085	399	307	705
	Affordable	45	624	795	171	225	396
Total (housing with support)		107	1,310	1,880	570	532	1,101
Housing with care	Market	27	171	478	307	135	442
	Affordable	11	46	199	153	56	209
Total (housing with care)		39	217	677	460	191	651
Residential care bedspaces		34	521	602	81	170	251
Nursing care bedspaces		39	598	677	79	191	270
Total bedspaces		73	1,119	1,278	159	362	521

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 14.16 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Warwick

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	66	716	937	221	208	429
	Affordable	47	783	669	-114	149	35
Total (housing with support)		113	1,499	1,606	107	357	463
Housing with care	Market	29	407	410	3	91	94
	Affordable	12	169	168	-1	37	36
Total (housing with care)		41	576	578	2	128	130
Residential care bedspaces		36	497	514	17	114	131
Nursing care bedspaces		41	595	578	-17	128	111
Total bedspaces		77	1,092	1,092	0	243	242

Source: Derived from Demographic Projections and Housing L1N/EAC

14.36 It can be seen by 2032 there is an estimated need for 605 additional dwellings with support or care across the whole study area (per annum). In addition, there is a need for 224 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 125 dwellings. In total, the older persons analysis therefore points towards a need for around 730 units per annum over the 2022-32 period – this equates to around 19% of the housing need derived from the trend-based projection.

14.37 The table below summarises this information for local authorities. This shows some variation in need across areas, this is driven by both the demographic profile of each area and the current supply of specialist housing.

Table 14.17 Estimated proportion of need as older persons housing – linking to trend-based projections

	Housing with care/support	Bedspace allowance	Total need	Dwelling need	% as older persons
Coventry	219	37	257	1,409	18.2%
North Warwickshire	0	8	8	127	6.5%
Nuneaton & Bedworth	115	28	143	380	37.6%
Rugby	36	8	45	681	6.5%
Stratford-on-Avon	175	29	204	671	30.4%
Warwick	59	13	73	644	11.3%
Warwickshire	386	87	473	2,504	18.9%
Coventry-Warwickshire	605	125	730	3,913	18.6%

Source: Derived from a range of sources

14.38 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

14.39 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Councils to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

14.40 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

"This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses".

14.41 There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.

14.42 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

14.43 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as "use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses))." C3 (dwelling

houses) are defined as “use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents).”

14.44 Care is defined in the Use Class Order as meaning “personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment.”

14.45 Personal care has been defined in Regulations⁵⁵ as “the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided.”

14.46 Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

“It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.”

14.47 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

14.48 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents’ care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.

⁵⁵ Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

-
- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

- 14.49 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.
- 14.50 The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.
- 14.51 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.
- 14.52 The implication for Coventry-Warwickshire is that:
- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
 - If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.
- 14.53 Within the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

14.54 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);
- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;
- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

14.55 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

14.56 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of a new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

14.57 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

14.58 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

14.59 Information about the need for housing for wheelchair users is difficult to obtain, particularly at a local level and estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure profile of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

14.60 The analysis below sets out estimates of the number of wheelchair users in each local authority; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user and the oldest person in the household was aged under 60; the 2011 Census showed a households population of 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 14.18 Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

14.61 The analysis also considers the relative health of the population of Coventry-Warwickshire. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The tables below show this information by age in the study area and England, and also shows the adjustment made to reflect differences in health between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows higher levels of disability for all age groups in Coventry,

pointing to a slightly higher than average proportion of wheelchair user households – the opposite is largely true for Warwickshire although there will be variations across local authorities in the County.

Table 14.19 Proportion of people with day to day activities limited a lot (by age) – 2011 – Coventry

	% of age group with day to day activities limited a lot		Coventry as % of England	Prevalence rate (per 1,000 population)
	Coventry	England		
under 60 years	4.6%	4.2%	110.2%	5
60-74 years	16.8%	13.9%	120.8%	32
75-84 years	31.9%	29.1%	109.5%	74
85 years or over	57.1%	52.3%	109.1%	159

Source: 2011 Census

Table 14.20 Proportion of people with day to day activities limited a lot (by age) – 2011 – Warwickshire

	% of age group with day to day activities limited a lot		Warwickshire as % of England	Prevalence rate (per 1,000 population)
	Warwickshire	England		
under 60 years	3.5%	4.2%	83.7%	4
60-74 years	11.6%	13.9%	83.6%	22
75-84 years	27.4%	29.1%	94.1%	64
85 years or over	52.3%	52.3%	99.9%	146

Source: 2011 Census

- 14.62 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. For Coventry, the data estimates a total of 4,987 wheelchair user households in 2022, and that this will rise to 5,541 by 2032 (an increase of 554). For Warwickshire, the current number of wheelchair users is put at 8,755 in 2022, increasing to 10,437 by 2032.

Table 14.21 Estimated number of wheelchair user households (2022-32) – Coventry

	Prevalence rate (per 1,000 population)	Household population 2022	Household population 2032	Wheelchair user households (2022)	Wheelchair user households (2032)
under 60 years	5	272,686	287,176	1,362	1,435
60 - 74 years	32	42,956	50,817	1,386	1,639
75 - 84 years	74	16,985	19,038	1,257	1,408
85 years or over	159	6,158	6,641	982	1,059
Total		338,784	363,672	4,987	5,541

Source: Derived from a range of sources

Table 14.22 Estimated number of wheelchair user households (2022-32) – Warwickshire

	Prevalence rate (per 1,000 population)	Household population 2022	Household population 2032	Wheelchair user households (2022)	Wheelchair user households (2032)
under 60 years	4	435,057	441,126	1,651	1,674
60 - 74 years	22	100,597	115,742	2,245	2,583
75 - 84 years	64	43,425	51,089	2,759	3,246
85 years or over	146	14,373	20,082	2,100	2,935
Total		593,452	628,039	8,755	10,437

Source: Derived from a range of sources

14.63 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for 178 additional wheelchair user homes per annum in the 2022-32 period in Coventry and 380 in Warwickshire – this equates to 14% of all housing need (as set out in the table below).

Table 14.23 Estimated need for wheelchair user homes, 2022-32 (figure per annum)

	Current need	Projected need (2022-32)	Total current and future need	Trend-based housing need (2022-32)	% of Housing Need
Coventry	123	55	178	1,409	12.6%
North Warwickshire	30	16	46	127	36.2%
Nuneaton & Bedworth	58	35	93	380	24.5%
Rugby	36	32	68	681	10.0%
Stratford-on-Avon	47	50	97	671	14.5%
Warwick	44	31	75	644	11.7%
Warwickshire	215	165	380	2,504	15.2%
Coventry-Warwickshire	337	221	558	3,913	14.3%

Source: Derived from a range of sources

14.64 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for around 12% of market homes to be M4(3) along with 31% of affordable.

Table 14.24 Estimated need for wheelchair user homes by tenure, 2022-32

	Market	Affordable
Coventry	10%	26%
North Warwickshire	28%	74%
Nuneaton & Bedworth	19%	50%
Rugby	8%	21%
Stratford-on-Avon	11%	30%
Warwick	9%	24%
Warwickshire	12%	31%
Coventry-Warwickshire	12%	31%

Source: Derived from demographic projections and EHS prevalence rates

- 14.65 To meet the identified need, the Councils could seek a proportion (around 10-15%) of all new market homes to be M4(3) compliant and potentially around a third in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 14.66 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).
- 14.67 It is worth noting that the Government has recently published findings from a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for. This is as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds⁵⁶.
- 14.68 A key outcome of this consultation is the proposal to change building regulations so that M4(1) is removed altogether, so that all new homes will have to at least have the accessible and adaptable features of an M4(2) home. M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is consistent with the evidence presented in this report, although the trade-off identified in the consultation paper between viability and the need to deliver sufficient numbers of market homes to meet general housing needs is unavoidable.
- 14.69 The viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

⁵⁶ Raising accessibility standards for new homes, a consultation paper, page 10

Table 14.25 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi- Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

- 14.70 However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 14.71 A further option for the Councils would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Summary

- 14.72 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 14.73 The data shows in general that Warwickshire has a slightly older age structure and similar levels of disability compared with the national average whilst Coventry has a younger age structure (and higher age-specific rates of disability in a regional/national context). The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-32 period include:
- A 18% increase in the population aged 65+ (potentially accounting for 54% of total population growth;
 - A 21% increase in the number of people aged 65+ with dementia and a 20% increase in those aged 65+ with mobility problems;

-
- A need for around 1,960 housing units with support (sheltered/retirement housing) in Coventry and 1,840 units in Warwickshire – mainly affordable housing in Coventry and market homes in Warwickshire;
 - A need for around 230 additional housing units with care (e.g. extra-care) in Coventry and over 2,000 in Warwickshire – focussed on market housing in both areas;
 - A need for additional nursing care bedspaces and some residential care in Warwickshire; and
 - a need for around 180 (Coventry) and 400 (Warwickshire) dwellings per annum to be for wheelchair users (meeting technical standard M4(3)).

14.74 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Councils could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and 10%+ of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

14.75 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

14.76 The Councils should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

14.77 In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

14.78 In framing policies for the provision of specialist older persons accommodation, the Councils will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

15. CONCLUSIONS

- 15.1 This section sets out a summary of the analysis and conclusions for the authorities to take forward in the development of local plans across the sub-region.

Local Housing Need

- 15.2 The starting point for assessing housing need is the standard method set out in Planning Practice Guidance. This identifies a need for 5,554 dwellings annually across Coventry and Warwickshire, with a particular concentration of need in Coventry influenced by the two-stage affordability uplift which is applied to a high demographic projection.
- 15.3 However previous evidence has identified, and is has now been recognised by the Statistics Regulator and accepted by the Office for National Statistics (ONS), that there have been issues with estimating and projecting the population in Coventry. Initial Census data released in June 2022 supports this. The HEDNA has therefore modelled new demographic projections which take account of the initial Census data releases, and seek to assess how the population can be expected to change over time. The HEDNA then applies these alternative projections through the framework provided by the standard method.
- 15.4 The results of the housing needs modelling undertaken are shown below. The new trend-based projections point to a need for 4,906 dwellings annually across the sub-region. This is lower than the Standard Method (using 2014-based Household Projections), which shows a need for 5,554 dpa across the Coventry and Warwickshire HMA, due to the clear issues with population data feeding into projections for Coventry.

Table 15.1 Overall Housing Need

	Coventry	North Warks	Nuneaton & Bedworth	Rugby	Stratford-on-Avon	Warwick	HMA
2014-based	3,188	176	435	516	564	675	5,554
Trend-based	1,964	119	409	735	868	811	4,906

- 15.5 Given across the HMA that population figures have been over-estimated for many years, it is reasonable and expected that any alternative trend-based projection would show a lower need. It is however recommended that the Councils monitor new data releases from ONS (including MYE and projections) as ONS will need to grapple with the issue of inaccuracies in the MYE in any future releases.

-
- 15.6 Econometric forecasts do not point to as strong growth moving forwards as we have seen in recent years (with the economic forecasts showing additional job creation of c. 3,300 which falls below labour supply growth in the trend-based projections). Demographic growth (in the revised projections) therefore supports sufficient growth in labour supply across Coventry and Warwickshire as a whole; and there is therefore no case for adjusting upwards overall housing need.
- 15.7 However for North Warwickshire, there is a potential case for higher housing provision than the overall housing need figures shown in Table 15.1 to manage cross-boundary commuting. This can be achieved through questions of the distribution of housing provision; and North Warwickshire's existing Plan makes provision for meeting unmet needs from other areas (Coventry and Birmingham) which contribute to labour force growth and thus achieve this.
- 15.8 Both Stratford-on-Avon and North Warwickshire sit across the Coventry & Warwickshire and Greater Birmingham Housing Market Areas. These authorities will therefore need to consider unmet needs from Birmingham in setting housing targets within their respective local plans alongside any unmet needs from within the Coventry & Warwickshire HMA.
- 15.9 In setting housing targets in individual local plans, the affordable housing evidence is also relevant. In the northern part of the sub-region in particular – in North Warwickshire and Nuneaton and Bedworth - this supports the case for considering, as part of the plan-making process, higher housing provision than shown in Table 15.5 in order to boost the delivery of affordable housing.

Employment Land Requirements

- 15.10 Coventry and Warwickshire is a £26 billion economy, accounting for 19% of West Midlands GVA. Growth in GVA has slightly out-performed regional and national trends. Total employment in 2019 across Coventry and Warwickshire is estimated at 526,900 jobs. The economic participation rate in the sub-region (79.3%) is marginally above the national rate (78.8%) but considerably stronger than the region (77.5%).
- 15.11 Manufacturing is the largest sector in employment terms, accommodating 58,000 jobs. The next largest sectors are education and professional services. The analysis points to some higher value manufacturing activities, such as machinery, in which there is a reasonable representation. Brexit is creating uncertainties; as well as warehousing/logistics, where demand is currently strong influenced by growth in e-retailing; and education.
- 15.12 The office market has been weakened. Covid-driven shift towards homeworking and associated uptake of virtual communication technologies is likely to have some impact on future requirements with a range of companies likely to support at least part-time working from home. Whilst this may be in part offset by changing use of office space and associated layouts, it is likely to have some

downward impact on future office floorspace needs. It can also be expected to drive a flight towards good quality space.

- 15.13 The sub-region, and in particular the northern and central parts of it, clearly has a strong and dynamic and industrial market. The evidence points to a very significant stock of industrial floorspace at almost 8 million sq. m of space and sustained high take-up over the period since 2013. Whilst there are some challenges for the automotive sector, which can be relatively cyclical and has influenced strong take-up in recent years, demand for logistics/distribution space looks likely to remain strong buoyed by the growth in e-retailing in particular. Rents and land values are reaching record levels.
- 15.14 Available industrial space remains low and the strength of demand has support strong recent development activity together with growth in rents, with a very substantial 1.3 million sq. m of space delivered since 2013 with over 1 million sq. m over the 2015-20 period. New supply does appear to be coming forwards, not least as sites allocated in the last round of local plans start to progress, but there will likely be a continuing need to replenish industrial supply over time if economic growth is not to be constrained.
- 15.15 The HEDNA has considered employment land requirements across Coventry and Warwickshire looking to 2041 and 2050. In doing so, it has modelled employment land needs utilising a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This approach of triangulating different approaches and testing findings, which Iceni adopts, is consistent with the PPG.
- 15.16 In the context of the need for office space, the HEDNA concludes that given that office requirements tend to be closely linked to employment levels, it is recommended that in the round the labour demand models best represent future needs for office floorspace. The labour demand should best represent the future economic outlook, it is recommended that this be used for planning policy requirements.
- 15.17 In respect of industrial and warehousing, the HEDNA concludes that neither the VOA or labour demand models are able to differentiate the strategic and more local industrial / warehouse requirements. As a result, the completions data is likely to be the best representation of market needs for the next phase of plan making for industrial / warehousing floorspace particularly for the short/medium-term. Comparing the completions data with other sources, monitoring by authorities suggests far higher levels of development have been achieved and therefore may be required in the future.
- 15.18 In respect of strategic warehousing floorspace (units over 9,000 sq.m), the HEDNA concludes that it would be appropriate to plan for future development to be in line with recent completions trends over the initial 10 year period (2021-31), with the subsequent decade then seeing potentially slower

growth in line with the traffic growth and replacement demand modelling. On this basis, the HEDNA concludes on a need for 551 ha of land to 2041, and 735 ha to 2050.

15.19 Icen's consultation exercise suggests that whilst B8 demand is very strong, there is a need for separate allocations for E(g)(iii)/B2 where land is delineated from sites going for B8 in order to support the manufacturing sector. There is a strong manufacturing sector in the sub-region which needs to be provided for.

15.20 Drawing the above together and factoring in an adjustment for a margin to incorporate flexibility, the HEDNA concludes on the employment land needs set out in the tables below.

Table 15.2 Employment Land Needs 2021-2041, ha

	Office	General Industrial	Sub-Total	Strategic B8
N. Warwickshire	5.3	56.1	61.4	
N. and Bedworth	2.2	45.5	47.7	
Rugby	5.2	150.5	155.7	
Stratford-on-Avon	5.2	166.1	171.3	
Warwick	11.4	56.2	67.6	
Coventry	8.5	147.6	156.1	
Total	37.7	621.9	659.6	551

Source: VOA / CE/Iceni

Table 15.3 Employment Land Needs 2021-2050, ha

	Office	General Industrial	Sub-Total	Strategic B8
N. Warwickshire	7.0	81.4	88.4	
N. and Bedworth	3.0	66.0	69.0	
Rugby	6.5	218.2	224.7	
Stratford-on-Avon	7.2	240.9	248.1	
Warwick	15.8	81.4	97.2	
Coventry	10.0	214.0	224.0	
Total	49.4	901.8	951.2	735

Source: VOA / CE/Iceni

Affordable Housing

15.21 The HEDNA models the need for affordable housing using the approach set out by Government in Planning Practice Guidance (PPG). It identifies a net need for 3,833 social or affordable rented

homes per annum across the sub-region from households who cannot afford to meet their needs within the open market.

- 15.22 The evidence indicates that around 20-30% of the rented need identified should theoretically be met through provision of affordable rented homes; but there are wider considerations to be taken into account in determining policies for new-build development, including individual council's priorities, what rents are charged for existing stock and viability considerations.

Table 15.4 Annual Need for Social / Affordable Rented Housing

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Coventry	495	1,667	653	2,816	929	1,887
North Warwickshire	40	163	52	256	124	131
Nuneaton & Bedworth	102	431	188	720	313	407
Rugby	77	398	166	640	233	407
Stratford-on-Avon	81	397	238	716	297	419
Warwick	132	571	204	907	325	582
Warwickshire	431	1,959	848	3,238	1,292	1,946
C & W	926	3,627	1,501	6,054	2,221	3,833

- 15.23 In addition the core analysis within the report indicates that there is a need for around 609 affordable home ownership homes per annum. The figures for individual authorities are set out in the table below. The greatest need shown is in South Warwickshire, with the evidence pointing to a lack of or very modest need for affordable home ownership products in North Warwickshire and Nuneaton and Bedworth. This assumes some contribution to supply from sales of market homes below lower quartile prices.

Table 15.5 Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
Coventry	633	484	149
North Warwickshire	120	118	2
Nuneaton & Bedworth	214	230	-16
Rugby	296	208	88
Stratford-on-Avon	410	281	129
Warwick	553	296	258
Warwickshire	1,593	1,133	460
Coventry-Warwickshire	2,226	1,617	609

-
- 15.24 The affordable housing need is high relative to the overall housing need. However the two are not directly comparable, as the assessment of overall housing need looks at the overall need for additional homes; whereas the affordable housing need in part reflects an existing tenure imbalance. Future affordable housing delivery will be influenced by issues related to viability and the availability of funding. Policies for affordable housing provision within local plans should therefore be influenced by a combination of the needs evidence, viability evidence which examines what affordable housing can be viable delivered through mixed tenure schemes, together with Council priorities. The affordable need, in particular for social/ affordable rented homes, is a consideration in setting overall housing targets, but it should be recognised that viability and the availability of funding are realistically constraints on the level of provision which can be achieved.
- 15.25 The evidence indicates that around 20-30% of the rented need identified should theoretically be met through provision of social rented homes; but there are wider considerations to be taken into account in determining policies for new-build development, including individual council's priorities, what rents are charged for existing stock and viability considerations.
- 15.26 Both First Homes and Shared Ownership will have a role to play in helping households with marginal affordability. Shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent than for First Homes and its delivery should therefore be encouraged. The HEDNA indicates that First Homes should be priced at least the minimum discount of 30% of the Open Market Value (OMV). Shared ownership properties will also have a role in meeting needs and are suitable in particular for households with more marginal affordability and lower savings.
- 15.27 Targets for affordable housing provision within local plans should be influenced by a combination of the needs evidence, viability evidence which examines what affordable housing can be viable delivered through mixed tenure schemes, together with Council priorities.

Sizes & Types of Homes Needed

- 15.28 The HEDNA models the implications of demographic dynamics on the need for different sizes of property by tenure, taking account of how households occupy homes with adjustments to address overcrowding and provide opportunities for rightsizing.
- 15.29 The analysis indicates that the need for social or affordable rented properties should be focused on smaller properties, as in this sector households size is more closely aligned to the sizes of homes. 70% of the need identified is for 1- and 2-bed properties; and 30% for properties with three or more bedrooms. The profile by individual local authority is shown below.

Table 15.6 Suggested Mix of Social/Affordable Rented Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	30%	35%	25%	10%
North Warwickshire	30%	35%	25%	10%
Nuneaton & Bedworth	25%	35%	30%	10%
Rugby	35%	30%	20%	15%
Stratford-on-Avon	40%	35%	20%	5%
Warwick	40%	35%	20%	5%
Warwickshire	35%	35%	20%	10%
Coventry-Warwickshire	35%	35%	20%	10%

- 15.30 Affordable home ownership homes should be focused on delivery of 2- and 3-bedroom properties, with the evidence pointing to a greater need for 2-bed homes than other property sizes.

Table 15.7 Suggested Mix of Affordable Home Ownership Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	20%	45%	25%	10%
North Warwickshire	20%	40%	30%	10%
Nuneaton & Bedworth	20%	40%	30%	10%
Rugby	20%	40%	30%	10%
Stratford-on-Avon	20%	45%	25%	10%
Warwick	20%	45%	25%	10%
Warwickshire	20%	40%	30%	10%
Coventry-Warwickshire	20%	45%	25%	10%

- 15.31 The mix of market homes needed is focused towards 2- and 3-bed properties, as shown below. This takes account of the ageing of the population and role which suitable housing provision can have in enabling rightsizing. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

Table 15.8 Suggested Mix of Market Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Coventry	10%	40%	40%	10%
North Warwickshire	10%	35%	45%	10%
Nuneaton & Bedworth	10%	35%	45%	10%
Rugby	10%	30%	45%	15%
Stratford-on-Avon	10%	35%	40%	15%
Warwick	10%	40%	40%	10%
Warwickshire	10%	35%	45%	10%
Coventry-Warwickshire	10%	40%	40%	10%

15.32 These figures are intended to be used as a monitoring tool rather than to be applied rigidly to all individual development sites. In applying the evidence, consideration should be given to the existing house mix in the locality and gaps within this; site location and characteristics; and local needs or market evidence (including from Council's housing registers). Additionally, the Councils should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market. Provision of specialist housing can assist in releasing existing family homes and supporting turnover in the wider housing market.

Housing a growing Older Population

15.33 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

15.34 The older person population is projected to increase notably in the future and an ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-32 period include:

- A 18% increase in the population aged 65+ (potentially accounting for 54% of total population growth);
- A 21% increase in the number of people aged 65+ with dementia and a 20% increase in those aged 65+ with mobility problems;

- A need for around 1,960 housing units with support (sheltered/retirement housing) in Coventry and 1,840 units in Warwickshire – mainly affordable housing in Coventry and market homes in Warwickshire;
- A need for around 230 additional housing units with care (e.g. extra-care) in Coventry and over 2,000 in Warwickshire – focussed on market housing in both areas;
- A need for additional nursing care bedspaces and some residential care in Warwickshire; and
- a need for around 180 (Coventry) and 400 (Warwickshire) dwellings per annum to be for wheelchair users (meeting technical standard M4(3)).

15.35 On the basis of the evidence, the Council should consider requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and 10%+ of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector). The Councils should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

15.36 The analysis suggests that there will be a notable need for both housing with support and housing with care (in both market and affordable sectors), as well as some additional nursing and residential care bedspaces. In Coventry the need is particularly for affordable housing (housing with support), with the opposite being the case in Warwickshire.

Table 15.9 Specialist Housing Need 2022-32 – Coventry

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	40	462	970	508	104	612
	Affordable	93	1,168	2,274	1,106	245	1,350
Total (housing with support)		133	1,630	3,244	1,614	349	1,963
Housing with care	Market	21	210	514	304	55	360
	Affordable	27	855	653	-202	70	-131
Total (housing with care)		48	1,065	1,168	103	126	228
Residential care bedspaces		42	1,203	1,038	-165	112	-53
Nursing care bedspaces		48	567	1,168	601	126	726
Total bedspaces		90	1,770	2,206	436	238	673

Source: Derived from Demographic Projections and Housing LINEAC

Table 15.10 Specialist Housing Need 2022-32 – Warwickshire

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	58	1,913	3,560	1,647	843	2,490
	Affordable	60	5,198	3,695	-1,503	848	-655
Total (housing with support)		118	7,111	7,255	144	1,691	1,836
Housing with care	Market	27	721	1,665	944	392	1,336
	Affordable	15	477	947	470	217	687
Total (housing with care)		43	1,198	2,612	1,414	609	2,023
Residential care bedspaces		38	2,253	2,322	69	541	610
Nursing care bedspaces		43	2,261	2,612	351	609	960
Total bedspaces		80	4,514	4,934	420	1,150	1,570

Source: Derived from Demographic Projections and Housing LIN/EAC

Self and Custom Housebuilding

- 15.37 Self-build and custom housebuilding is a growing sector of the housing market, and one which has potential to contribute to housing delivery. All of the local authorities in the study area introduced a Self-Build and Custom Housebuilding Register on 1st April 2016 in line with the requirements of legislation.
- 15.38 If assessed over the five base periods to date, there has been an average of 155 registered expressions of interest in a serviced plot of land and a total of 774 entries. Despite the introduction of a local connection test and fee, Warwick remains the most popular local authority for this type of development.
- 15.39 Each of the local authorities have a local plan policy (or draft policy) supporting Self and Custom Build development. In addition to a specific policy, Rugby, Stratford-on-Avon and Warwick have also produced an SPG. Icenis consider that in order to respond to demand in the sector, and in response to the PPG's requirements, the Councils - particularly those in South Warwickshire where demand is greatest - should continue to express active support self and custom build homes, but should also consider seeking a percentage of self and custom build on larger sites with an appropriate fallback mechanism should plots fail to sell; consider opportunities to identify specific sites for serviced plots (i.e. on public sector land, where available) and encourage developers as part of the overall housing mix to incorporate serviced plots where there is evidence of strong demand.

Private Rented Sector and Build to Rent

- 15.40 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all UK households. Across the study area, the growth in the private rented sector was strong over the last two census points outperforming the national trend

between 2001-11. There are different components to the sector, including a student market in Coventry and Warwick District. Across the board, the private rented sector supported around 37% of all Universal Credit claimants with a high of 41% in Coventry City and a low of 25% in Warwick District.

- 15.41 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build to Rent” development. BTR development has been delivered in Coventry and Stratford-upon-Avon, with development also now coming forward in Rugby. The HEDNA identifies the potential for BTR development in these authorities and in Warwick; both within town centre locations and potential through suburban build-to-rent development over time. The HEDNA also provides guidance on how the potential for Co-living can be considered and monitored.
- 15.42 In line with national policy, affordable housing in Build-to-Rent development should be provided as affordable private rented housing, with the PPG setting out that 20% should be sought at a 20% discount to market rents, subject to viability.

Student Housing Needs

- 15.43 The area has two universities: Coventry University and Warwick University. Student numbers have grown at both Universities since 2001, however, Coventry has seen more substantial growth and is defined as the fastest growing University in the UK. Coventry City and Warwick District have very different dynamics, with the majority of households residing in all student households – which principally comprise HMOs - and student halls. In all other authority areas, the majority of students live at home with parents.
- 15.44 Iceni has engaged with both Universities to understand growth ambitions and the latest position with student accommodation provision. Coventry University have indicated that student numbers are expected to remain static for the next 2-3 years. However the University has plans to continue to grow the international student population moving forward which could have an impact on housing needs in the medium to long-term. This should be closely monitored.
- 15.45 At Warwick University, there are around 29,550 students studying on-campus of which c. 7,500 students are housed on-campus. The University is currently in the midst of developing its Strategy looking ahead to 2030, which Iceni understand intends to increase numbers at a “sustainable moderate growth rate.” The approach to housing all first year UG students will be maintained and there is a desire to also offer some additional accommodation to returning students.
- 15.46 There is a sizeable pipeline of student accommodation provision in Coventry, with around 9,275 bedspaces in the pipeline. If delivered, this provides the potential to reduce the number of students

living in the wider housing market. As longer-term growth proposals become more clear, it will be important for the planning authorities to maintain dialogue with the two universities to appropriately manage delivery of student accommodation and ensure it keeps pace with or exceeds student growth.