

# BLACK COUNTRY AB SOCIAL GROUP RESEARCH

## 1 Brief

In order to support the development of the Black Country Core Strategy and related policy development you are specifically interested in two groups:

1. Those existing Black Country residents, who may not yet be of working age, but who are most likely to form Social Class AB households over the next 20 years and are also the most likely to leave the Black Country early in their career. You want a profile of these AB households and why they are leaving.
2. Those Social Class AB households currently living outside the Black Country, which the Black Country has the most potential to attract, given a substantial programme of regeneration. For this group you also need a profile and to know what would most attract them to come and live in the Black Country

The profiles should include the proportion likely to fall in particular household types (e.g. 20% single people, 30% couples and 50% couples with children), average household size, age and ethnicity.

You have posed some questions relating to the new build survey because of the relatively high proportion of Social Class ABs who purchase on new build estates. These issues include:

- Do we know whether they buy to live there or e.g. rent out; purchase for children, etc?
- Do we know what the proportion is for purchasers of existing general housing stock?
- Can we make the broad assumption that 50% of the properties we build over the next 20 years will be occupied by ABs, based on the new build survey conclusions and current high house prices - or is this too simplistic?
- Has it got to the point where some AB households, at an early point in their careers, need affordable housing to get on the ladder?
- Is there a limit to our A/B saturation, and at that point are house prices likely to be driven down due to oversupply?
- In the context of our knowledge about existing AB households in the Black Country, how many extra AB households would we need to retain / attract to match the national profile?

The context is that the BC core strategy housing policies must provide sufficient housing to meet both local needs (increasingly for affordable housing) and the aspirations/needs of AB households.

This short paper summarises the key evidence available to address these issues. This is a summary of a more detailed analysis which draws on a survey of occupiers of new build housing in the Black Country and most of its surrounding area of influence (reference area) undertaken in 2005 by ECOTEC Survey.

## 2 The new build market – an overview

The new build market is a mainly local one. Three quarters of new build occupiers in the Black Country had a previous address in one of its four districts, while 8% of the inflow to the Black Country is from Birmingham and a further 7% accounted for by longer-range moves from outside the region. Only 1% is from the Black Country's immediate reference area.

Nevertheless the new build market in the Black Country has attracted 22% inflow. This is lower level of population inflow than in Telford & Wrekin (33%) but a smaller gap might have been expected. Within the sub-region Dudley is dominated by local moves while Sandwell has gained 27% inflow including 13% from Birmingham. This is a consistent trend in Sandwell – a new build study a decade ago found 25% inflow into Sandwell (CSR 1997).

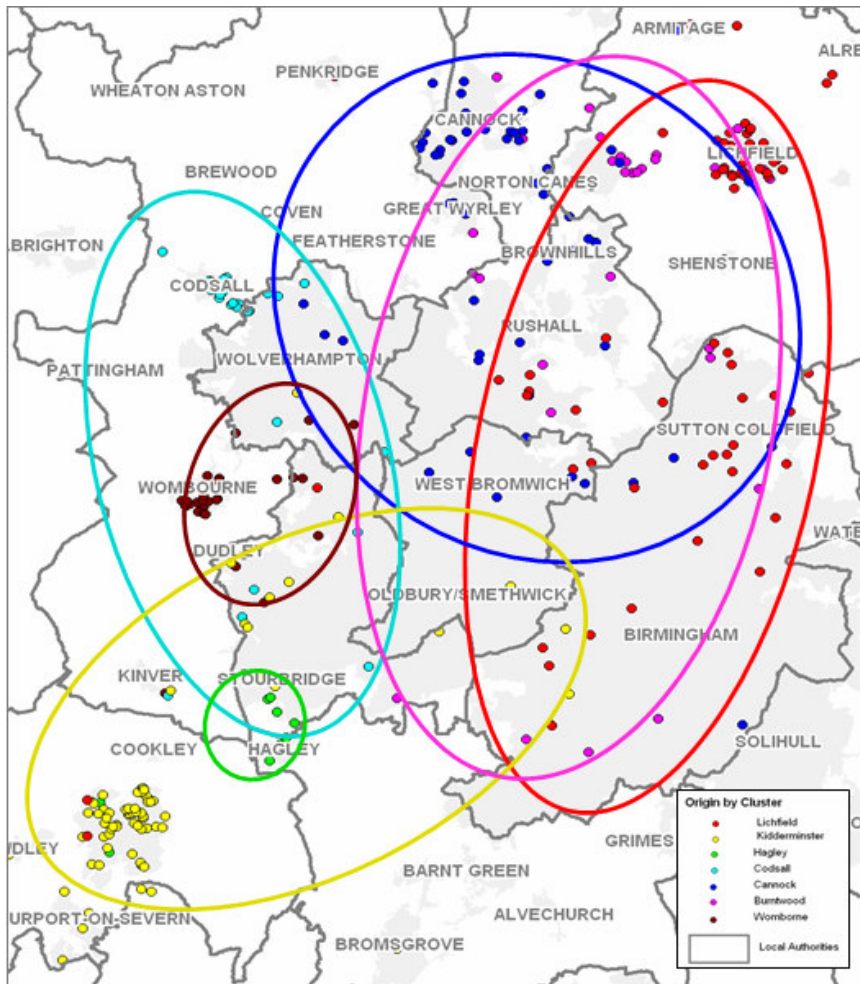
The evidence suggests that the new build market within the Black Country has the potential to widen the choice of higher quality owner occupied housing, particularly for AB groups and thereby contribute to population retention.

New build also has the potential to fill gaps in the market, attracting new residents with demographic, socio-economic and ethnic profiles that are uncharacteristic of surrounding established neighbourhoods. Indeed, new build provides an impetus to the movement of BME households into new areas in a number of locations across the conurbation. For example, the new build survey for Urban Living (the Birmingham/Sandwell Pathfinder) showed that 31% of new build property in the Sandwell side of the Pathfinder area (an inner core market) was taken up by people leaving Birmingham, the majority of which were BME families from Aston, Lozells and Newtown (CSR Partnership 2005).

Also very positively, the principal centres of the Black Country are showing signs of an active residential market for young professionals via city living new build. The density of new developments has increased substantially and is likely to continue. Sales data shows almost 21% of sales in Black Country and Telford & Wrekin in the period 2001-05 to be accounted for by new build, rising to one third in Sandwell. A quarter of the new build has been flats or apartments.

The occupiers' survey pointed to a continued shortage of higher quality accommodation. It also showed that the new build market *in the wider reference area* is drawing some demand from the Black Country. Some 9% new build occupiers surveyed in the Black Country's immediate surrounding housing market area had moved from within the Black Country, together with a further 6% from Birmingham (CSR Partnership 2006b). This is particularly evident notably to the north, where the new build along the M54/M6 Toll corridors has a catchment area which stretches deep into the northern half of the Black Country (Fig xx below). This underlines the strong one-way nature of migration away from the conurbation.

Although people in the Black Country's area of influence travel to it for employment or consumption purposes<sup>1</sup>, the historic one-way flow is replicated when questioned on future house moves. There is minimal interest among these new build occupiers in moving to the Black Country next time and only 5% expect to do so in 10 years. This is despite their belief that Black Country has got better in the last couple of years (21%) than got worse (5%). In contrast their next move is to a village location or still further away from conurbation.



This shows the origin of occupiers of new build housing surveyed in seven towns within the Black Country area of influence. All are mainly local in nature. However, the northern developments are drawing population from Wolverhampton, Walsall and also Birmingham. These are shown in the ellipses that capture their principal catchment areas.

### 3 The AB profiles

<sup>1</sup> Some 22% of those surveyed work in Black Country and 15% in Birmingham. Dudley for shopping (30%) and leisure (17%) and Wolverhampton for leisure (24%) are key destinations ahead of Birmingham, although Sandwell and Walsall barely register.

This paper concentrates on the professional/managerial sample (ABs) within the survey. Table 1 provides a profile for the key sub-sets within the new build survey:

- The total Black Country sample interviewed in the 2005 survey
- All AB households in the Black Country
- Retained ABs (moved last time within Black Country)
- Inflow of ABs (last address was outside Black Country)
- All AB households in the reference area sample
- Past outflow of ABs (moved last time to reference area )
- Potential future outflow from Black Country to reference area<sup>2</sup>

The table also shows the confidence intervals for the different sub-sets. For the full Black Country sample we can be 95% confident that the margin of error is within  $\pm 3.5\%$ . For the AB Black Country sample which is the focus of this report the margin of error is  $\pm 5.2\%$ . For the smallest sub-sets where the sample is down to 50 or the interval is  $\pm 13-14\%$  and has to be regarded as indicative only.

Many of the variables show fairly similar results (average household size for example) or within the margin of error. However, some important patterns emerge. There is a strong contrast between the past inflow and past outflow groups:

- Inflow is more likely to be single (22%), younger (53% under 34), BME (35%), living in apartments (25%) and often privately renting (21%). They commonly work in Birmingham (48%).
- Past outflow more likely to be couples (56%) or couples with children (40%), white (98%), higher earners (64% above £36,000 pa) who have moved to detached housing (74%)
- The potential future outflow is marked by nearly half (48%) already living in detached accommodation, and interestingly, that a quarter is from BME groups (although this outflow sample is small and caution should be exercised)

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<sup>2</sup> The potential future inflow to Black Country from reference area is too small (only 3 people, 1.2% to profile).

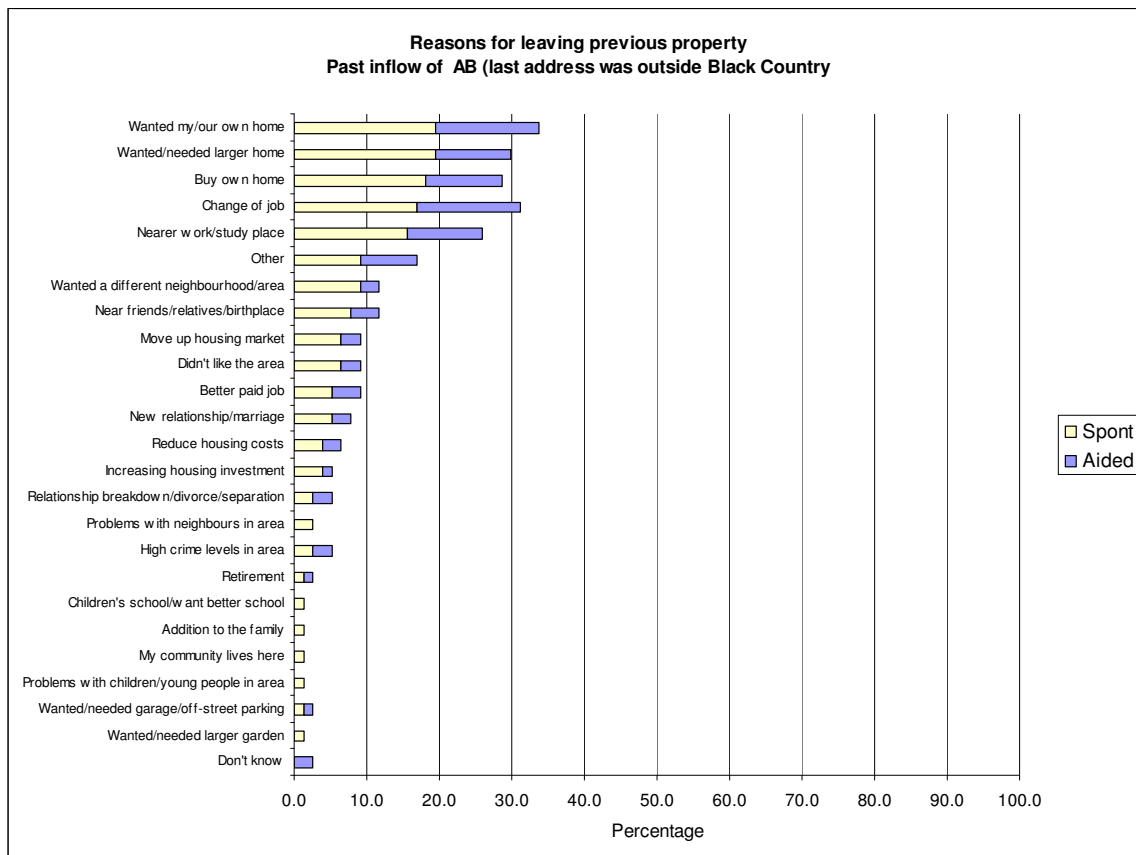
	Total BC sample	All BC ABs	BC Retained ABs	BC Inflow of ABs	All RA ABs	BC outflow of ABs to RA	Potential future outflow from Black Country to reference area
Single person	13.3	11	7.4	22.1	4.2	4.0	14.3
Couple with children at home	49.9	55.2	59.5	41.6	58.2	56.0	51.8
Couples only	27.7	26.7	25.7	29.9	34.7	40.0	25.0
Renting privately	14.6	11.6	8.6	20.8	7.9	4.0	10.7
Detached house	42.4	45.4	49.4	32.5	65.3	74	48.2
Flat/apartment	19.9	17.2	14.4	24.7	5.9	0	14.3
Average household size	2.93	2.97	3.09	2.60	2.92	2.92	2.82
Proportion under age 34	43.9	50.7	50.2	53.3	39.9	44.0	53.6
BME	26	25.8	23.3	35.1	1.5	2.0	26.8
Household income above £36,0000	23	34.6	34.7	34.6	52.1	63.9	47.6
Work in BC	62.2	63	67.8	35.4	24.1	38.7	54.2
Work in Birmingham	18.7	19.2	14.3	47.8	17	22.7	27.1
<i>Total sample size</i>	<i>707</i>	<i>337</i>	<i>257</i>	<i>77</i>	<i>404</i>	<i>50</i>	<i>56</i>
<i>Confidence interval</i>	<i>±3.5</i>	<i>±5.2</i>	<i>±6.0</i>	<i>±11.1</i>	<i>±4.7</i>	<i>±13.8</i>	<i>±13.1</i>

## 4 Drivers of housing choice

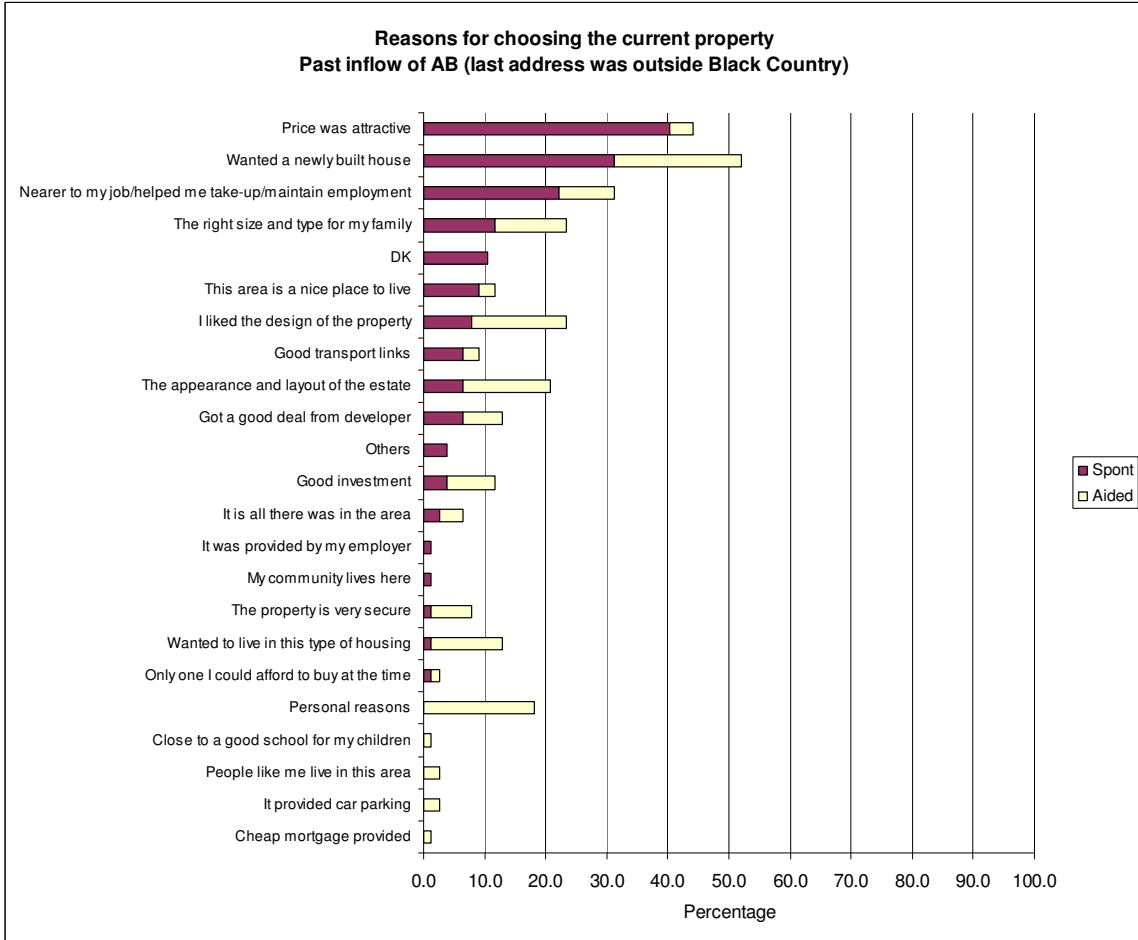
Not surprisingly, these reflect the very different profiles of these groups.

### 4.1 Past inflow and outflow from the Black Country

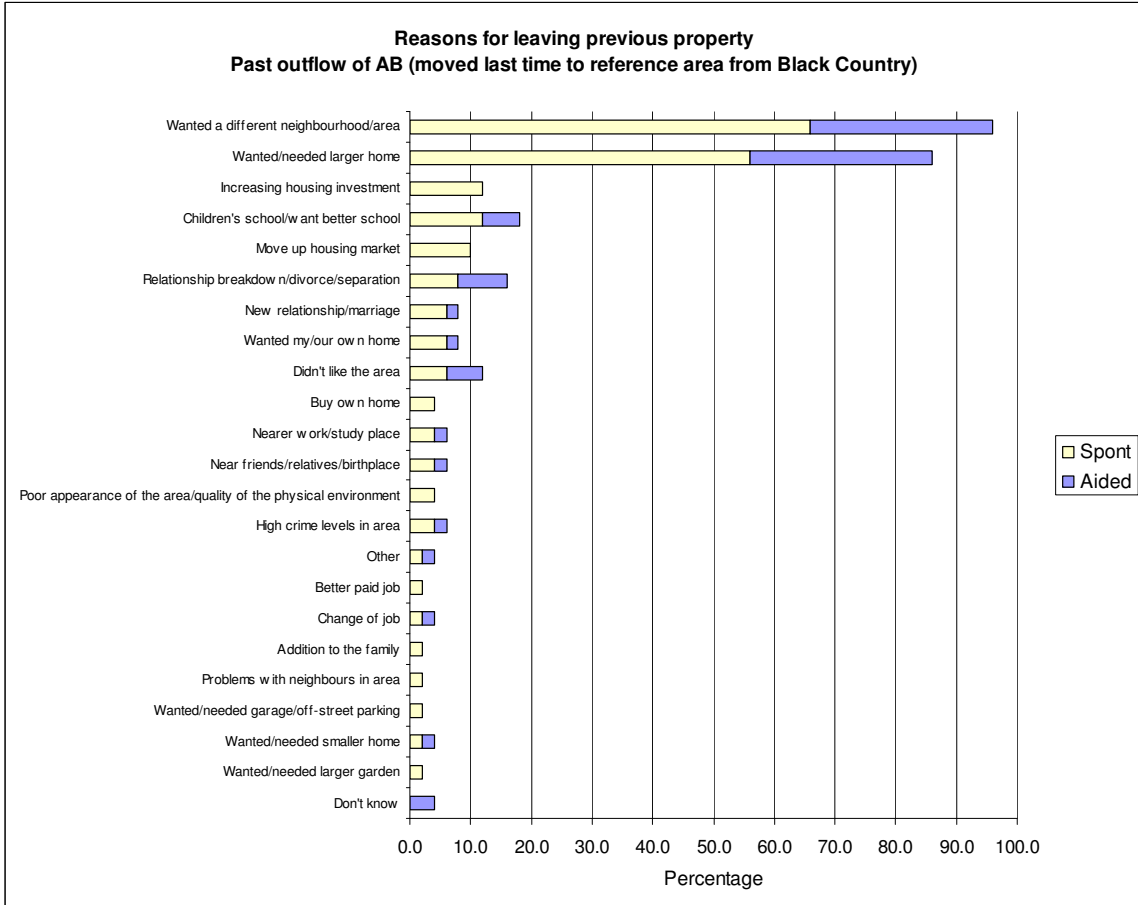
The push factors for the past inflow group to the Black Country include the wish for an independent home and/or to buy one, with the need for a larger property also important (30%). Equally significant in deciding to move, however, was the need to move for employment or place of study reasons.



Turning to the pull factors – the reasons people chose their current property, the attractive price stands out, although edged into second place after prompting with a showcard by those wanting a newly-built house (52%). Being near to employment is cited in third place, reflecting the push factor identified above. Also influential is the design of the property and the wider estate and that it was the right size/type for their family. Also encouraging is the belief that the area is a nice place to live (12%).

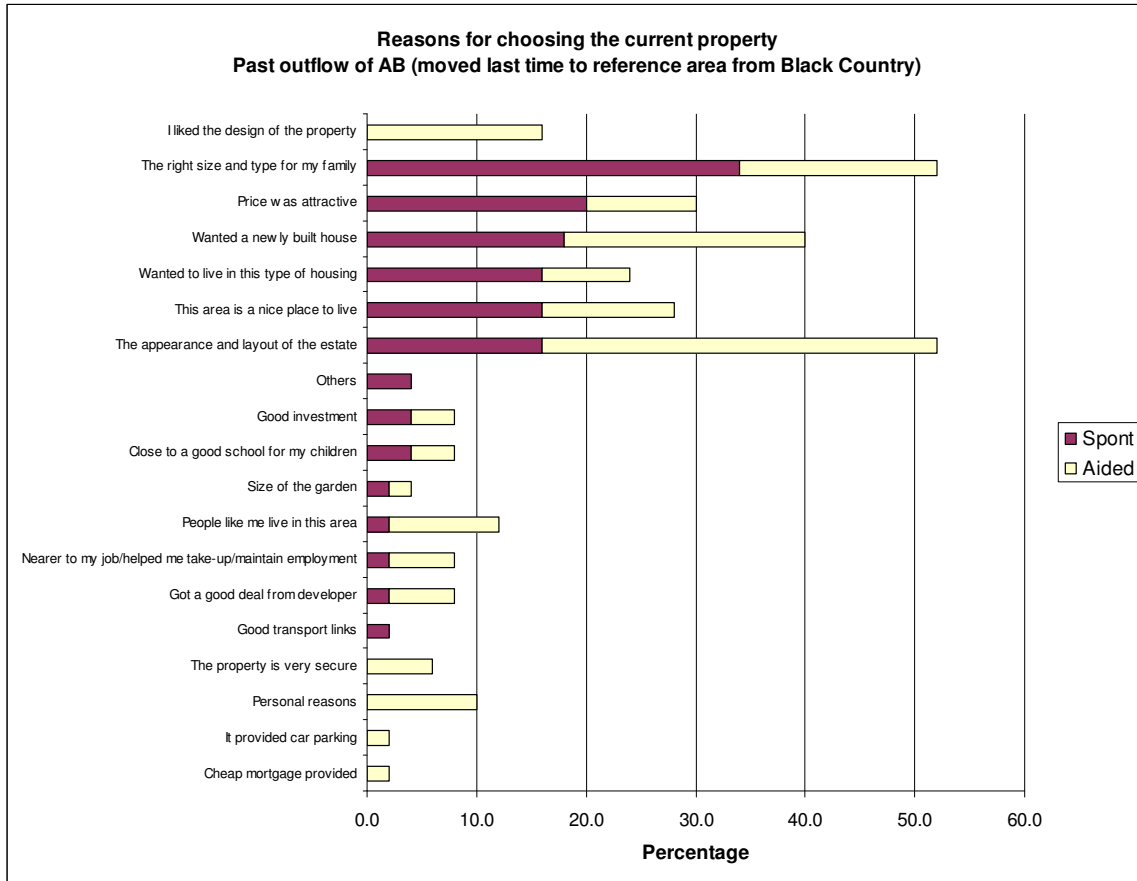


Two factors dominate the reasons for why the outflow group of AB households left the Black Country for the reference area. Firstly, they mention the desire for a different area (spontaneously mentioned by 66%; secondly, the wish for a larger home (56%). This reflects the historic problem in the Black Country of poor environment and limited housing choice.



The pull factors – the reasons people chose their current property in the reference area – are varied, but include the design of the property (54%) and the estate (52%) and that it was the right size/type for their family. A proportion identify the area is a nice place to live but to some extent this is a 'given' – it's why they left the Black Country.





#### 4.2 Future inflow and outflow from the Black Country

The survey found that 16.6% of ABs surveyed in the Black Country plan to leave it at their next move. This far outweighs the tiny proportion of reference area ABs planning to move to the Black Country (1%).

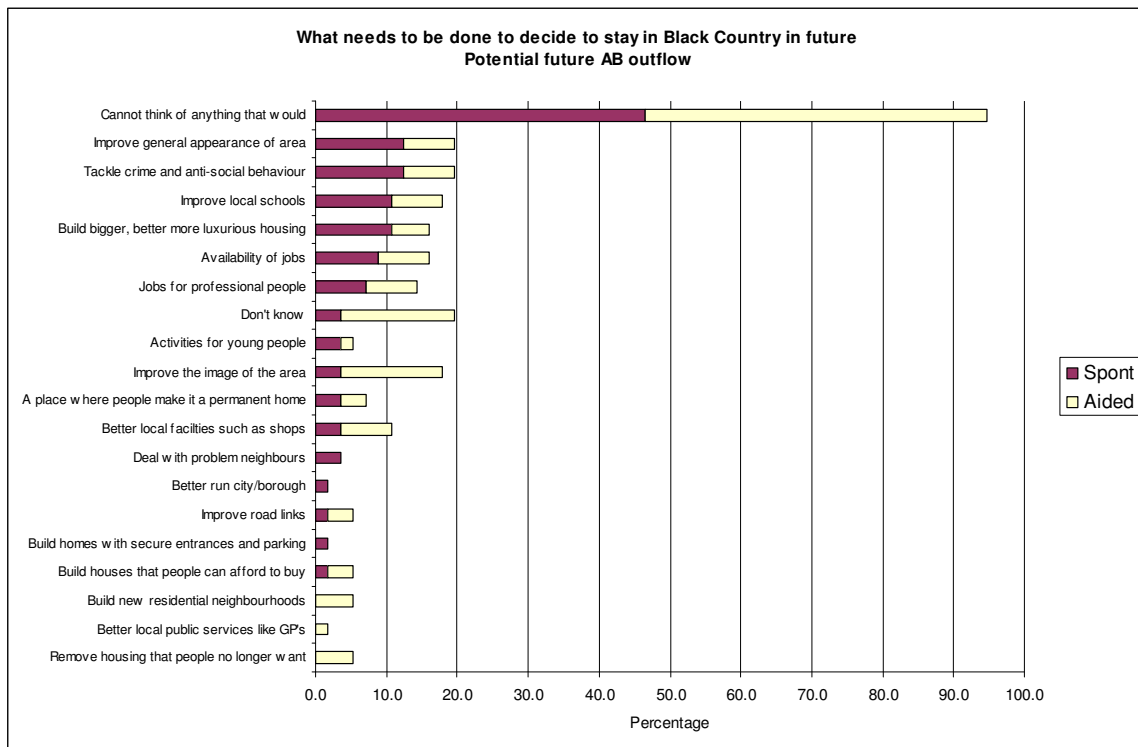
Black Country sample	AB	Other	Total
Percentage	16.6	11.1	13.7
Base	337	370	707

Reference area sample	AB	Other	Total
Percentage	1.2	1.2	1.2
base	404	247	651

When asked what needs to change in the area for them to stay in the Black Country unfortunately almost half remarked that they couldn't think of anything that would retain them. After being prompted with a showcard, 20% suggested improving the appearance of the area, or tackling crime and anti-social behaviour, while 18% mentioned better schools and 16% better housing.

The survey also asked those ABs in the reference area who were not planning to move to the Black Country what would need to change to attract them to the Black Country. Three quarters (73%) said without prompting that that they couldn't think of anything that would attract them. A handful mentioned affordable housing and a few better services or neighbourhood regeneration.

The low level of potential inflow combined with the reluctance to consider the Black Country under any circumstances, shows the reference area is not really a market for the Black Country to play for. This is underlined by the fact that the past inflow to the Black Country has been longer-range with minimal moves (1%) from the reference area



## 5 Future AB household and new build

This section addresses the issue of how many extra AB households are needed to match the national profile to help appreciate the scale of the task.

Despite the acceleration of new build envisaged in the RSS phase 2 revision required to meet mounting household growth, the market will be largely shaped by the existing residential offer. However, the lack of housing choice is a key weakness in the Black Country and new build has been found to play an important part in retaining and attracting population in urban areas. A headline finding of the 2005 survey is that nearly half of occupiers are AB households. But it also found that the market was extremely local with most moves being short-range. A proportion of the new build occupiers would have moved to existing aspirational housing within the Black Country. So it is important to identify the additionality of the new build. This is the direct contribution it makes to AB growth: the proportion that would have left, or not come to the Black Country without it. **The additionality is the therefore extra demand generated.**

Figure 1 and 2 show two differing versions of forecast AB housing requirements for the Black Country, and the impact this would have on the gap between the Black Country and the UK average (the objective of the Black Country Study being to eliminate this disparity by 2033).

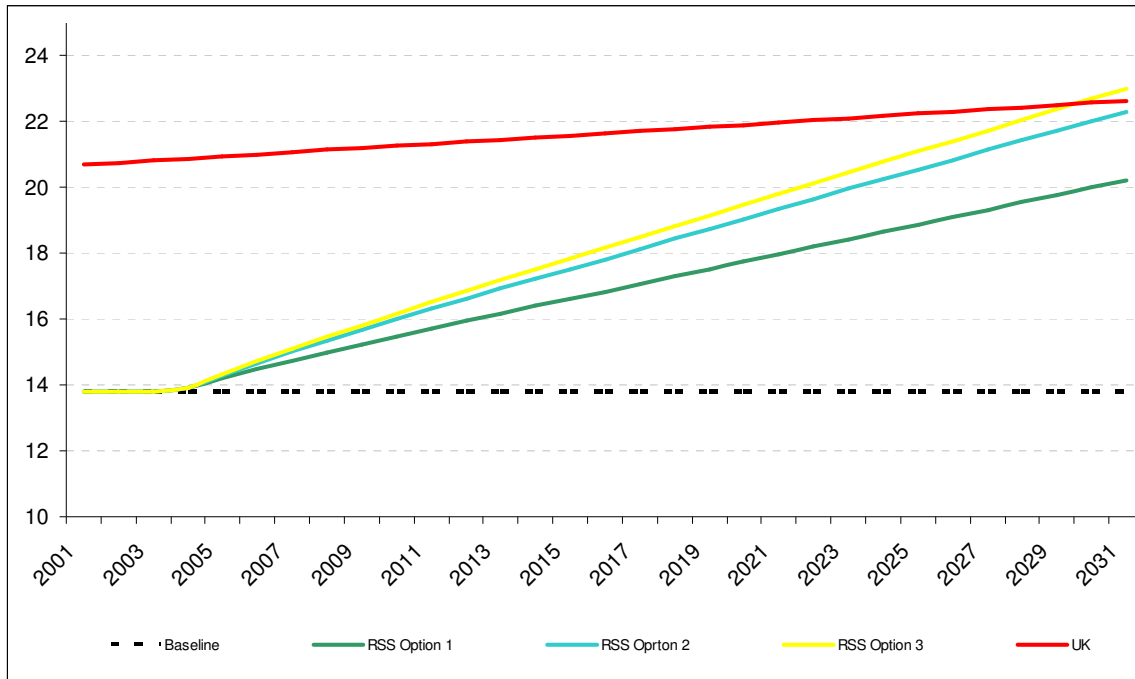
- The first takes the simple view that 47.6% of new build occupiers in the 2005 new build survey were headed by AB groups and hence 47.6% of new build will need to be for AB households. The impact on the percentage of AB groups in the Black Country based on RSS phase 2 revision build rates (Options 1, 2 and 3) is shown;
- The second takes a more refined view by looking at 'additionality' of the new build by focussing on the proportion of new build occupiers that either (a) moved from a previous address outside the Black Country (inflow) or (b) previously lived within the Black Country but would have left if not for their newly built home (retained population). Here the additional AB households total 22.3%.

The impact of both forecasts is measured in terms of the gap between the Black Country and the UK average. The UK average has been forecast to increase by 0.3% per annum. This is simply based on a proxy measure of average annual % increase in SOC 1 (Higher Managerial and Professional groups) over the period 2001-2006 (clearly an appropriate forecast once identified can be used instead). For the purposes of this exercise the Black Country is assumed to also share in this 0.3% pa growth in ABs.

In this scenario, building at RSS rates with nearly half going to ABs means that the Black Country significantly closes the gap by 2031 in option 1 (20.2% compared to 22.6%) and eliminates or slightly outpaces the national picture in options 2 and 3 respectively.

The growth of AB households occupying the new build in the scenario ranges from 42,000 to 56,000 in the period 2001-2031. This compares with the extra 50,000 new build AB households envisaged in the Black Country Study.

**Figure 1A: AB Convergence with National Average based on 47.6% Additionality**



Source: ECOTEC Research and Consulting

**Figure 1B: AB Convergence with National Average based on 47.6% Additionality**

	2001 (%)	2006 (%)	2011 (%)	2016 (%)	2021 (%)	2026 (%)	2031 (%)
<b>Baseline</b>	13.8	13.8	13.8	13.8	13.8	13.8	13.8
<b>RSS Option 1</b>	13.8	14.5	15.7	16.8	18.0	19.1	20.2
<b>RSS Option 2</b>	13.8	14.7	16.3	17.8	19.3	20.8	22.3
<b>RSS Option 3</b>	13.8	14.7	16.5	18.2	19.8	21.4	23.0
<b>UK</b>	20.7	21.0	21.3	21.7	22.0	22.3	22.6

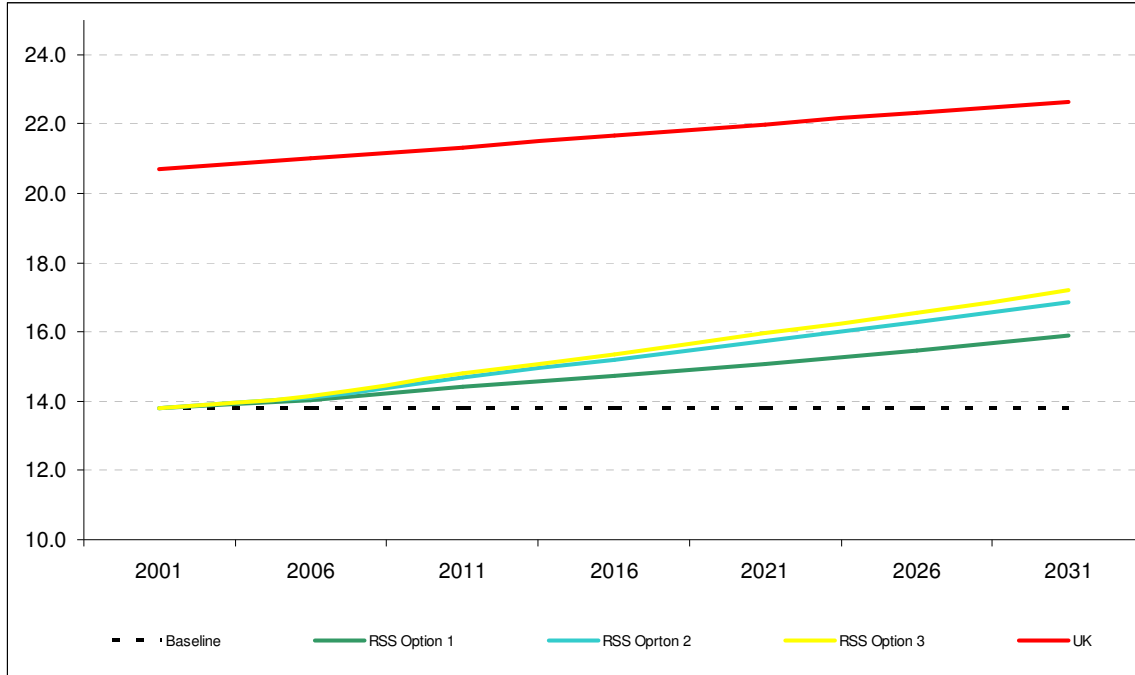
**Figure 1C: Number of AB households (000s) in line with RSS based on 47.6% Additionality**

	2001	2006	2011	2016	2021	2026	2031	2001-31
<b>RSS Option 1</b>	61	65	73	80	88	95	103	+42
<b>RSS Option 2</b>	61	66	75	85	94	104	114	+53
<b>RSS Option 3</b>	61	66	76	86	97	107	117	+56

In the second scenario, which takes a more cautious view of the extra demand provided by new build at RSS rates with under a quarter going to ABs means that the Black Country only marginally closes the gap by 2031 in option 1 (15.9% compared to 22.6%) and reaches only 17.2% in option 3.

The growth of AB households occupying the new build in the second scenario ranges from 20,000 to 27,000 in the period 2001-2031.

Figure 2A: AB Convergence with National Average based on 22.3% Additionality



Source: ECOTEC Research and Consulting

Table 2B: AB Convergence with National Average based on 22.3% Additionality

	2001 (%)	2006 (%)	2011 (%)	2016 (%)	2021 (%)	2026 (%)	2031 (%)
<b>Baseline</b>	13.8	13.8	13.8	13.8	13.8	13.8	13.8
<b>RSS Option 1</b>	13.8	14.0	14.4	14.7	15.1	15.5	15.9
<b>RSS Option 2</b>	13.8	14.1	14.7	15.2	15.7	16.3	16.9
<b>RSS Option 3</b>	13.8	14.1	14.8	15.3	16.0	16.6	17.2
<b>UK</b>	20.7	21.0	21.3	21.7	22.0	22.3	22.6

Figure 2C: Number of AB households (000s) in line with RSS based on 22.3% Additionality

	2001	2006	2011	2016	2021	2026	2031	2001-31
<b>RSS Option 1</b>	61	63	66	70	74	77	81	+20
<b>RSS Option 2</b>	61	63	68	72	77	81	86	+25
<b>RSS Option 3</b>	61	63	68	73	78	83	88	+27

Clearly, a wide range of AB new build is identified here. If we simply take around half being ABs it suggests in line with RSS, some 42,000 – 56,000 being required. This quantum is in line with the BCS and would largely close the national AB gap. A view based on the extra demand generated by new build itself (additionality) suggests some 20,000 – 27,000 depending on the RSS option. This represents 22% of the gross new build under RSS of 91,000 to 120,000 up to 2031.

		<b>RSS total 000s</b>	<b>Sc 1 AB 000s</b>	<b>Sc 2 AB 000s</b>	<b>Sc 1 AB % of total</b>	<b>Sc 2 AB % of total</b>
	Option 1 (gross new build)	91	42	20	46	22
RSS Phase 2	Option 2 (gross new build)	113	53	25	47	22
Housing Targets	Option 3 (gross new build)	120	56	27	47	22

It is important to exercise considerable caution here. The new build survey is a robust study that asked some pertinent questions about past and future housing choices. But it was based on a snapshot, reflecting the new build offer available since the Millennium. The development of new residential neighbourhoods could increase the momentum (i.e. increase the level of additionality). People leaving existing housing for new build could be backfilled by ABs. Equally, it would be wrong to see new build housing as being the sole or even primary driver of AB growth. The development of knowledge-based industries will be key to the development of an AB workforce and then the objective will be to house them in the conurbation.