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Birmingham HEDNA Update

Final Report

Iceni Projects Limited on behalf of
Birmingham City Council

April 2026

ICENI PROJECTS
LIMITED ON BEHALF
OF BIRMINGHAM CITY
COUNCIL

Iceni Projects

Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT

Edinburgh: 7 Alva Street, Edinburgh, EH2 4PH

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

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

Manchester: WeWork, Dalton Place, 29 John Dalton Street, Manchester, M26FW

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)

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Birmingham HEDNA Update
FINAL REPORT

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1. Executive Summary

Introduction

- 1.1 This document is an update to the Housing and Economic Development Needs Report originally published in 2022. Since that time, there has been a change to the National Planning Policy Framework (December 2024) (NPPF) and Planning Practice Guidance (PPG), including an update to the method for calculating housing need.
- 1.2 This document responds to those changes, as well as updating other evidence based on more recently published data.

Housing Stock and Market

- 1.3 As of 2021, Birmingham had over 446,000 dwellings and 423,000 households. The vacancy rate is around 5.1%, within regional and national norms.
- 1.4 The City has experienced significant growth in net additional dwellings over the past decade, with notable acceleration from 2018/19 onwards, attributable to the adoption of the current Local Plan in January 2017.
- 1.5 Birmingham exhibits a lower rate of owner-occupied properties compared to the West Midlands and England averages.
- 1.6 Conversely, the City has higher rates of social and private renting, with half of all households renting rather than owning their properties.
- 1.7 Analysing the change in tenure between 2011 and 2021, the trend shows an increase in both outright home ownership and private renting, but notably, mortgage home ownership declined.

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- 1.8 This shift reflects the declining affordability for first-time buyers who are unable to secure mortgages and are subsequently required to rent privately.
- 1.9 Overall, the level of owner-occupied properties in Birmingham decreased by 2.6% during this period, a reduction greater than that seen regionally and nationally.
- 1.10 Overall, median prices in the City (£225,000) are below the regional (£245,000) and national (£300,000). However, this is essentially a component of the sales mix.
- 1.11 In 2025, the City's median rents were £1,056 per calendar month. This sits between the national median (£1,394) and the regional median (£927 dpa).
- 1.12 Notably, rental growth (2015-2025) was highest for one-bed and three-bed properties in Birmingham, exceeding both regional and national rates.

Overall Housing Need

- 1.13 This report studies the overall housing need set against the NPPF and the framework of PPG, specifically the Standard Method for assessing housing need.
- 1.14 This shows a need for 4,511 dwellings per annum. This is based on 0.8% of the current stock (457,076 = 3,657) and an affordability uplift of 23%.
- 1.15 This is a considerable reduction in the housing need (-2,239 dpa or 33%) from the previous HEDNA, which calculated a need for 6,750 dpa. This new figure also sits within the range of two demographic scenarios developed in the last HEDNA.

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- 1.16 Taking the housing need number and using up-to-date demographic data (including ONS mid-year population estimates to 2024 and 2021 Census data), a bespoke population and household projection has been developed to look at the possible demographic implications of the delivery of this number of homes each year from 2024 to 2044 (the end of the plan period).
- 1.17 The method looked at the levels of migration likely to be needed to fill additional homes and considered the possibility of greater levels of household formation amongst younger people (aged under 45) – data having shown a reduction in household representation from the age groups going back at least 20 years.
- 1.18 Overall, it is projected that the population might increase by 85,800 people over the 20 years (a 7% increase), with a continued increase in the ‘working-age’ population (16-64).
- 1.19 It was further estimated that population growth might be able to support somewhere in the region of 65,500 and 95,300 additional jobs as the economically active population increases over time.
- 1.20 By comparison, the previous HEDNA’s demographic scenario 2 calculated a labour supply of 86,400 jobs, which sits in the updated range derived from the standard method.

Affordable Housing Need

- 1.21 Taking account of local housing costs (to both buy and rent), along with estimates of household income. The evidence indicates an acute need for affordable housing in the City and its sub-areas.
- 1.22 Most of the need is from households who are unable to buy OR rent and therefore points particularly towards a need for rented affordable housing rather than affordable home ownership.

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- 1.23 Despite the level of need being high (4,869 per annum), it is not considered that this points to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs.
- 1.24 This level of need also reflects a reduction in affordable housing need since the previous HEDNA (5,396). This is a result of an assumed reduction in the number of newly forming households, as well as a fall in the number of existing households in need.
- 1.25 The link between affordable need and overall need (of all tenures) is complex, and in trying to make a link, it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home).
- 1.26 In addition, the private rented sector is providing benefit-supported accommodation for many households. That said, the level of affordable housing need suggests the Council should maximise the delivery of such housing at every opportunity.
- 1.27 Although a clear need for rented forms of affordable housing was identified, the study also considers different types of intermediate housing (or Affordable Home Ownership (AHO)), as these may have a role to play.
- 1.28 Shared ownership is likely to be suitable for households with more marginal affordability (those just able to afford to rent privately) as it has the advantage of a lower deposit and subsidised rent. There was no strong evidence of a need for First Homes or discounted market housing more generally.
- 1.29 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council 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).

- 1.30 Overall, the analysis identifies a notable need for affordable housing, and the provision of new affordable housing is an important and pressing issue in the area.
- 1.31 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.
- 1.32 The evidence does, however, suggest that affordable housing delivery should be maximised where opportunities arise.

Housing Mix

- 1.33 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population.
- 1.34 The proportion of households with dependent children in Birmingham is above average, with around 34% of all households containing dependent children in 2021.
- 1.35 There are notable differences between different types of households, with married couples (with dependent children) seeing a high level of owner-occupation. In contrast, lone parents are particularly likely to live in social and private rented accommodation.
- 1.36 There is a range of factors which will influence demand for different sizes of homes, including demographic changes, future growth in real earnings, households' ability to save, economic performance and housing affordability.

- 1.37 The analysis linked to future demographic change concludes that the following table represents an appropriate mix of affordable and market homes, which takes account of both household changes and the ageing of the population, as well as seeking to make more efficient use of new stock by not projecting forward the high levels of under-occupancy (which is notable in the market sector).
- 1.38 In all sectors, the analysis points to a particular need for 2- and 3-bedroom accommodation, with varying proportions of 1- and 4+-bedroom homes.
- 1.39 For rented affordable housing, there is a clear need for a range of different sizes of homes, including 25% to have three bedrooms and a further 20% should have at least four bedrooms. Our recommended mix is set out below:

Table 1.1 Suggested size mix of housing by tenure – Birmingham

	Market	Affordable home ownership	Rented affordable housing
1-bedroom	10%	20%	20%
2-bedrooms	30%	40%	35%
3-bedrooms	40%	30%	25%
4+-bedrooms	20%	10%	20%

Source: Icen analysis

- 1.40 This represents a slight shift since the previous HEDNA, whereby there is a slightly greater need for 1-bed market homes and a slight reduction in 2-beds. This is due to reduced levels of in-migration. All the other suggested sizes remain the same.
- 1.41 The strategic conclusions in the affordable sector recognise the role which the delivery of larger family homes can play in releasing a supply of smaller properties for other households.

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- 1.42 Also recognised is the limited flexibility that 1-bedroom properties offer in response to changing household circumstances, which in turn leads to higher turnover and management issues.
- 1.43 The conclusions also consider the current mix of housing by tenure and the size requirements shown on the Housing Register.
- 1.44 The mix identified above could inform strategic policies, although a flexible approach should be adopted.
- 1.45 For example, in some areas, affordable housing registered providers struggle to sell 1-bedroom affordable home ownership (AHO) homes. As a result, the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation.
- 1.46 That said, given current house prices, there are potential difficulties in making (larger) AHO genuinely affordable.
- 1.47 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 Council should also monitor the mix of housing delivered.

Private Rental Sector

- 1.48 The PRS has been a key growth sector in the housing market for the last 15 years, now comprising over 20% of all UK households and playing a crucial role in supporting diverse households in Birmingham.
- 1.49 Tenants are typically in their 20s and 30s, with a high proportion of young children, although young single households form the largest group.

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- 1.50 There are gaps between lower quartile private rents and Local Housing Allowance (LHA) rates in Birmingham, particularly for smaller (1/2 bed) and larger (4+ beds) properties, indicating challenges for those on lower incomes to access the private rental market.
 - 1.51 While PRS can be a choice for some, it often serves as a stopgap for first-time buyers who cannot afford mortgages.
 - 1.52 Median rents in Birmingham are higher than regional values but lower than the national average.
 - 1.53 Rental growth for one-bed and three-bed properties in Birmingham has been the highest, exceeding regional and national rates from 2015 to 2025.
 - 1.54 Birmingham has seen rapid growth in Build to Rent (BtR) in recent years, and there are now several schemes in operation. Analysis of availability across schemes in the City indicates strong demand for this type of product.
 - 1.55 There are currently no Co-Living schemes operating in Birmingham, although research from Savills indicates that planning permission has been granted for approximately 800 units.
 - 1.56 The Council have developed a specific policy for Co-Living in Policy HN8 of the draft plan. It is recommended that a further policy be developed for BtR, in addition to the affordable housing requirement detailed in Policy HN2.

Empty Homes

- 1.57 Birmingham faces a significant challenge regarding vacant housing stock, which is tracked across several categories

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- 1.58 Empty properties in the City include 9,219 dwellings with a Council Tax exemption and 11,331 properties declared empty by the owner or a third party.
- 1.59 The geographic analysis reveals that high numbers of empty properties are concentrated in the east of the city. At the same time, peripheral areas, including Sutton Coldfield and parts of the west and south, report very few empty homes.
- 1.60 Birmingham has had a dedicated Empty Homes team for several years, with an annual target to return a minimum of 350 empty properties into use each year, a goal the team has been successfully meeting.
- 1.61 As the Council prepares its new empty homes strategy, it could consider alternative policy options, including preventative and punitive measures, as well as assistance to owners.

Self and Custom Build

- 1.62 Birmingham's Self and Custom Build register was established in 2016 and is subject to a local connection test, which means the register is in 2 parts.
- 1.63 The average number of entrants onto the register each base period is around 35. This is a slight increase from the average of 32 per base period in the previous HEDNA.
- 1.64 For planmaking, this average can act as a guide to future demand, although for monitoring purposes, the Council will need to reflect the actual numbers on the register.
- 1.65 In total, the register has seen 290 individual entrants on Part 1 across nine Base Periods. As of October 30th, 2024, the cumulative need stands at 174 plots, rising to 239 by October 30th, 2025.

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- 1.66 Monitoring data indicates that only 140 permissions have been granted. The Council is therefore not currently meeting its statutory duty for self- and custom-build housing and will need to redress the backlog.
- 1.67 The Council's existing planning policy explicitly supports the development of self and custom-built homes. This policy also encourages developers of larger sites (200 plus dwellings) to incorporate these units into their housing mix.

Older Persons and those with a Disability

- 1.68 The data shows that Birmingham has a notably slightly younger age structure than is seen regionally and nationally, and higher age-specific levels of disability compared with the national position.
- 1.69 The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (66% of all older person households are outright owners).
- 1.70 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase. Key findings for the 2024-44 period include:
- a 21% increase in the population aged 65+ (potentially accounting for 37% of total population growth);
 - a 32% increase in the number of people aged 65+ with dementia and a 27% increase in those aged 65+ with mobility problems;
 - a modest need for around 600 additional housing units with support (sheltered/retirement housing) in both the market and affordable sectors;
 - a need for around 2,100 additional housing units with care (e.g. extra-care) – around 80% in the affordable sector;

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- a need for additional nursing and residential care bedspaces (around 3,500 in the period); and
 - a need for around 4,700 dwellings to be for wheelchair users (meeting technical standard M4(3)).
- 1.71 This represents a reduced need from the previous HEDNA for housing with support (previously 1,600 units), housing with care (previously 2,600 units), Residential and Nursing Care Bedspaces (previously 4,000 bedspaces) and Wheelchair User dwellings (previously 8,300 units).
- 1.72 Although there is a reduction, there is still 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.
- 1.73 Given the evidence, the Council could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around 10% in the affordable sector).
- 1.74 Where the authority has nomination rights, the supply of M4(3) dwellings would be wheelchair-accessible dwellings (constructed for immediate occupation).
- 1.75 In the market sector, they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user).
- 1.76 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). So, any policy should be applied flexibly.
- 1.77 In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues.

This will include the different use classes of accommodation (i.e., C2 vs C3) and the requirements for affordable housing contributions (linked to this, the viability of the provision).

- 1.78 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.

Supported Exempt Accommodation

- 1.79 Support Exempt Accommodation (SEA) is accommodation with support which is exempt from the rules that normally limit the amount of rent covered by housing benefit or universal credit.
- 1.80 Within Birmingham, there are 11,209 SEA bedspaces in the City. Although SEA has experienced significant growth, with both financial and qualitative impacts on the City, the numbers are now declining.
- 1.81 The Supported Housing Strategy suggests a surplus of SEA in the City, although this was undertaken when the numbers were much higher.
- 1.82 Homeless households take up most SEA, and those with mental health issues.

Other Specific Groups

Students

- 1.83 As of the 2021 Census, approximately 86,000 students aged 18 and over lived in Birmingham, around 40% of whom live with their parents.
- 1.84 Data from the Higher Education Statistics Authority (HESA) for 2023/24 shows total enrolment at the City's Universities reached 97,850, marking a 29% increase since 2014/15.

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- 1.85 A November 2024 Council report identified an acute city-wide shortfall of 13,642 bedspaces in Purpose-Built Student Accommodation (PBSA).
- 1.86 Projections for 2027/28 indicate a total need of 53,476 bedspaces. Even when factoring in current applications for supply (Scenario 3), a substantial shortfall of 13,283 bedspaces is predicted city-wide, including a high need in the Selly Oak/Edgbaston area.
- 1.87 Consequently, the Council is recommended to continue supporting PBSA developments where appropriate

Gypsies, Travellers and Boat Dwellers

- 1.88 The Gypsy and Traveller Accommodation Assessment (GTAA) 2024 identified distinct accommodation needs for travelling communities.
- 1.89 The permanent accommodation need for Gypsies and Travellers is 34 pitches over 20 years, with 20 needed in the first five years.
- 1.90 Travelling Showpeople require nine permanent pitches over 20 years, and Boat Dwellers need 40 moorings, 35 of which are required in the first five years.
- 1.91 To address the Transit Site provision, the GTAA recommended re-opening the existing unused 15-pitch transit site

Service Personnel

- 1.92 Birmingham hosts 780 regular forces and 80 civilian personnel, a minimal presence compared to the overall population.
- 1.93 Military personnel are categorised as Essential Key Workers under Annexe 2 of the NPPF. Regulations also protect ex-service personnel by allowing them to establish a 'local connection' for housing applications and providing priority assistance for homeless ex-armed forces personnel with mental health issues.

Children in Care

- 1.94 The Birmingham Children's Trust is responsible for Children's Services within Birmingham.
- 1.95 The Trust's 2024–2026 Sufficiency Strategy aims to increase internal fostering capacity and shift focus towards early intervention to prevent children from entering care.
- 1.96 This is particularly important given the rate of children in care has been rising (79 per 10k children in 2023–2024) and is expected to reach approximately 2,518 children by April 2029.

Economic Baseline

- 1.97 Birmingham has seen a long-term trend of growth in GVA over the last 20 years; the city's growth rate has been slower than the national average. Public services and Professional and Other Private Services play a key role in Birmingham's economy, together accounting for over half of the city's total GVA in 2023.
- 1.98 Birmingham's productivity remains below the UK average and has consistently underperformed relative to comparator cities. This highlights a key challenge for the city's economy: the need to create and support better-quality jobs.
- 1.99 Employment levels over the last 5 years have been affected by the Covid-19 pandemic, with a fall in employment in 2021; employment recovered quickly and now exceeds 2019 levels. Based on Cambridge Economics data, jobs rose from 588,500 in 2019 to 602,300 in 2023 (the latest year for BRES data reporting).
- 1.100 The sectoral composition of employment has remained broadly the same between 2019 and 2023, with the greatest employment within

Professional and scientific services, Health and Wholesale & retail sectors.

- 1.101 Professional and scientific services and Health have seen the greatest growth in employment since 2019, whereas Manufacturing and Construction have seen a decline.
- 1.102 The number of active enterprises declined during the Covid-19 pandemic but has not recovered as well as employment levels. Wholesale & retail trade, Professional, scientific & tech and Admin and support sectors remain the most prevalent in terms of number of enterprises.
- 1.103 Trends in key labour market indicators have remained broadly the same since the 2022 HEDNA, although the unemployment rate has decreased from 8.7% to 7.8%.
- 1.104 The proportion of the population with degree-level education has not changed significantly; the proportion with no qualifications has increased.
- 1.105 Birmingham continues to see higher workplace-based earnings than residence-based; however, mean earnings in both categories have increased.

Commercial Market Assessment

- 1.106 At the 2022 HEDNA, the office market was notably constrained due to COVID-19. Since then, the Birmingham office market has picked up considerably, with a strong 2024 performance and very high take-up. Office rents in Birmingham have grown strongly recently, with a considerable premium for prime space in Central Birmingham.

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- 1.107 The office vacancy rate has been growing in recent years and is now 12.9% in Central Birmingham (although lower for prime stock), but only 6.3% in Outer Birmingham.
- 1.108 The office market is generally forecast to continue building momentum in the coming years, driven by fundamentals of strong prime stock demand and a limited pipeline.
- 1.109 Industrial vacancy rates have been rising since reaching very low levels in 2020 and 2021 and now sit at around 5%, which is still relatively low for a healthy industrial market, but the market is softer.
- 1.110 There have been several years recently with large negative industrial net absorption, and leasing has been relatively low in recent years.
- 1.111 Industrial rents have been growing in line with broader markets, with Birmingham's industrial rents lying between the averages for the West Midlands and the UK.
- 1.112 Industrial rental growth is expected to continue but at a more moderate pace, with demand strongest for modern, ESG-compliant space. At the same time, older secondary stock is more prone to obsolescence.

Economic Forecasts

- 1.113 The baseline scenario forecasts a growth in jobs of 43,700 between 2024 and 2044. This is slightly faster than the 2022 HEDNA baseline forecast, which projected employment growth of 40,200 over the same period.
- 1.114 The forecast developed for the 2022 HEDNA projected a fall in employment in 2020, followed by relatively linear growth till 2045. The updated forecast shows that whilst employment fell in 2021, it recovered quickly, exceeding 2019 levels in 2023 and continuing to grow between 2022 and 2023.

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- 1.115 Whilst the updated forecast starts at a higher level of employment, the rate of growth between 2024 and 2044 in each of the forecasts is similar.
- 1.116 The largest growth sectors are forecast to be Professional & Scientific Services and Media & IT. The Manufacturing sector is forecast to see the largest decline in employment; however, this does not necessarily indicate poor sectoral performance but rather anticipated productivity improvements.
- 1.117 A growth scenario has been developed that makes adjustments across several sectors based on the latest policy developments, economic growth ambitions, and pipeline projects.
- 1.118 Overall, the growth scenario increases forecast employment growth from 43,700 in the baseline to 79,200 (an increase of 35,500 jobs or 81%). The 2022 HEDNA saw a similar scale of increase in employment of 38,500 (88%) in the growth scenario versus the baseline scenario, albeit over a different period (2020-40).

Employment Land Need

- 1.119 Updated employment land needs evidence has been undertaken, which considers labour demand (baseline and growth) scenarios provided by Cambridge Econometrics, labour supply, as well as completions trends using LPA and VOA data and a net absorption trend based on CoStar data.
- 1.120 The models produce a range of floorspace needs as follows:
- Office: -244,000 sqm and 772,400 sqm
 - Industrial and Warehousing: 938,000 sqm and 1,385,400 sqm, or 953,200 sqm once Peddimore is removed from the trend.
- 1.121 It is recommended that the Authority plan for the midpoint between the labour demand growth (including R&D) and the gross completions for

office space, and for the gross completions figure for all industrial and warehousing space, recognising a locally specific element of 564,100 sqm.

1.122 Once a margin for flexibility is included, this produces a gross need for 463,300 sqm (32.0 ha) of office space and 1,191,500 sqm (238.3 ha) of industrial and warehousing space, of which 440,100 sqm (134.5 ha) is considered locally specific.

1.123 These figures compare to the 2022 HEDNA findings:

- Offices – 453,900 sqm and 22.7 Ha
- Industrial – 1,343,500 sqm and 268.7 Ha

1.124 The office market is comparable to the 2022 position, whilst the all industrial need has fallen once Peddimore is removed from the trend (being 346.3 ha when included).

Demand and Supply Balance and Recommendations

1.125 The Council has indicated its current supply to inform a balancing exercise. This is based on the 2025 employment land availability assessment and office commitments.

1.126 For offices, permissions outweigh need, with a surplus showing. Not all may be implemented, and there are no issues with this balance oversupply, which can support further growth.

1.127 For the 'all' industrial market, the need has fallen compared to 2022 once Peddimore is removed from the trend, but supply also decreased, with a large shortfall of nearly 100 ha. The WMSESS work recommended that some of the future strategic need be provided for in opportunity areas outside of the city in the wider region, including in Lichfield / Tamworth, Solihull and North Warwickshire.

1.128 The deliverability of sites in these locations will be considered in due course through local plans in those authorities. It cannot be relied upon

in its entirety for Birmingham, but it is also not realistic to expect Birmingham to meet all its own needs for large sites. The progression of the West Midlands Strategic Development Strategy will provide an opportunity to consider how some of Birmingham's needs can be met outside the city.

- 1.129 Focusing only on local need, and excluding supply at Peddimore, Longbridge and Washwood Heath, the shortfall remains but is reduced to 77.2 ha (including the Wheels site). The assessment of the Core Employment Areas in 2022 suggested that future redevelopment and intensification is likely to be an ongoing source of supply.

2. Introduction

- 2.1 This document is an update to the Housing and Economic Development Needs Assessment originally published in 2022. While much of the baseline data from the 2022 assessment remains valid, this update incorporates new information where available.
- 2.2 Since that time, there has been a change of government and a change of National Planning Policy Framework (December 2024) (NPPF) and Planning Practice Guidance (PPG), including an update to the method for calculating housing need.
- 2.3 The new standard method is a two-step approach which draws on information around the housing stock, as well as an affordability adjustment.
- 2.4 This is a significant departure from the previous Standard Method, which used demographic inputs as a starting point but also included an affordability uplift as well as an urban areas uplift to large urban centres such as Birmingham, and which is no longer applicable.
- 2.5 As with the previous HEDNA, this document provides an unconstrained assessment of the number of homes **needed** in the City. Assessing need is the first step in determining the number of homes **required**.
- 2.6 There are further steps in the plan-making process that take into account environmental constraints, infrastructure and the availability of suitable housing sites, etc. These issues are not covered in this study, nor were they in the 2022 HEDNA.
- 2.7 This report examines the impact of these changes on overall housing need as well as the need for specific groups within the City, including those requiring affordable housing.

2.8 The revised standard method also has implications for labour supply, and this report examines the updated need for employment land and floorspace, and more up-to-date econometric forecasts and completions trends.

3. Functional Geographies

- 3.1 The 2022 HEDNA made a detailed assessment of the Housing Market Area (HMA) and Functional Economic Market Area (FEMA) boundaries. It concluded that the strategic HMA covers Cannock Chase, Lichfield, South Staffordshire, Tamworth, North Warwickshire, Stratford-on-Avon, Bromsgrove, Redditch, Birmingham, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.
- 3.2 The same report concluded that the FEMA covers Greater Birmingham and Solihull LEP (Birmingham, Bromsgrove, Cannock Chase, East Staffs, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest) and Black Country LEP (Dudley, Sandwell, Walsall and Wolverhampton) as well as North Warwickshire and Stratford-on-Avon.
- 3.3 Much of the data that underpins the assessment made in the 2022 HEDNA remains the same; however, there is new data available on migration and commuting patterns from the 2021 Census, which this section considers.
- 3.4 In addition to the updated Census data, we have also considered research published in 2024 by the West Midlands Combined Authority (WMCA), which examined functional geographies.

Economic Geographies of the West Midlands (2024)

- 3.5 In December 2024, the WMCA¹ published a report on the Economic Geographies of the West Midlands², co-authored by SQW, City-REDI and Automatic Knowledge.

¹ The WMCA covers the area of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton

² [Economic Geographies of the West Midlands](#)

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- 3.6 The study's purpose was to expand and deepen understanding of the West Midlands' economic geographies, with a particular focus on the interdependencies and connections between places within the region.
- 3.7 The report provides a review of previous studies, identifying whether there is evidence to suggest any substantive changes in the region's economic geographies.
- 3.8 The study analysed a range of indicators, including commuting and migration data from 2021, consumer spending data and Mobile Network Data.
- 3.9 The study found evidence for polycentricity across the West Midlands, albeit with the functional economic area with Birmingham at its core appearing larger than the other areas. There were typically four or five functional areas, depending on the choice of indicator.
- 3.10 When different indicators were combined, three key geographies emerged:
- Birmingham – including large parts of Solihull and parts of Sandwell;
 - The Black Country - Wolverhampton, Walsall, Sandwell and Dudley; and
 - Coventry – with Warwickshire and a small part of Solihull.
- 3.11 In addition to these conclusions, the report suggests that previous studies may have paid insufficient attention to polycentricity beyond the boundary of the WMCA area.
- 3.12 The study finds evidence to indicate that there are “clear links outside of the WMCA area” across most of the functional areas. Few of the functional areas – whether generated based on one indicator or as a synthesis of indicators – are wholly contained within the WMCA boundary.

The report also provides a summary of the conclusions of similar previous studies. Selected relevant sections of this review are provided in the table below. Previous conclusions regarding the West Midlands' Economic Geography

Study (Year)	Key Findings
The role of the Midlands Engine in the British Economy (2023)	The Midlands Engine comprises several distinct urban economies rather than one whole economy. It identifies four urban labour markets with little overlap: Birmingham, Coventry, Telford and Stoke.
State of the Region 2020	Identifies the three-LEP areas (Greater Birmingham and Solihull, Black Country, Coventry and Warwickshire) as a coherent functional economic area. Recognises that Coventry is, to a degree, separate from the rest of the city region. There are closer links between Birmingham and the Black Country, as well as with neighbouring areas of Redditch, Bromsgrove, Cannock, Lichfield, and Tamworth. At the same time, Coventry and Warwickshire form a separate region.
West Midlands FEMA Study (2015)	Identifies the whole West Midlands as a FEMA within a broader and even better-defined FEMA, which is covered by three LEAs: Greater Birmingham and Solihull, Black Country, and Coventry and Warwickshire.
The Functioning Economic Geography of the West Midlands (2006)	The West Midlands has been developing into a polycentric economy. There is one distinct 'conurbation' (Birmingham, Black Country and Solihull). There are two further distinct geographies: a second conurbation, North Staffordshire (focused on Stoke-on-Trent) and the City of Coventry. The report suggests that the spatial pattern of economic activity in the West Midlands region is shifting away from, or expanding beyond, Birmingham and the Black Country, and is spreading into a belt that encircles the conurbation, including Stratford-on-Avon, Warwick, Lichfield, Cannock, Bridgnorth, and Bromsgrove.

Source: *West Midlands Combined Authority/SQW/WM Redi/City Redi, Economic Geographies of the West Midlands, Table 3.1*

Migration and Self-Containment

- 3.13 Initially, we have examined gross migration per head from the 2021 Census, as this is, in our opinion, the best measure of the two-way relationship between areas of different sizes.
- 3.14 Gross migration per head is the number of flows in either direction weighted to reflect the size of the combined population, with larger areas expected to have larger flows.
- 3.15 It should be noted that the 2021 Census was conducted during the COVID-19 pandemic; therefore, migration figures should be treated with a degree of caution, as movement was restricted during periods of lockdown.
- 3.16 As the table below illustrates, Birmingham's closest relationships are with Solihull and Sandwell and, to a lesser degree, Walsall. All three of which show net out migration from the City.

Table 3.1 Gross Migration Per Head with Birmingham (2021)

	Out	In	Net	Gross Migration	Gross Migration Per 1,000
Solihull	4,078	2,435	-1,643	6,513	4.79
Sandwell	3,853	2,746	-1,107	6,599	4.44
Walsall	2,296	1,346	-950	3,642	2.55
Bromsgrove	1,718	748	-970	2,466	1.98
Dudley	1,550	982	-568	2,532	1.73
Coventry	1,032	990	-42	2,022	1.36
Lichfield	1,091	363	-728	1,454	1.16
Wolverhampton	874	681	-193	1,555	1.10
Tamworth	752	243	-509	995	0.81

Source: IcenI based on ONS Census 2021

- 3.17 This net out-migration from the City is common to all areas examined, but it is a common feature of most, if not all, urban areas in the UK. The cities are populated through international migration and students

moving to the city, and as the population ages, it moves to the surrounding suburbs, including those in neighbouring areas.

Self-Containment Rate

- 3.18 A further measure to consider when examining housing market areas is the self-containment rate. This is the percentage of moves from an area whose destination is elsewhere in the same local authority or the percentage of moves to an area whose origin was from the same local authority.
- 3.19 While this is no longer part of the PPG, previous guidance provides a target benchmark of over 70% when long-distance moves (the PPG does not define this, but it relates to student movements and people moving long distances to retire to the country/coast) are removed.
- 3.20 As shown in the table below, Birmingham has a self-containment rate of between 63% and 66%. However, when long-distance³ moves are excluded, the self-containment rates reach the 70% benchmark at 75% and 84%.

Table 3.2 Self-containment Rates – Birmingham (2021)

	Out Migration- Based Self- Containment	In Migration- Based Self- Containment
All Moves	114,070	108,524
Internal Moves	71,453	71,453
Self-Containment Rates	63%	66%
All Moves, Excluding Long Distance Moves	94,732	85,295
Self-Containment Rates	75%	84%

Source: IcenI based on ONS Census 2021

³ Long distance moves are defined as those with origins/destinations outside of the West Midlands.

- 3.21 By this benchmark, Birmingham could be considered an HMA in its own right. However, it is unlikely that some of its neighbours could and therefore would have to link up with their larger neighbour.
- 3.22 The City's influence in the broader region is examined by looking at the self-containment rates (excluding long-distance moves) for Birmingham and various combinations of nearby local authorities.

Table 3.3 Self-containment rates for select local authorities (excluding long-distance moves)

Local Authority / Authorities	Out Migration-Based Self-Containment	In Migration-Based Self-Containment
Birmingham	75%	84%
Birmingham + Sandwell	77%	86%
Birmingham + Solihull	79%	87%
Birmingham + Walsall	76%	84%
Birmingham + Black Country⁴	85%	92%
Greater Birmingham and Black Country HMA (GBBCHMA)	92%	94%

Source: Icen analysis of Census 2021

- 3.23 While all these combinations exceed the typical 70% threshold for both in-migration and out-migration, the currently defined Greater Birmingham and Black Country Housing Market Area produces the greatest self-containment rates, well exceeding the 70% self-containment threshold at 92% and 94%. This strongly suggests that the current HMA definition is still appropriate.

Commuting

- 3.24 The Table below shows the total number of out-commuters from Birmingham to neighbouring local authorities. The largest volumes of out-commuters from the City are to Solihull, Sandwell and North

⁴ Black Country defined as Dudley, Sandwell, Walsall, Wolverhampton.

Warwickshire. Commuters mainly originate from Sandwell, Solihull, and Walsall.

Table 3.4 Commuting to and from Birmingham by Local Authority

Local Authority	Out-commuting from Birmingham	In-commuting to Birmingham	Net (+ve is more out commuting from Birmingham)
Birmingham⁵	355,671	355,671	-
Solihull	23,181	16,859	6,322
Sandwell	11,477	22,798	-11,321
North Warwickshire	7,434	2,405	5,029
Walsall	4,815	12,097	-7,282
Bromsgrove	4,367	5,889	-1,522
Dudley	3,785	9,980	-6,195
Coventry	3,537	2,876	661
Lichfield	2,064	3,523	-1,459

Source: ONS Census 2021

- 3.25 In total, the 2021 Census states that there are 442,409 residents in employment in Birmingham. Of these, 355,671 work in the City (including those working from home). This is the equivalent of a residence-based self-containment rate of 80%. This is sufficient to suggest that the City can be considered its own travel-to-work area (TTWA).
- 3.26 Net commuting from nearby authorities varies. Sandwell, Walsall, and Dudley all see more residents commuting into Birmingham than out of it.
- 3.27 In contrast, Solihull, North Warwickshire and Coventry see more residents from Birmingham commuting to them than the other direction. For the first two of these, they can be linked to the major employment

⁵ Includes those working from home

locations in these areas, such as Birmingham Airport and Hams Hall, which are adjacent to the City.

- 3.28 Generally, nearby authorities see more residents commuting to Birmingham than out of it, which is unsurprising given Birmingham's status as England's second city and the economic powerhouse of the region.
- 3.29 Overall, it would indicate that Birmingham has a clear influence on its neighbours in terms of employment and that the functional economic market area extends wider than the city's administrative boundaries.

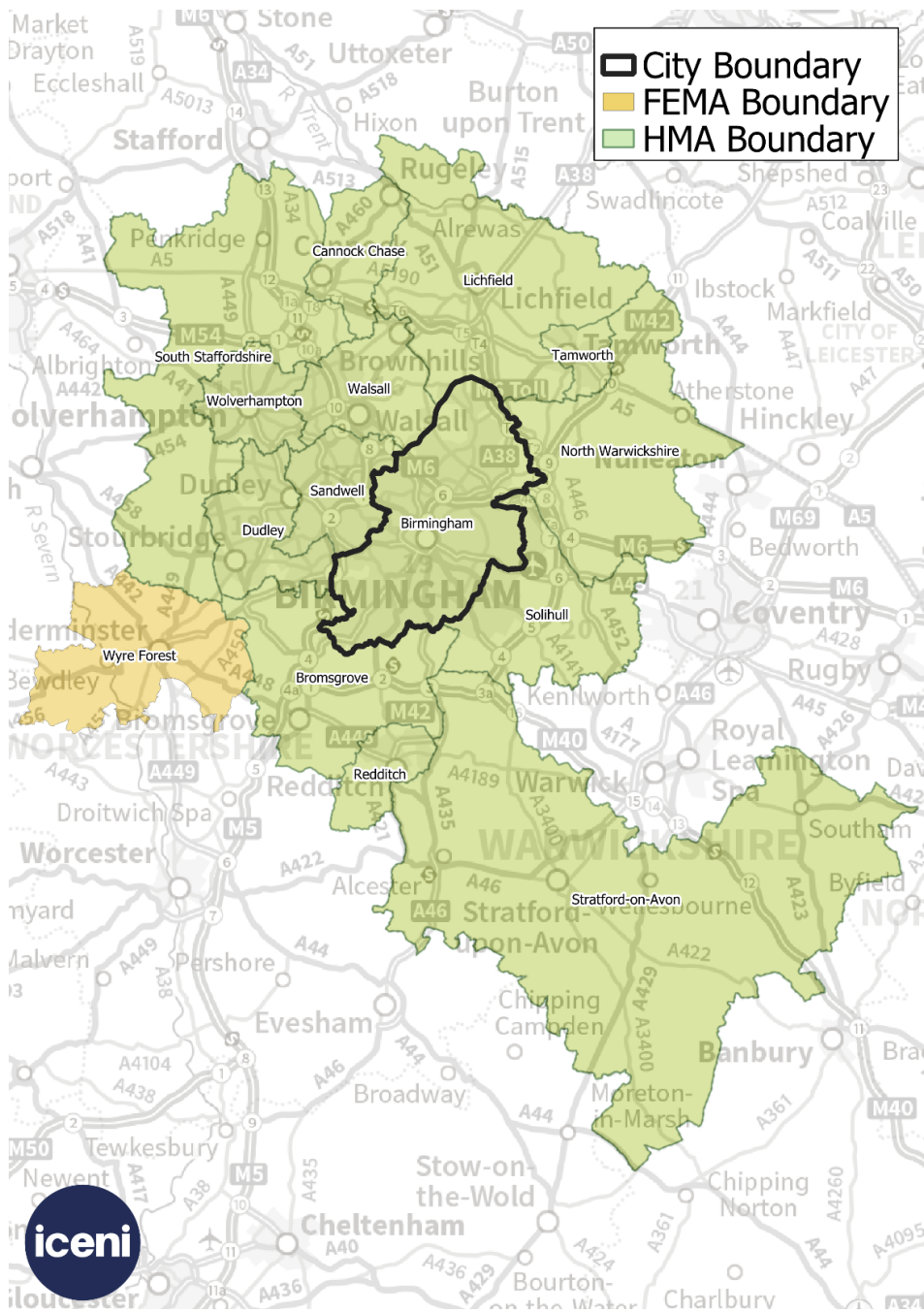
HMA and FEMA Summary

- 3.30 Overall, this assessment concludes that the boundaries of the Birmingham HMA and FEMA remain broadly the same as previously, with the single exception of East Staffordshire being removed from the FEMA.
- 3.31 Wyre Forest and East Staffordshire were previously part of the FEMA, but not the HMA, with their inclusion being linked to the now-defunct Greater Birmingham and Solihull LEP.
- 3.32 In the case of Wyre Forest, the district continues to receive a significant flow of migrants from Birmingham (its second-highest inflow behind Dudley) and sees over 1,300 people per day commute to the City for work.
- 3.33 However, the same cannot be said of East Staffordshire, which is more closely aligned with Derbyshire, and the district has therefore been excluded from the FEMA, although it does still have some moderate linkages to Lichfield.
- 3.34 The strategic HMA covers, Cannock Chase; Lichfield; South Staffordshire; Tamworth; North Warwickshire; Stratford-on-Avon;

Bromsgrove; Redditch; Birmingham; Dudley; Sandwell; Solihull; Walsall and Wolverhampton.

- 3.35 The FEMA covers the Greater Birmingham and Solihull LEP (Birmingham, Bromsgrove, Cannock Chase, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest, but excluding East Staffs) and Black Country LEP (Dudley, Sandwell, Walsall and Wolverhampton) as well as North Warwickshire and Stratford-on-Avon.

Figure 3.1 HMA and FEMA Boundary



Source: Iceni Projects, 2025

4. Housing Stock and Market

Housing Stock

- 4.1 As of 2021, Birmingham has over 446,000 dwellings and 423,000 households. This suggests that around 5% of dwellings in the City are vacant, but it is not significantly different from regional and national comparators.

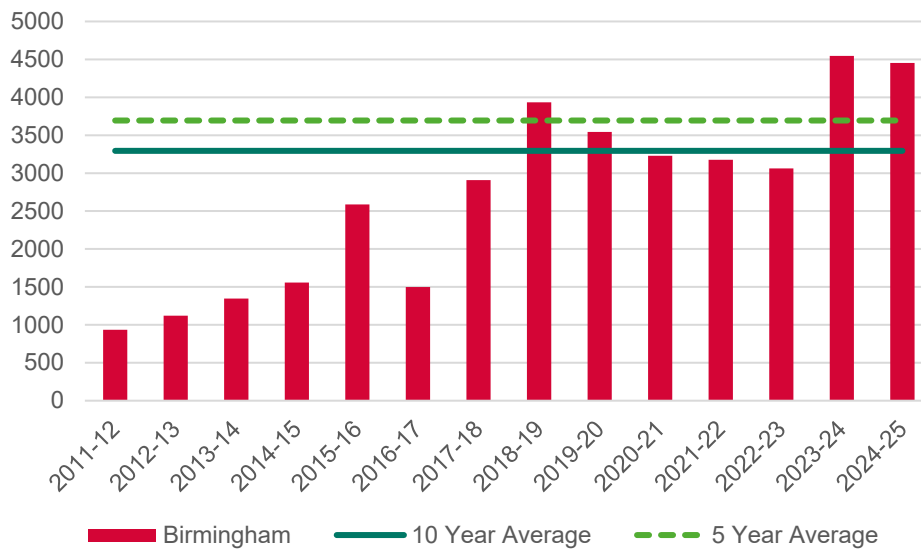
Table 4.1 Number of dwellings and households (2021)

Area	Number of Dwellings	Number of Households	Implied Vacancy Rate
Birmingham	446,291	423,456	5.1%
Birmingham HMA	1,205,115	1,153,885	4.3%
West Midlands	2,551,096	2,429,493	4.8%
England	24,927,591	23,436,085	6.0%

Source: ONS, Census 2021

- 4.2 The figure below sets out the net additional dwellings seen in Birmingham between 2011/12 and 2024/25. As illustrated, Birmingham has seen significant growth over the past decade, particularly in the last two years.
- 4.3 This recent growth is likely a factor of the adoption of the current Local Plan in January 2017 and the allocated housing sites coming forward from it.

Figure 4.1 Net Additional Dwellings – Birmingham



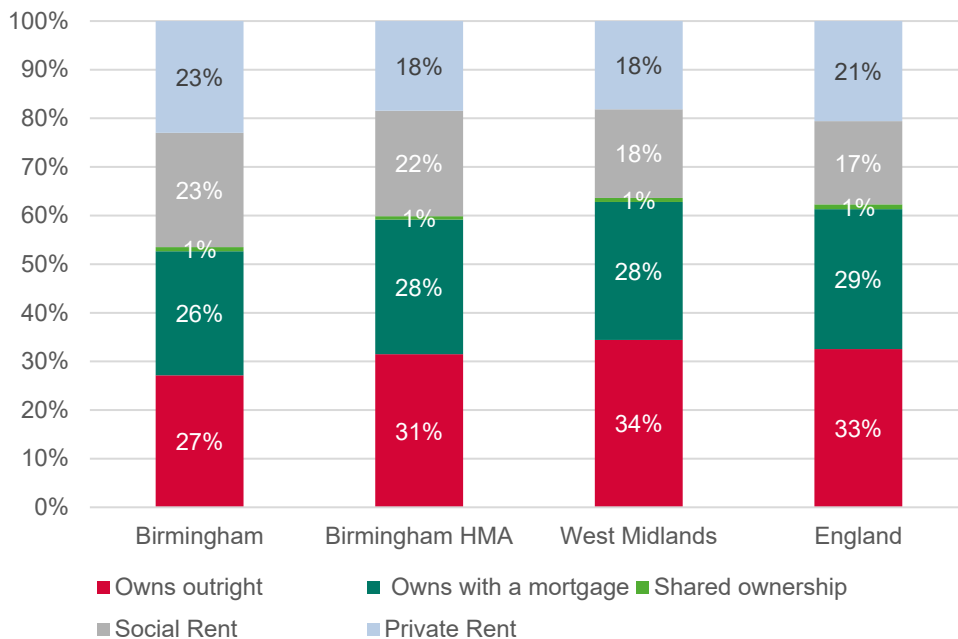
Source: MHCLG, Table 122 Net Additional Dwellings

- 4.4 As of 2024, there were an estimated 457,076 dwellings in the City. This is an important figure as it underpins the housing need figure derived from the standard method.

Tenure

- 4.5 The figure below sets out the existing housing stock tenure split. Birmingham has a lower rate of owner-occupied properties than the regional and national averages.
- 4.6 Conversely, there are higher rates of social and private renting in Birmingham in comparison to the West Midlands or England, with nearly half of all households renting rather than owning properties. The proportion of shared ownership is consistently low across all areas.

Figure 4.2 Household by Tenure (2021)



Source: ONS, Census 2021

- 4.7 Between 2011 and 2021, the change in tenure across all areas is broadly similar. The trend shows an increase in outright home ownership (as the older population pays off their mortgage) and private renting.
- 4.8 This is directly linked to the decline in home ownership with a mortgage, which is itself due to worsening affordability, particularly for first-time buyers. Essentially, this group is unable to afford mortgages and must therefore rent privately.
- 4.9 Finally, social renting has seen a slight decrease and shared ownership remains unchanged.
- 4.10 Overall, the level of properties in Birmingham that are owned decreased by 2.6%, a greater fall than the HMA (-2.3%), region (-1.9%) and national (-1.8%) averages.

Table 4.2 Change in Tenure (2011-2021)

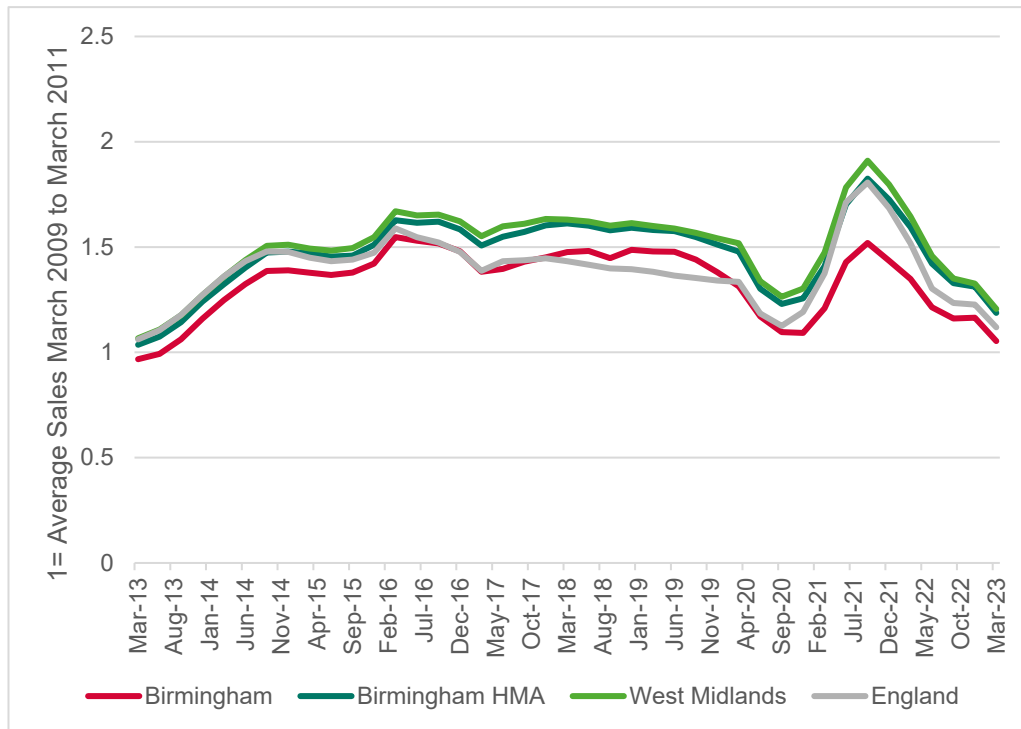
Area	Owns outright	Owns with a mortgage	Shared ownership	Social Rent	Private Rent
Birmingham	1.2%	-3.7%	-0.1%	-0.8%	3.4%
Birmingham HMA	1.9%	-4.1%	0.0%	-0.9%	3.2%
West Midlands	2.1%	-4.2%	0.1%	-0.7%	2.7%
England	2.0%	-4.0%	0.2%	-0.6%	2.4%

Source: ONS, 2011 and 2021 Census

Housing Market

- 4.11 The trend across property sales from 2013 to 2023 is shown below. The trend across the areas is very similar: sales volumes were relatively stable from 2017 to 2020, after which all areas saw a sharp fall, likely influenced by the COVID-19 pandemic in 2020.
- 4.12 Sales were then positively impacted by the Covid-related stamp duty holiday, which ran from July 2020 to September 2021. Sales peaked across all areas in September 2021, after which volumes declined.
- 4.13 In Birmingham, specifically, the volume of sales in March 2023 is notably low, comparable to the levels seen in 2020 during the COVID pandemic.

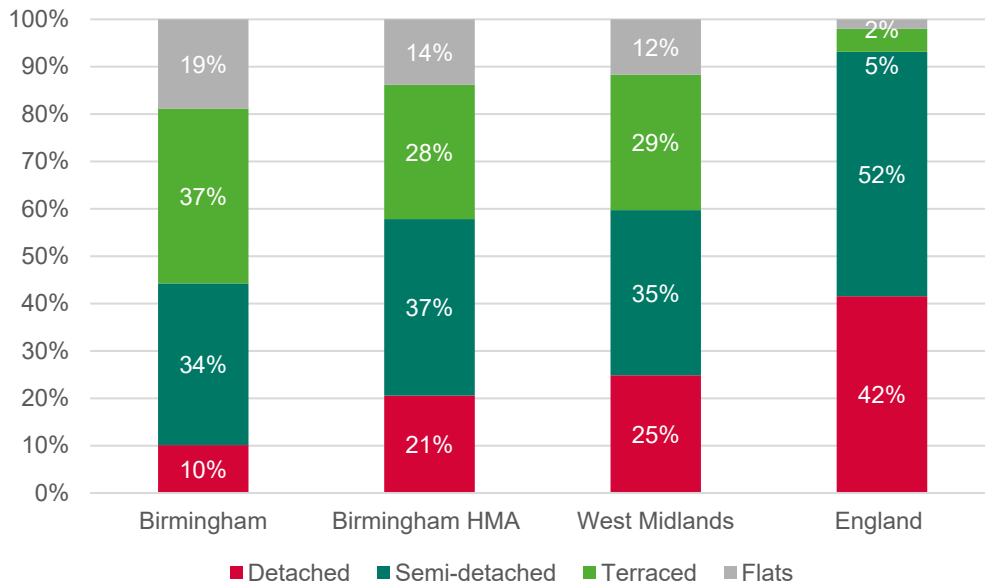
Figure 4.3 Indexed Property Sales Volume (March 2013-2023)



Source: ONS Small Area House Price Statistics

- 4.14 Reflecting the City's housing stock, Birmingham shows the highest proportion of terraced and flatted properties sold across all other areas. However, the proportion of detached properties sold is the lowest in Birmingham compared to other areas, as shown in the figure below.

Figure 4.4 Property sales, by type (2023)



Source: ONS Small Area House Price Statistics

4.15 The table below sets out median house prices by type. Overall, median prices in the City (£225,000) are below the regional (£245,000) and national (£300,000). However, this is essentially a component of the sales mix.

Figure 4.5 Median Property Prices, by type (year to March 2023)

	Overall	Detached	Semi-detached	Terraced	Flats
Birmingham	£225,000	£443,950	£251,600	£200,000	£140,000
Birmingham HMA	£230,000	£375,000	£251,600	£198,000	£138,000
West Midlands	£245,000	£394,000	£237,500	£192,000	£132,250
England	£299,750	£445,000	£274,000	£240,000	£226,000

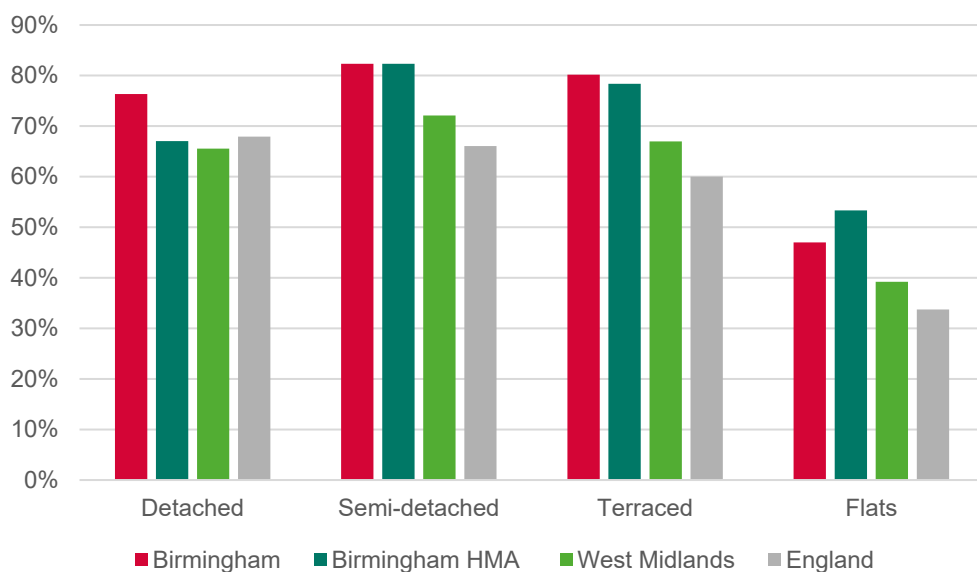
Source: ONS Small Area House Price Statistics Dataset

4.16 Birmingham shows a higher price for detached, terraced and flats compared to the HMA and region; however, it is below the national rate. For Semi-detached properties, Birmingham is in line with the HMA; both areas are lower than the regional and national rates.

4.17 The most considerable house price growth is seen across semi-detached and terraced properties in Birmingham, with the lowest increase seen in flats.

4.18 This is broadly in line with the rates in the wider HMA; however, it is lower than regional and national rates. The wider HMA shows the most significant price growth in flatted developments, as shown in the figure below.

Figure 4.6 Median House Price Growth (2013-2023)



Source: ONS Small Area House Price Statistics Dataset

4.19 More recent house price data can be derived from Land Registry Price Paid data. This shows that the overall median increased to £235,000 from £225,000 in the year to March 2025.

Table 4.4 Median Property Prices, by type (2025)

	Overall	Detached	Semi-detached	Terraced	Flats
Birmingham	£234,975	£430,000	£261,000	£212,250	£150,000

Source: HM Land Registry Price Paid Data

4.20 Detached house prices have fallen in this period by around £14,000, while all other property types have increased by between £9,000 (Semi-detached) and £12,000 (terraced).

Rental

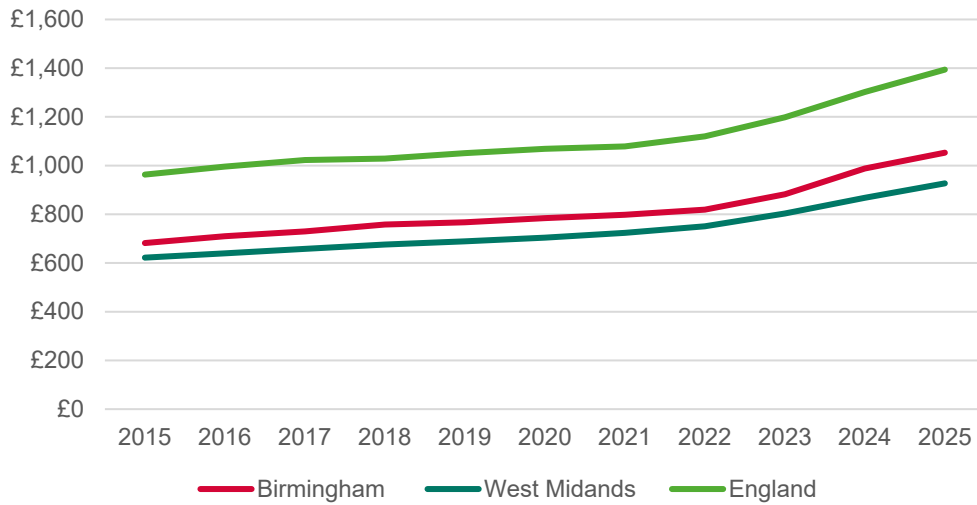
4.21 Median rents have increased across all areas since 2015, as shown in the figure below. Median rents begin to grow faster after 2021; similar rates are observed across all areas shown.

4.22 This increase is likely to be a result of the Bank of England base interest rate increases seen in 2021, which would have affected many landlords with properties funded by interest-only and buy-to-let mortgages.

4.23 Ultimately, this has led to many landlords leaving the sector due to worsening profitability, reducing overall supply, and others looking to pass this increase in costs onto tenants.

4.24 In 2025, the City's median rents were £1,056 per calendar month. This sits between the national median (£1,394) and the regional median (£927 dpa).

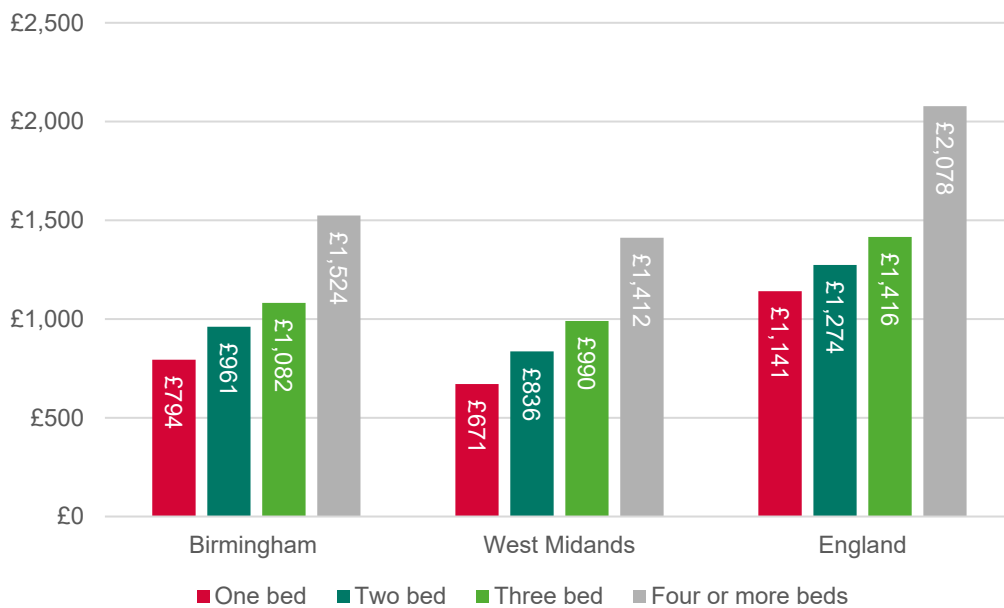
Figure 4.7 Median Rents, 2015-2025



Source: Icen analysis of VOA Data

4.25 Birmingham shows higher median rental values across all property sizes when compared to regional values; however, it is lower than the national average, as shown in the figure below.

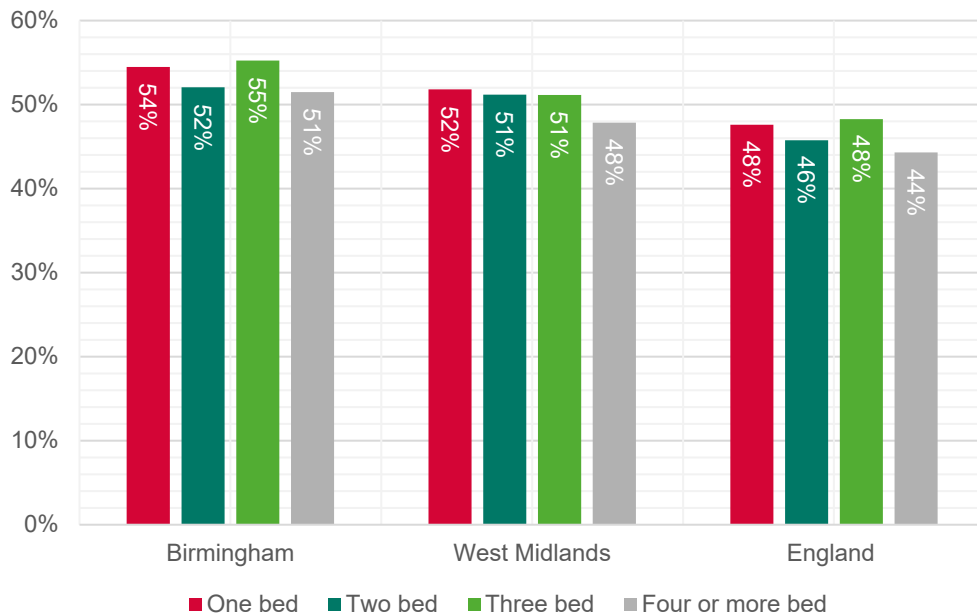
Figure 4.8 Median Rental Values (2025)



Source: ONS, Price Index of Private Rents, June 2025

4.26 Rental growth across all three areas shown in the figure below indicates the highest growth was in one-bed and three-bed properties in Birmingham, both of which are higher than the regional and national rates.

Figure 4.9 Median Rental Growth (2015-2025)



Source: ONS, Price Index of Private Rents, June 2025

Housing Stock and Market - Summary

- 4.27 As of 2021, Birmingham had over 446,000 dwellings and 423,000 households, which is a vacancy rate of around 5.1%, which is around the regional and national norm.
- 4.28 The City has experienced significant growth in net additional dwellings over the past decade, with notable acceleration from 2018/19 onwards, likely attributable to the adoption of the current Local Plan in January 2017.
- 4.29 Birmingham exhibits a lower rate of owner-occupied properties compared to the West Midlands and England averages.

-
- 4.30 Conversely, the City has higher rates of social and private renting, with nearly half of all households renting rather than owning their properties.
- 4.31 Analysing the change in tenure between 2011 and 2021, the trend shows an increase in both outright home ownership and private renting, but notably, mortgage home ownership declined.
- 4.32 This shift reflects the declining affordability for first-time buyers who are unable to secure mortgages and are subsequently required to rent privately.
- 4.33 Overall, the level of owner-occupied properties in Birmingham decreased by 2.6% during this period, a reduction greater than that seen regionally and nationally.
- 4.34 Overall, median prices in the City (£225,000) are below the regional (£245,000) and national £300,000). However, this is essentially a component of the sales mix.
- 4.35 In 2025, the City's median rents were £1,056 per calendar month. This sits between the national median (£1,394) and the regional median (£927 dpa).
- 4.36 Notably, rental growth (2015-2025) was highest for one-bed and three-bed properties in Birmingham, exceeding both regional and national rates.

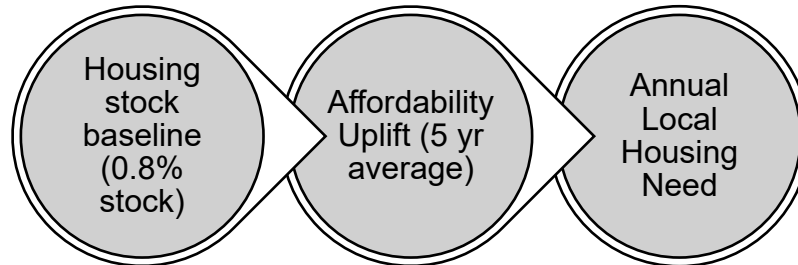
5. Housing Need and Demographics

Updated Standard Method

- 5.1 The Government published a new NPPF in December 2024, which included revisions to the standard method for assessing housing need. Its ambitions in doing so are to increase housing delivery, delivering 1.5 million homes across England over the next 5 years, with growth in all areas of the country.
- 5.2 The Government has taken this forward, through revisions to the PPG in the section on *Housing and Economic Development Needs Assessments*.⁶ Para 2a-006 therein sets out the methodology, which takes a baseline of 0.8% of existing housing stock in the area (Step 1), to which an affordability adjustment is then applied (Step 2).
- 5.3 Specifically, Step 2 is calculated by taking the average affordability ratio figure over the five most recent years for which data is available and applying a 0.95% increase for each 1% by which the averaged affordability ratio is above 5. Figure 5.1 provides an overview of the revised standard method.

⁶ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

Figure 5.1 Overview of Revised Standard Method



- 5.4 The 0.8% pa stock baseline removes the use of demographic projections (which can be volatile). It provides a baseline level of provision across all areas, which is not dissimilar to the 0.89% annual increase in housing stock nationally over the last 10 years.
- 5.5 With affordability uplifts applied to the stock baseline, the revised standard method supports the provision of around 370,000 homes nationally, which the Government consider should be targeted to improve housing affordability over time.
- 5.6 Previously, the NPPF provided scope to deviate from the standard method in assessing housing need in exceptional circumstances, enabling a 'justified alternative approach' to be advanced, which reflects current and future demographic trends and market signals.
- 5.7 The case for this was considered in the 2024 HEDNA, which reviewed recent demographic trends and considered alternative projections. The revisions to the NPPF in December 2024 have removed the scope to use an alternative approach – they require housing need to be assessed using the (revised) standard method.

Standard Method Calculation

- 5.8 It is a relatively straightforward exercise to calculate the local housing need using the standard method for Birmingham.

Step 1: Housing Stock Baseline

- 5.9 The stock baseline is expected to be drawn from the MHCLG Live Table 125. The PPG in Para 2a-005 directs that 'the most recent data published at the time should be used.' The latest data on the housing stock position is for 2024. The stock baseline is calculated as 0.8% of existing stock.

Step 2: Affordability Adjustment

- 5.10 The affordability adjustment is then to be applied, based on the average median (workplace-based) house price to income ratio over the last 5 years, which at the current time is for 2019-24. The following formula is then used to calculate the affordability uplift:

$$\text{Adjustment factor} = \left(\frac{\text{five year average affordability ratio} - 5}{5} \right) \times 0.95 + 1$$

- 5.11 The final stage is to then multiply the housing stock baseline by the affordability adjustment factor.
- 5.12 The result of the revised standard method calculation using the latest published affordability and housing stock data for Birmingham, as shown in the table below, is 4,511 dpa.

Table 5.1 Birmingham Local Housing Need

	Birmingham
Housing Stock, 2024	457,076
0.8% Stock Baseline	3,657
Average Median Affordability Ratio, 2020-24	6.23
Affordability Uplift	23%
Local Housing Need (dpa)	4,511

Source: Icenl based on MHCLG data

- 5.13 The standard method figures change when new affordability and stock data are released (typically annually in the Spring), and the Council may need to keep any changes until the point of submission of the Local Plan, at which point the figures are ‘fixed’ for a period of two years.⁷
- 5.14 The current Standard Method figure is less than the figure considered in the previous HEDNA (6,570). This is due to the new calculation methodology, in particular, the removal of the 35% “Urban Uplift” applied to urban areas such as Birmingham.
- 5.15 In terms of affordability and consideration of past trends, the Planning Practice Guidance states that the affordability adjustment made within the new calculation considers any past under-delivery of housing.
- 5.16 Therefore, the Standard Method figure is not applied retrospectively, with the high need in all previous years considered to be what was delivered in that year.
- 5.17 It should also be noted that in March 2026, the standard method was revised to 4,595 dpa for Birmingham. This is an increase of 84 dpa, which will need to be accommodated through land supply. However, the scale is insufficient to influence any of the report's core recommendations around housing mix and affordable housing need.

⁷ PPG Para 2a-008-20241212

Demographics

Population

- 5.18 As of mid-2024 (the latest date for which ONS has published mid-year population estimates (MYE)), the population of Birmingham is estimated to be 1,183,600; this is an increase of around 79,900 people over the previous decade (a 7% increase), which is slightly lower than seen across the other areas studied.

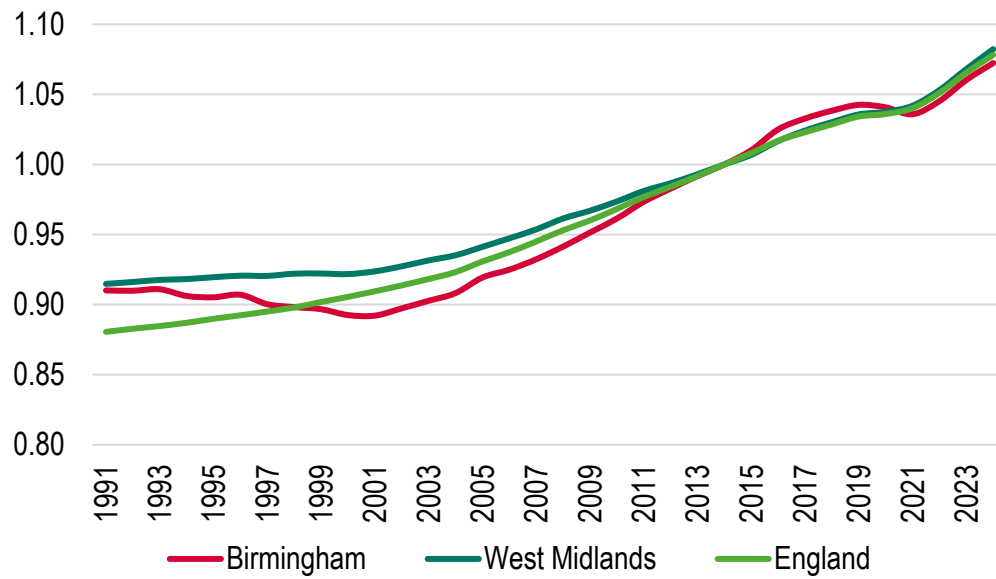
Table 5.2 Population change (2014-24)

	2014	2024	Change	% change
Birmingham	1,103,724	1,183,618	79,894	7.2%
West Midlands	5,716,882	6,187,204	470,322	8.2%
England	54,370,319	58,620,101	4,249,782	7.8%

Source: ONS

- 5.19 The figure below shows an indexed population change back to 1991 (index to 1 in 2013). This indicates that the population had been declining until about 2001, followed by a period of stronger growth than seen regionally or nationally.
- 5.20 Over the past decade, growth has generally been in line with the other locations examined, including the strong growth over the past three years or so.

Figure 5.2 Indexed Population Change – 1991-2024

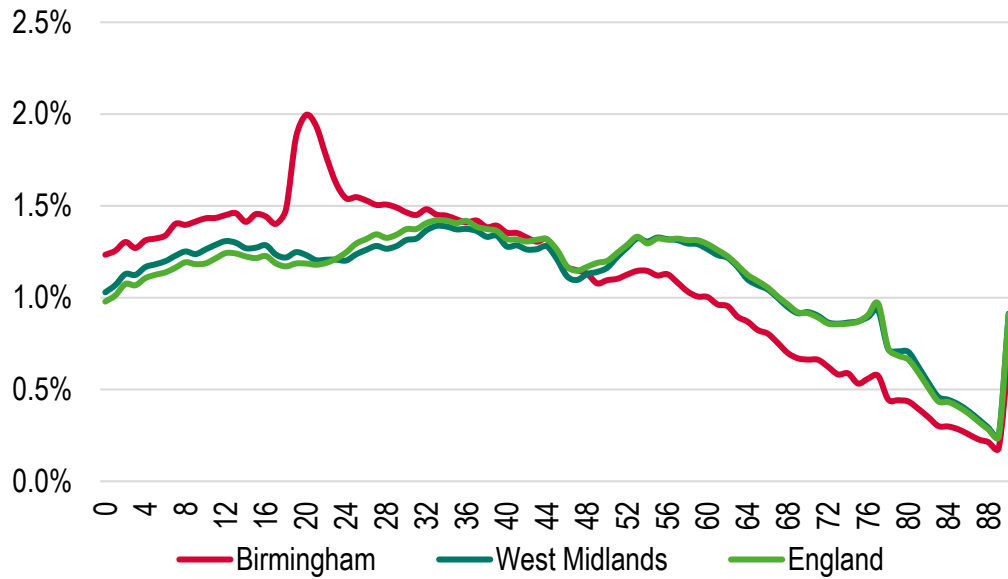


Source: ONS

Age Structure

5.21 The figure below shows the age structure by single year of age (compared with a range of other areas). Overall, the population structure is significantly younger than seen in different locations, with a lower proportion of the population in all age groups from about 50 onwards.

Figure 5.3 Population profile (2024)



Source: ONS

- 5.22 There is also a higher proportion of people in their late teens and early 20s – this observation is linked to people moving to the City for further education. However, the data also indicates that many of these individuals leave over time.
- 5.23 The analysis below summarises the above information (including total population numbers for Birmingham) by assigning population to three broad age groups (which can generally be described as a) children, b) working age and c) pensionable age).
- 5.24 This analysis confirms a younger age structure compared with other locations, including a lower proportion of people aged 65 and over in both regional and national contexts.

Table 5.3 Population profile (2024) – summary age bands

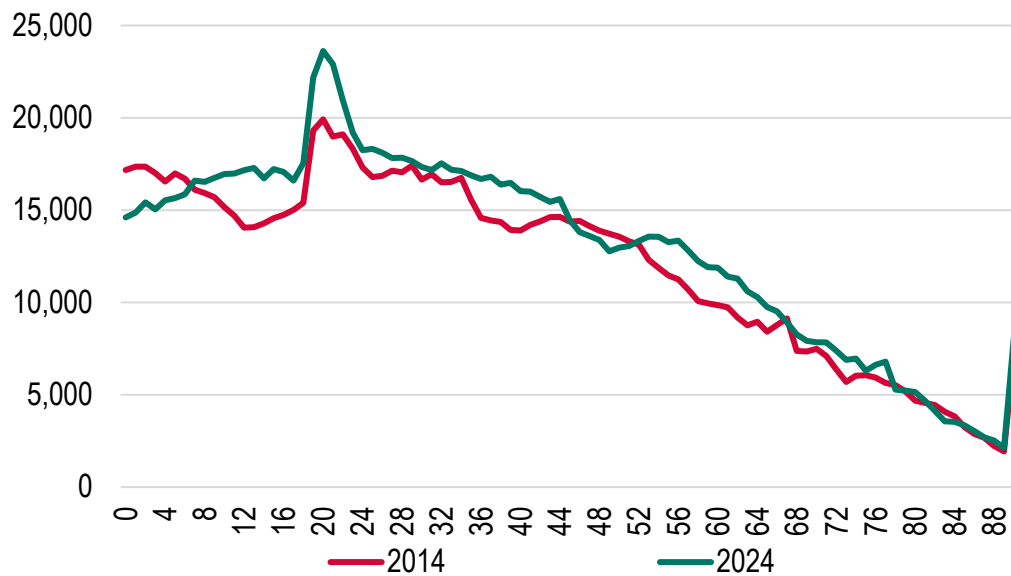
	Birmingham Population	% of population	West Midlands % of population	England % of population
Under 16	259,195	21.9%	19.3%	18.4%
16-64	770,017	65.1%	61.8%	62.9%
65+	154,406	13.0%	18.9%	18.7%
All Ages	1,183,618	100.0%	100.0%	100.0%

Source: ONS

Age Structure Changes

- 5.25 The figure below shows how the age structure of the population has changed in the 10 years from 2014 to 2024 – the data used is based on population, so it will also reflect the increase seen in this period.
- 5.26 There have been some changes in the age structure, including increases in the population in their late 30s and early 40s, as well as late 50s and early 60s.
- 5.27 There has also been an increase in what might be called typical student age groups (late teens and early 20s). Where there are differences, they are often due to cohort effects (i.e., smaller or larger cohorts of the population getting older over time).

Figure 5.4 Population age structure (people) (2014 and 2024) – Birmingham



Source: ONS

5.28 Again, the information above is summarised into the three broad age bands to ease comparison. This shows population increases across all age bands, with the highest proportionate increase amongst those aged 16 to 64; in total population terms, this is also the key growth age group – increasing by 63,900 people, accounting for 80% of all population change in the City.

Table 5.4 Change in population by broad age group (2013-23) – Birmingham

	2013	2023	Change	% change
Under 16	253,701	259,195	5,494	2.2%
16-64	706,070	770,017	63,947	9.1%
65+	143,953	154,406	10,453	7.3%
TOTAL	1,103,724	1,183,618	79,894	7.2%

Source: ONS

Components of Population Change

- 5.29 The table below considers the drivers of population change from 2011 to 2024. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international).
- 5.30 There is also an Unattributable Population Change (UPC), which is a correction made by ONS upon publication of Census data if the population has been under- or over-estimated (this is only calculated for the 2011-21 period).
- 5.31 There are also 'other changes', which are variable (sometimes positive and sometimes negative but generally small in size). These changes are often related to armed forces personnel, prisons or boarding school pupils.
- 5.32 The data show natural change to be dropping over time; generally, there are still more births than deaths, but the figures are declining over time. Migration is variable and consistently negative for internal (domestic) migration.

Table 5.5 Components of population change, mid-2011 to mid-2024 – Birmingham

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2011/12	9,425	-6,267	3,678	13	3,529	10,378
2012/13	8,956	-7,587	5,097	134	3,270	9,870
2013/14	9,277	-9,411	5,761	132	3,434	9,193
2014/15	8,096	-7,405	7,722	-37	2,832	11,208
2015/16	8,695	-5,572	10,716	11	2,489	16,339
2016/17	8,495	-9,064	6,658	-23	2,556	8,622
2017/18	7,539	-10,973	7,511	-53	2,133	6,157
2018/19	7,491	-13,730	9,007	106	1,722	4,596
2019/20	5,325	-13,370	5,100	-192	1,183	-1,954
2020/21	4,833	-19,153	7,602	-65	1,376	-5,407
2021/22	5,210	-16,244	21,309	33	0	10,308
2022/23	4,833	-15,563	27,426	-51	0	16,645
2023/24	5,583	-16,373	24,235	-65	0	13,380

Source: ONS

- 5.33 International net migration figures are always positive, and the last three years for which data is available show a notably higher level of international migration than had been seen generally in the past – this being a consistent trend to that seen nationally.
- 5.34 The analysis also shows (for the 2011-21) period a notable positive level of UPC (totalling around 24,500 people over the 10 years), which suggests that when the 2021 Census was published, ONS had previously under-estimated population change.
- 5.35 Overall, the data generally show a continuing trend of increasing population throughout the period studied, although a slight decline was recorded for 2019-21, linked to lower levels of net international migration.

Demographic Implications of the Standard Method

- 5.36 A demographic model has been developed to examine the potential implications of delivering 4,511 dwellings per annum in the 2024-44 period.
- 5.37 This considers the levels of migration likely to be needed to fill homes and the possibility of seeing higher levels of household formation in younger age groups (where there is evidence of a historical constraint in formation). The key assumptions in the modelling are:
- Taking the 2022-based subnational population projections (SNPP) as a starting point – this includes data on birth and death rates as well as migration;
 - Updating this projection to take account of mid-year population data to 2024 (looking at more recent data about births, deaths and migration);
 - The base position for 2024 is taken from the MYE with any adjustments made after this date;
 - Data about the communal population and household formation is taken from the 2021 Census, with the formation rates for the population aged under 45 assumed to return halfway to the levels seen in 2001;
 - It is assumed that around 3% of new stock will be vacant at any time (to allow for movement within the stock). This means that for 4,511 dpa, it is assumed there would be household growth of approximately 4,380 per annum; and
 - Modelling then flexes migration estimates so there is a sufficient population to fill the additional homes (i.e. population required to generate 4,380 additional households per annum on average over 20 years).
- 5.38 In developing this projection, the population is projected to increase by 85,800 people over the 2024-44 period, with this increase being particularly strong in the 16-64 age group (90% of the growth is projected to be in this age group).

5.39 There is also projected to be an increase in the older population (65+), but a decline in the number of children. The two tables below show projected changes by age; the first shows broad age bands, and the second shows 5-year bands.

Table 5.6 Projected population change 2024 to 2044 by broad age bands – Birmingham

	2024	2044	Change in population	% change
Under 16	259,195	235,925	-23,270	-9.0%
16-64	770,017	847,261	77,244	10.0%
65 and over	154,406	186,273	31,867	20.6%
Total	1,183,618	1,269,459	85,841	7.3%

Source: Icenis analysis

Table 5.7 Projected population change 2024 to 2044 by 5-year age bands – Birmingham

	2024	2044	Change in population	% change
0-4	75,468	74,244	-1,224	-1.6%
5-9	81,387	73,507	-7,880	-9.7%
10-14	85,116	73,424	-11,692	-13.7%
15-19	90,603	82,366	-8,237	-9.1%
20-24	104,936	110,755	5,819	5.5%
25-29	89,740	101,979	12,239	13.6%
30-34	86,362	100,876	14,514	16.8%
35-39	83,243	94,431	11,188	13.4%
40-44	78,796	87,798	9,002	11.4%
45-49	68,024	82,169	14,145	20.8%
50-54	66,478	75,107	8,629	13.0%
55-59	63,592	67,814	4,222	6.6%
60-64	55,467	58,715	3,248	5.9%
65-69	44,381	46,715	2,334	5.3%
70-74	36,917	42,558	5,641	15.3%
75-79	30,226	37,839	7,613	25.2%
80-84	21,047	29,082	8,035	38.2%
85 & over	21,835	30,079	8,244	37.8%
Total	1,183,618	1,269,459	85,841	7.3%

Source: Icen analysis

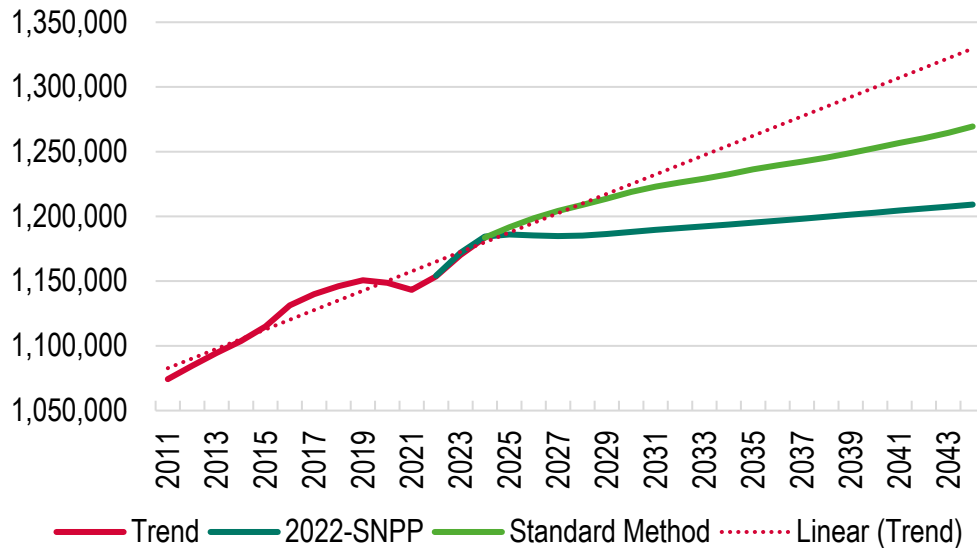
5.40 Below are a series of charts showing past trends and projected population growth and key components of change for each of the projections linking to the Standard Method.

5.41 For comparison, data have also been provided from the 2022-based SNPP. The first figure examines overall population growth before considering natural change and net migration.

5.42 The analysis suggests the population of Birmingham could rise to 1,269,500 by 2044 (up from 1,183,600 in 2024), a 7% increase. For comparison, the 2022-based SNPP projects a 2.1% increase in population over this period.

5.43 Therefore, the Standard Method is projected to provide a boost in population growth from the current ONS projected position, although it is more in line with past trends, it is still well below these.

Figure 5.5 Past trends and projected population – Birmingham

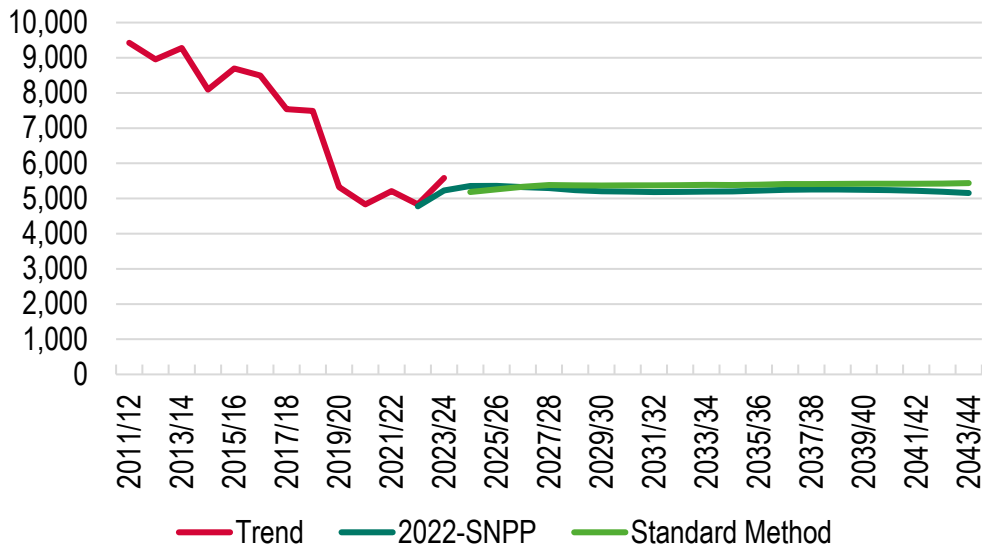


Source: ONS and Icen analysis

5.44 The main reason for the higher population growth (compared with the 2022-based SNPP position) would be due to increased net in-migration. However, the decline in natural change (births minus deaths) would also be projected to flatten off slightly as the population rises (as there will be more females of child-bearing age).

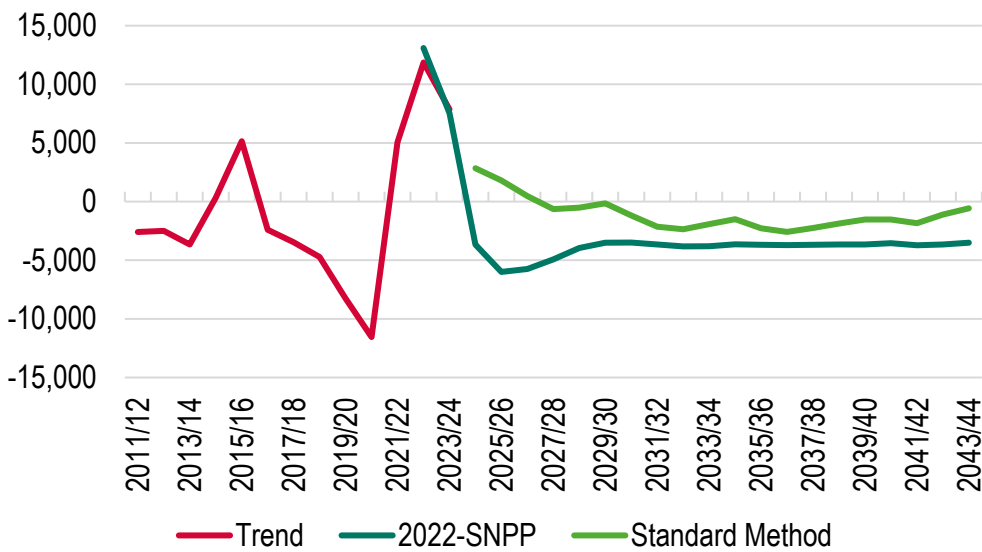
5.45 The figures below show projected natural change and net migration under the scenarios. Focusing on net migration, the analysis suggests that, with delivery linked to the Standard Method, net migration would generally be higher than ONS's projections. However, the projected levels are below the baseline for several years, dating back to 2011.

Figure 5.6 Past trends and projected natural change – Birmingham



Source: ONS and Icen analysis

Figure 5.7 Past trends and projected net migration – Birmingham



Source: ONS and Icen analysis

Relationship Between Housing and Economic Growth

5.46 The analysis to follow 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).

5.47 To look at estimates of the job growth to be supported, a series of stages is 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.

Growth in Resident Labour Supply

5.48 The approach taken in this report is to derive a series of age and sex specific economic activity rates (EARs) and use these to estimate how many people in the population will be economically active as projections develop.

5.49 This is a typical approach, with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report) – this data has then been rebased to information in the 2021 Census (on age, sex and economic activity).

5.50 The table below shows the assumptions made for the City. 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 is linked to general reductions in pension provision).

Table 5.8 Projected changes to economic activity rates (2024 and 2044) – Birmingham.

	Males 2024	Males 2044	Males Change	Female 2024	Female 2044	Female Change
16-19	23.2%	23.7%	0.5%	24.4%	24.8%	0.4%
20-24	60.4%	60.4%	0.0%	56.0%	56.0%	0.0%
25-29	81.9%	81.8%	0.0%	70.7%	70.7%	0.0%
30-34	83.4%	83.4%	0.0%	65.6%	65.6%	0.0%
35-39	83.0%	82.9%	-0.1%	63.3%	64.2%	0.9%
40-44	81.9%	81.0%	-0.9%	64.4%	66.5%	2.1%
45-49	81.8%	80.6%	-1.2%	65.8%	69.3%	3.5%
50-54	78.0%	77.1%	-0.8%	65.8%	69.9%	4.1%
55-59	73.8%	72.9%	-0.8%	61.6%	64.5%	2.8%
60-64	61.6%	65.7%	4.1%	50.3%	56.0%	5.7%
65-69	28.8%	41.7%	12.9%	22.3%	35.3%	13.0%
70-74	9.9%	13.4%	3.4%	6.9%	13.7%	6.8%
75-89	5.0%	5.4%	0.4%	2.8%	5.5%	2.7%

Source: Based on OBR and Census (2021) data

- 5.51 In addition, a sensitivity has been developed where the EARs are held constant at 2021 levels. It is considered that the sensitivity is reasonable, given that data (including Census data) have shown that activity rates have not grown as previously forecast.
- 5.52 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 area – this is set out in the table below (linking to the Standard Method). The analysis shows growth in the economically-active population of up to 80,100 people – a 15% increase.

Table 5.9 Estimated change to the economically active population (2024-44) – Birmingham

	Economic -ally active (2024)	Economic -ally active (2044)	Total change in economic -ally active	% change
OBR EAR	517,985	598,065	80,080	15.5%
EAR no change	514,646	578,007	63,361	12.3%

Source: Icen Analysis

Linking Changes in Resident Labour Supply to Job Growth

5.53 The analysis above has set out potential scenarios for the change in the number of economically active people. 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

5.54 The table below shows summary data about commuting to and from Birmingham from the 2011 and 2021 Censuses. Data from both

sources is used as the 2011 data is quite old, but the COVID-19 pandemic could influence the 2021 data.

- 5.55 Data from the 2011 Census shows a notable level of net in-commuting (around 13% more people working in the City than live in the City and are working (regardless of the location)); by 2021, this figure had decreased to just 4.5%.
- 5.56 These figures are shown as the commuting ratio in the final row of the table. They are 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).
- 5.57 When comparing the two sources, it is worth reflecting on a significant increase in the number of home workers (or those of no fixed workplace) in 2021 compared with 2011.
- 5.58 In 2011, a total of 67,500 people were recorded as home workers or with no fixed workplace; in 2021, this figure had nearly tripled (to 176,100).
- 5.59 As the country has moved away from the pandemic, this figure may have started to reduce slightly, with possible implications on commuting dynamics.

Table 5.10 Commuting Patterns – Birmingham

	2011	2021
Live and Work in the City	256,811	179,556
Home Workers or No Fixed Workplace	67,470	176,115
In Commute	166,272	107,477
Out Commute	101,467	86,738
Total Working in LA	490,553	463,148
Total Living in LA and Working Anywhere	425,748	442,409
Commuting Ratio	0.868	0.955

Source: Census 2011, 2021

-
- 5.60 The analysis below looks at both sets of Census data with a further sensitivity of a balanced (1:1) commuting ratio (i.e. the increase in the number of people working in the area is equal to the number of people living in the area who are working).

Double Jobbing

- 5.61 The analysis also considers that several 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.
- 5.62 Data from the Annual Population Survey (available on the NOMIS website) for the past 5 years (for which data exists) suggests that across Birmingham, typically about 3.2% of workers have a second job. It has therefore been assumed that around 3.2% of people will have more than one job moving forward – this means the number of jobs supported by the workforce will be around 3.2% higher than workforce growth.
- 5.63 It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

- 5.64 The last analysis, when looking at the link between jobs and resident labour supply, is a consideration of unemployment. Essentially, this is about whether there is any latent labour force that could return to employment to take up new jobs.
- 5.65 The latest model-based unemployment data from the Annual Population Survey (for April 2024-March 2025) puts unemployment at around 7.3%, which is some way above the figure for England of 4%.

5.66 This might suggest there is some labour supply already living in Birmingham who could move back into work. However, given that nationally unemployment is at a level that might be considered as close to full employment (noting there will always be some level of unemployment as people enter the labour market or move between jobs), it is not clear if it would be reasonable to include an additional element of the labour force due to this analysis.

5.67 Therefore, no further adjustment is made to the data to take account of unemployment, but the higher-than-average level should be noted.

Jobs Supported by Growth in the Resident Labour Force

5.68 The table below shows how many additional jobs might be supported by population growth linked to the Standard Method.

5.69 It is estimated that between 65,500 and 95,300 additional jobs could be supported, depending on assumptions around commuting and economic activity – all figures for the **2024-44** period.

Table 5.11 Jobs supported by demographic projections (2024-44) – Birmingham

		Total change in the economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
OBR	2021 commuting	80,080	82,728	86,606
EAR	2011 commuting	80,080	82,728	95,320
	1:1 commuting	80,080	82,728	82,728
EAR no change	2021 commuting	63,361	65,456	68,524
	2011 commuting	63,361	65,456	75,419
	1:1 commuting	63,361	65,456	65,456

Source: Icen analysis

-
- 5.70 Overall, the forecast employment growth from the baseline scenario is 43,700 jobs, while the growth scenarios assume the number of jobs will increase by 79,200.
- 5.71 This suggests that all demographic scenarios linked to the standard method would not require an increase in housing need to meet baseline economic growth.
- 5.72 Similarly, the demographic scenarios which assume improvements to economic activity rates would be more than sufficient to meet the growth scenario.

Overall Housing Need - Summary

- 5.73 The report studied the overall housing need set against the NPPF and the framework of PPG – specifically the Standard Method for assessing housing need.
- 5.74 This shows a need for 4,511 dwellings per annum. This is based on 0.8% of the current stock (457,076 = 3,657) and an affordability uplift of 23%.
- 5.75 Taking the housing need number and using up-to-date demographic data (including ONS mid-year population estimates to 2024 and 2021 Census data), a bespoke population and household projection has been developed to look at the possible demographic implications of the delivery of this number of homes each year from 2024 to 2044 (the end of the plan period).
- 5.76 The method looked at the levels of migration likely to be needed to fill additional homes and considered the possibility of greater levels of household formation amongst younger people (aged under 45) – data having shown a reduction in household representation from the age groups going back at least 20 years.

5.77 Overall, it is projected that the population might increase by 85,800 people over the 20 years (a 7% increase), with a continued increase in the 'working-age' population (16-64).

5.78 It was further estimated that population growth might be able to support somewhere in the region of 65,500 and 95,300 additional jobs as the economically active population increases over time.

6. Affordable Housing Need

Introduction

- 6.1 This section provides an assessment of the need for affordable housing in Birmingham. The analysis follows the methodology set out in Planning Practice Guidance (Sections 2a-018 to 2a-024). It examines the need among households unable to buy or rent housing, and among households able to afford to rent privately but not to buy.

Affordable Housing Sector Dynamics

- 6.2 The 2021 Census indicated that 23% of households in Birmingham lived in social or affordable rented homes, with the sector accommodating around 99,500 households.
- 6.3 Data from the Regulator of Social Housing (RSH) for 2024 indicates that the Council and Registered Providers (RPs) owned 107,300 properties in the City, of which 82% were for general needs rent; 15% supported housing or housing for older people; and 3% low-cost home-ownership homes (such as shared ownership properties).
- 6.4 Most general needs homes in the City are rented out at social rents (96% of all homes) and the rest at affordable rents.

Table 6.1 Stock Owned or Managed by Local Authority and Registered Providers – Birmingham

	LA	RP	Total	% of stock
General needs rented	53,855	34,045	87,900	81.9%
Supported/older persons housing	4,884	11,281	16,165	15.1%
Low-cost home ownership	74	3,170	3,244	3.0%
Total	58,813	48,496	107,309	100.0%

Source: RSR Geographical Look-Up Tool 2024

6.5 As of March 2024, there were 25,996 households on the Council’s Housing Register. In addition, MHCLG H-CLIC data for March 2025 show that 5,278 households were accommodated in temporary accommodation (some 91% (4,813 households) of these households had children).

Overview of Method

6.6 In summary, the methodology looks at a series of stages as set out below:

- Current affordable housing need (annualised so as to meet the current need over a period of time);
- Projected newly forming households in need;
- Existing households falling into need; and
- Supply of affordable housing from existing stock

6.7 The first three bullet points above are added together to identify a gross need, from which the supply is subtracted to identify a net annual need for additional affordable housing. Examples of different affordable housing products are outlined in the box below.

Affordable Housing Definitions

Social Rented Homes – are homes owned by local authorities or private registered providers for which rents are determined by the national rent regime (through which a formula rent is determined by the relative value and size of a property and relative local income levels). They are low-cost rented homes.

Local authorities or private registered providers let Affordable Rented Homes to households who are eligible for social housing. Affordable rents are set at no more than 80% of the local market rent (including service charges).

Rent-to-Buy – where homes are offered, typically by housing associations, to working households at an intermediate rent which does not exceed 80% of the local market rent (including service charges) for a fixed period, after which the household has the chance to buy the home.

Shared Ownership – a form of low-cost market housing where residents own a share of their home, on which they typically pay a mortgage; with a registered provider owning the remainder, on which they pay a subsidised rent.

Discounted Market Sale – a home which is sold at a discount of at least 20% below local market value to eligible households, with provisions in place to ensure that housing remains at a discount for future households (or the subsidy is recycled).

First Homes – a form of discounted market sale whereby an eligible First-time Buyer can buy a home at a discount of at least 30% of market value. Councils can set discounts and local eligibility criteria in policies.

Affordability

- 6.8 An important first part of the affordable needs modelling 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.’
- 6.9 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 6.10 The table below shows estimated current prices to both buy and privately rent a lower quartile home in the City (excluding newbuild sales when looking at house prices).
- 6.11 Across all dwelling sizes, the analysis points to a lower quartile price of £175,000 and a private rent of £975 per month.

Table 6.2 Estimated lower quartile cost of housing to buy (existing dwellings) and privately rent (by size) – Birmingham

	To buy	Privately rent
1-bedroom	£130,000	£875
2-bedrooms	£175,000	£1,075
3-bedrooms	£215,000	£1,150
4-bedrooms	£320,000	£1,500
All dwellings	£175,000	£975

Source: Land Registry and Internet Price Search

- 6.12 The table below shows how prices and rents vary by location. The analysis shows notable variation in prices and rents, with prices estimated to be highest in Sutton Coldfield and rents highest in Selly Oak; lower prices and rents are seen in the Central area.

Table 6.3 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Central	£145,000	£790
North - Erdington	£165,000	£980
North - Hodge Hill	£165,000	£1,070
North - Perry Barr	£175,000	£1,030
North - Yardley	£185,000	£1,030
South - Edgbaston	£180,000	£950
South - Hall Green	£185,000	£945
South - Northfield	£180,000	£1,065
South - Selly Oak	£200,000	£1,185
Sutton Coldfield	£255,000	£1,045
All dwellings	£175,000	£975

Source: Land Registry and Internet Price Search

- 6.13 Next, it is crucial 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 subsidy).
- 6.14 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.
- 6.15 Data has also been drawn from the Annual Survey of Hours and Earnings (ASHE) to consider changes since the ONS data was published.
- 6.16 Overall, the average (mean) household income across Birmingham is estimated to be around £46,600, with a median income of £36,800; the lower quartile income of all households is estimated to be £21,000.

6.17 There are again some differences between areas, with the range of median incomes going from £31,000 in Hodge Hill, up to £48,600 in Sutton Coldfield.

Table 6.4 Estimated average (median) household income

	Median income	As a % of City average
Central	£34,500	94%
North - Erdington	£34,300	93%
North - Hodge Hill	£31,000	84%
North - Perry Barr	£34,400	93%
North - Yardley	£35,100	95%
South - Edgbaston	£39,900	108%
South - Hall Green	£39,100	106%
South - Northfield	£36,300	99%
South - Selly Oak	£38,900	106%
Sutton Coldfield	£48,600	132%
TOTAL	£36,800	100%

Source: Icen analysis

6.18 To assess affordability, two different measures are used; firstly, to consider what income levels are likely to be needed to access private rented housing, and secondly, to consider what income level is needed to access owner occupation.

6.19 This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. For analysis, the following assumptions are used:

- Rental affordability – a household should spend no more than 35% of their income on rent, and
- Mortgage affordability – assume a household has a 10% deposit and can secure a mortgage for four and a half times (4.5×) their income.

Need for Affordable Housing

6.20 The sections below work through the various stages of analysis to estimate the need for affordable housing in the City and sub-areas. 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 the likely delivery of affordable housing.

Current Need

6.21 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 (housing suitability). The table below presents estimates of the number of households in each category. The table below sets out the categories in the PPG and the sources of data used to derive the numbers.

Table 6.5 Main sources for assessing the current need for affordable housing

	Source	Notes
Homeless households (and those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter
Households in overcrowded housing	2021 Census table RM099	Analysis undertaken by tenure
Concealed Households	2021 Census table RM009	Number of concealed families with children
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households
Households from other tenures in need	Modelled data linking to past survey analysis	Excludes overcrowded households

Source: PPG [Paragraph: 020 Reference ID: 2a-020-20190220]

6.22 The table below sets out estimates of the number of households within each category. This shows an estimated 63,100 households living in 'unsuitable housing', of which 25% are in the Central area. Around 13,300 of those in 'unsuitable housing' (across the City) currently have no accommodation (homeless or concealed households).

Table 6.6 Estimated number of households living in unsuitable housing (or without housing)

	Concealed and homeless households	Households in overcrowded housing	Existing affordable housing tenants are in need	Households from other tenures in need	TOTAL
Central	2,905	10,523	508	2,158	16,094
N - Erdington	984	3,074	271	1,034	5,363
N - Hodge Hill	1,958	5,461	225	766	8,409
N - Perry Barr	2,226	4,600	176	1,052	8,054
N - Yardley	1,207	3,209	180	882	5,479
S - Edgbaston	737	2,545	205	905	4,392
S - Hall Green	1,577	2,456	76	700	4,808
S - Northfield	609	2,548	295	913	4,366
S - Selly Oak	697	2,159	203	1,063	4,122
Sutton Coldfield	422	742	76	790	2,030
TOTAL	13,322	37,317	2,216	10,264	63,119

Source: Icen analysis

6.23 In taking this estimate forward, the data modelling next estimates the need by tenure and considers affordability. Affordability across different groups is based on estimates of how incomes are likely to vary; for owner-occupiers, there is a further assumption about potential equity levels. For homeless and concealed households, it is assumed incomes will be low and households unlikely to be able to afford to rent privately.

6.24 The table below shows that it is estimated that around 58% of those households identified above are unlikely to be able to afford market

housing; therefore, there is an estimated current need arising from around 36,500 households.

Table 6.7 Estimated housing need and affordability by tenure

	Number in unsuitable housing	% unable to afford	Current need after affordability
Owner-occupied	15,593	5.4%	850
Affordable housing	17,298	79.3%	13,710
Private rented	16,906	51.3%	8,666
No housing (homeless/concealed)	13,322	100.0%	13,322
TOTAL	63,119	57.9%	36,548

Source: *Iceni analysis*

- 6.25 From this estimate, households living in affordable housing are excluded (as these households would release a dwelling upon moving, so no net need for affordable housing would arise), and the total current need is estimated at 22,800 households.
- 6.26 For the purposes of analysis, it is assumed that the Council would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2024 to 2044, the need is annualised by dividing by 20 (to give an annual need for around 1,142 dwellings).
- 6.27 This does not mean that some households would be expected to wait 20 years for housing, as the need will be dynamic, with households leaving the current need as they are housed, housed but with other households developing a need over time.
- 6.28 The table below shows this data for sub-areas – this is split between those unable to rent OR buy and those able to rent but NOT buy. Given the cost of housing in Birmingham, this analysis shows a more modest need for those able to rent but not buy, and in all cases, the number unable to rent OR buy is notably higher.

6.29 Indeed, there are five areas where the current pricing of housing means no households are picked up as able to rent but not buy.

Table 6.8 Estimated current affordable housing need by affordability

	Number in need (excluding those in AH)	Annualised TOTAL	Unable to rent OR buy	Able to rent but NOT buy
Central	5,130	256	249	8
N - Erdington	1,879	94	94	0
N - Hodge Hill	3,176	159	159	0
N - Perry Barr	3,535	177	177	0
N - Yardley	2,108	105	104	2
S - Edgbaston	1,438	72	69	3
S - Hall Green	2,279	114	110	4
S - Northfield	1,205	60	60	0
S - Selly Oak	1,283	64	64	0
Sutton Coldfield	805	40	35	6
TOTAL	22,838	1,142	1,119	23

Source: Icenl analysis

Projected Housing Need

6.30 Projected need is split between newly forming households who are unable to afford market housing and existing households falling into need. For newly forming households (i.e., households that form when people move away from parents, move out of shared accommodation, or change living arrangements (e.g., divorce or moving in with a partner)), a link is made to demographic modelling, with an affordability test also applied.

6.31 Overall, it is estimated that 9,120 new households would form each year, and just over half will be unable to afford market housing; this equates to a total of 5,059 newly forming households that will have a need per annum on average – the majority are households unable to rent OR buy.

Table 6.9 Estimated Need for Affordable Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford	Unable to rent OR buy (per annum)	Able to rent but NOT buy (per annum)
Central	2,234	48.3%	1,078	1,004	74
N - Erdington	799	55.5%	443	443	0
N - Hodge Hill	985	64.9%	640	640	0
N - Perry Barr	986	57.8%	570	570	0
N - Yardley	770	59.0%	454	437	17
S - Edgbaston	644	51.7%	333	302	31
S - Hall Green	623	53.8%	335	296	39
S - Northfield	766	56.8%	435	435	0
S - Selly Oak	788	58.6%	462	462	0
Sutton Coldfield	527	58.8%	310	221	89
TOTAL	9,120	55.5%	5,059	4,810	249

Source: Projection Modelling/Affordability Analysis

6.32 The second element of newly arising need is existing households falling into need. To assess this, information about households entering the social/affordable rented sector housing has been used to represent the flow of households onto the Housing Register over this period.

6.33 Following the analysis, there is a need arising from 1,448 existing households each year – again, most are households unable to buy OR rent.

Table 6.10 Estimated Need for Affordable Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	Unable to rent OR buy	Able to rent but NOT buy
Central	338	324	14
N - Erdington	154	154	0
N - Hodge Hill	118	118	0
N - Perry Barr	160	160	0
N - Yardley	128	126	3
S - Edgbaston	126	118	8
S - Hall Green	100	92	8
S - Northfield	118	118	0
S - Selly Oak	119	119	0
Sutton Coldfield	87	70	16
TOTAL	1,448	1,399	49

Source: Icen analysis

Supply of Affordable Housing Through Relets/Resales

- 6.34 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.
- 6.35 This focuses on the annual supply of social/affordable rent relets. Information from the Continuous Recording of Sales and Lettings (CoRe) and Local Authority Housing Statistics (LAHS) has been used to establish past patterns of social housing turnover. Data for three years (2021-22 to 2023-24) has been used.
- 6.36 The figures are for general needs lettings but exclude lettings of new properties and exclude an estimate of the number of transfers from other social rented homes.

6.37 These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Based on past trend data (over the 2021/22 to 2023/24 period), it is estimated that 2,459 units of social/affordable rented housing will become available each year going forward. This is set out in the table below.

Table 6.11 Analysis of Past Social/Affordable Rented Housing Supply, 2021/22 – 2023/24 (average per annum) – Birmingham

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2021/22	4,210	96.6%	4,067	67.8%	2,757
2022/23	3,404	93.2%	3,173	74.3%	2,358
2023/24	3,471	91.1%	3,163	71.4%	2,258
Average	3,695	93.8%	3,468	70.9%	2,459

Source: CoRe and LAHS

6.38 It is also possible to consider whether there is any supply of affordable home ownership products from the existing stock of housing. One source is likely to be the resale of low-cost home ownership products, with data from the Regulator of Social Housing showing a total stock of 3,244 in 2024. If these homes were to turn over at a rate of around 6% (which is roughly the turnover rate of owner-occupied housing (those with a mortgage), as evidenced by the English Housing Survey), they would be expected to generate around 195 resales each year.

6.39 These properties would be available for these households and can be included as the potential supply. The total estimated supply is therefore 2,654 units per annum (2,459 + 195). The table below shows the estimated supply of affordable housing from relets/resales in each sub-area.

Table 6.12 Estimated supply of affordable housing from relets/resales of existing stock by sub-area (per annum)

	Social/affordable rented	LCHO	TOTAL
Central	563	23	586
N - Erdington	301	24	325
N - Hodge Hill	250	19	269
N - Perry Barr	196	10	206
N - Yardley	200	12	212
S - Edgbaston	227	23	250
S - Hall Green	84	7	91
S - Northfield	328	39	367
S - Selly Oak	225	29	254
Sutton	85	8	93
Coldfield			
TOTAL	2,459	195	2,654

Source: CoRe/LAHS/Census 2021

- 6.40 In the affordable home ownership sector, there is arguably an additional (and significant) source of supply from resale market homes below a lower quartile price.
- 6.41 Data from the Land Registry shows around 7,000 resales of homes in 2024; therefore, 1,750 homes were sold at or below the lower quartile price and could contribute to meeting the needs of those in the ‘gap’ between renting and buying.
- 6.42 However, a supply from this source has not been included in the analysis below but is considered when drawing conclusions.
- 6.43 The PPG model also includes bringing vacant homes back into use and the pipeline of affordable housing as part of the supply calculation.
- 6.44 These have, however, not been included within the modelling in this report. Firstly, there is no evidence of a substantial stock of vacant

homes (beyond what might be expected to allow movement in the stock).

6.45 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. However, in monitoring, it will be important to net off these dwellings as they are completed.

Net Need for Affordable Housing

6.46 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 4,995 dwellings per annum across the City – an affordable need is seen in all sub-areas. 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 6.13 Estimated Need for Affordable Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet/resale supply	Net Need
Central	256	1,078	338	1,673	586	1,086
N - Erdington	94	443	154	691	325	366
N - Hodge Hill	159	640	118	917	269	647
N - Perry Barr	177	570	160	906	206	700
N - Yardley	105	454	128	688	212	476
S - Edgbaston	72	333	126	531	250	281
S - Hall Green	114	335	100	549	91	458
S - Northfield	60	435	118	613	367	246
S - Selly Oak	64	462	119	644	254	390
Sutton Coldfield	40	310	87	436	93	343
TOTAL	1,142	5,059	1,448	7,649	2,654	4,995

Source: Icenl analysis

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- 6.47 This can additionally be split between households unable to afford to BUY or rent and those able to rent but not buy. For this analysis, it is assumed that the LCHO supply would be meeting the needs of the latter group.
- 6.48 However, in reality, there will be a crossover between categories. For example, in some cases, the cost of shared ownership may be lower than that of privately renting and could meet the needs of households unable to buy or rent – the issue of access to deposits would still be a consideration.
- 6.49 The table below shows the affordable need figure split between the two categories. Across the whole city, the analysis shows around 97% of households are unable to buy OR rent. However, this is influenced by several areas with negative figures in the able to rent but not buy category.
- 6.50 It is however the case that the proportion able to rent but not buy is very low in virtually all areas, the only exception being Sutton Coldfield where 30% of the net need is estimated to be in this category – this is largely driven by the pricing of housing in this area (a greater gap between the cost of renting and buying caused by higher house prices to buy).
- 6.51 Where there is a negative number in the ‘able to rent but not buy’ column, this indicates that there is a sufficient supply of affordable home ownership to meet the need (indeed, a greater level of supply than the need identified).
- 6.52 This situation largely arises where housing to buy is relatively cheap compared to privately renting (i.e. requires a lower income to buy than rent on the assumptions used).

Table 6.14 Estimated Need for Affordable Housing (per annum) – split between different affordability groups

	Unable to buy OR rent	Able to rent but not buy	TOTAL	% unable to buy OR rent
Central	1,013	73	1,086	93%
N - Erdington	390	-24	366	106%
N - Hodge Hill	667	-19	647	103%
N - Perry Barr	711	-10	700	101%
N - Yardley	466	10	476	98%
S - Edgbaston	262	19	281	93%
S - Hall Green	414	44	458	90%
S - Northfield	285	-39	246	116%
S - Selly Oak	419	-29	390	107%
Sutton Coldfield	241	102	343	70%
TOTAL	4,869	126	4,995	97%

Source: Icenis analysis

6.53 These figures can also be standardised based on the size of each location (in this case, linked to the number of households shown in the 2021 Census). This shows the highest need in Hodge Hill, closely followed by Hall Green, with the lowest standardised need being seen in Northfield.

Table 6.15 Standardised level of affordable housing need

	Net Need	Estimated households (2021)	Net need per 1,000 households
Central	1,086	69,074	15.7
N - Erdington	366	44,313	8.3
N - Hodge Hill	647	35,723	18.1
N - Perry Barr	700	41,092	17.0
N - Yardley	476	38,139	12.5
S - Edgbaston	281	36,765	7.6
S - Hall Green	458	26,470	17.3
S - Northfield	246	47,614	5.2
S - Selly Oak	390	43,897	8.9
Sutton Coldfield	343	40,357	8.5
TOTAL	4,995	423,444	11.8

Source: Icenl analysis

- 6.54 Whilst the need above is provided down to sub-area level, it should be remembered that affordable need can be met across the area as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

Affordable Need and Overall Housing Numbers

- 6.55 The PPG 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 (housing and economic needs) Ref ID 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”

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- 6.56 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015⁸.
- 6.57 PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are several reasons why the two cannot be ‘arithmetically’ linked.
- 6.58 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, therefore, no net additional need arising.
- 6.59 The modelling also contains ‘newly forming households;’ these households are a direct output from demographic modelling and are therefore already included in overall housing need figures (a point also made in the PAS advice note – see paragraph 9.5).
- 6.60 The analysis estimates an annual need for 4,869 affordable homes from households unable to buy OR rent housing. 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).
- 6.61 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is

⁸ <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>. While the technical note produced by PAS is arguably becoming dated, there is no more up-to-date guidance on this matter from a Government source and the remarks remain valid.

shown in the table below, which identifies that meeting these needs would lead to an affordable need for 3,017 homes per annum across the Council area – around three-fifths of the figure when including those with housing.

- 6.62 This figure is, however, theoretical and should not be seen to be minimising the need (which is clearly acute). That said, it does show that there is a difference in the figures when looking at overall housing shortages.
- 6.63 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households.
- 6.64 These households are already included within demographic projections. So, demonstrating the need for this group again should not be seen as additional to the overall figures from demographic projections.

Table 6.16 Estimated Need for Affordable Housing (households unable to buy OR rent), excluding households already in accommodation

	Including existing households	Excluding existing households
Current need	1,119	666
Newly forming households	4,810	4,810
Existing households falling into need	1,399	0
Total Gross Need	7,328	5,476
Re-let Supply	2,459	2,459
Net Need	4,869	3,017

Source: Icenis analysis

- 6.65 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.

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- 6.66 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 35% of income on housing).
- 6.67 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.
- 6.68 One example would be a newly forming household with an income level that means they spend more than 35% of their income on housing. As the household’s income rises, they would potentially pass the affordability test and therefore not have an affordable need.
- 6.69 Additionally, there is the likelihood that when looking over the longer term, 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.
- 6.70 It also needs to be remembered that the affordability test used for analysis is based on assuming a household spends no more than 35% of their income on housing (when privately renting).
- 6.71 Many households will spend more than this and so would be picked up by modelling as in need, but in fact are paying for a private sector tenancy.
- 6.72 ONS research⁹ For 2023 estimates, private tenants are paying an average of 34% of income on housing, suggesting that around half are spending more than the affordable level assumed in this report (if this figure were applicable to Birmingham).

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<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalaffordabilityengland/2023>

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- 6.73 A further consideration is that some 126 of the 4,995 per annum affordable need is a need from households able to rent in the market (but not buy).
- 6.74 Technically, these households can afford market housing (to rent) and historically would not have been considered as needing assessments such as this – until recently, only households unable to buy OR rent would be considered as having a need for affordable housing. For these reasons, these households have not been included in the analysis, looking at households with and without accommodation.
- 6.75 Finally, it should be recognised that Planning Practice Guidance does not envisage that all needs will be met (whether this is affordable housing or other forms of accommodation, such as for older people). Paragraph 67-001 of the housing needs of different groups states:

“This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people. This need may well exceed, or be proportionally higher than, 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”.

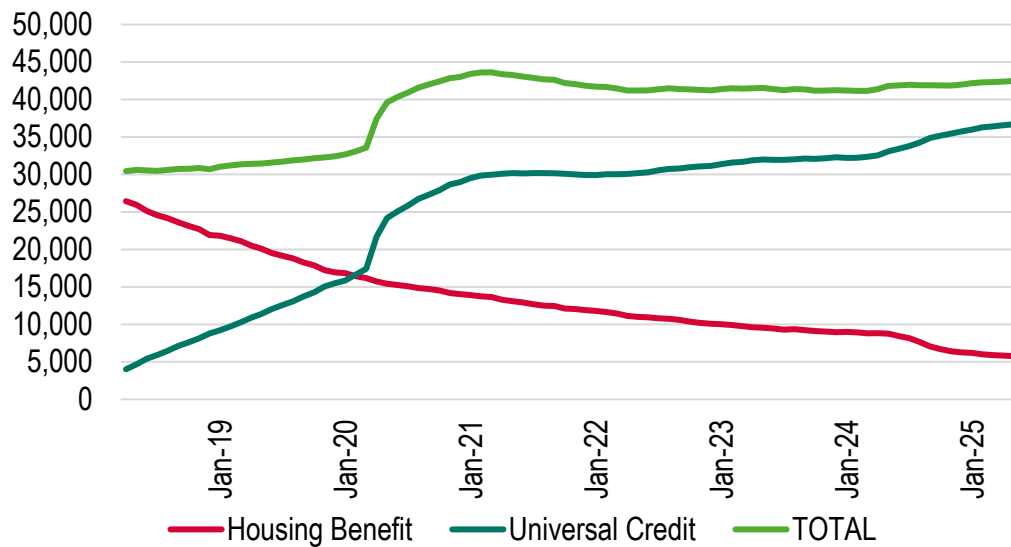
The Role of the Private Rented Sector (PRS)

- 6.76 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall housing provision.
- 6.77 However, it is worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit.
- 6.78 In particular, the 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.

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- 6.79 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.
- 6.80 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.
- 6.81 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes.
- 6.82 As of May 2025, it is estimated that there were around 42,500 benefit claimants in the Private Rented Sector in Birmingham. From this, the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims.
- 6.83 Whilst the PRS is providing housing for some households, there are, however, significant risks associated with future reliance on the sector to meet an affordable housing need.
- 6.84 The last couple of years have seen rents increase whilst Local Housing Allowance (LHA) levels have remained static. In the Autumn Statement 2023, the then Government increased the LHA rent to the 30th percentile of market rents (based on existing rents rather than those likely to be payable by those moving home).
- 6.85 However, demand pressure could nonetheless have some impact of restricting future supply of PRS properties to those in need; emphasising the need to support delivery of genuinely affordable homes.

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- 6.86 The figure below shows the trend in the number of claimants in the City. This shows an increase since March 2020, likely related to the COVID-19 pandemic.
- 6.87 However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically over 30,000 households).
- 6.88 The data about the number of claimants does not indicate how many new lettings are made each year in the PRS. However, data from the English Housing Survey (EHS) over the past three years indicates that, nationally, around 7% of private-sector tenants are new to the sector each year.
- 6.89 If this figure is applied to the number of households claiming HB/UC, then this would imply approaching 3,000 new benefit supported lettings in the sector.
- 6.90 Whilst we would not recommend including PRS supply as part of the modelling, not least as it is uncertain whether the availability of homes will remain at this level, as well as concerns about the security of tenure, it is the case that the sector does provide housing. Again, the overall analysis does not point to the need to increase overall provision.

Figure 6.1 Number of Housing Benefit/Universal Credit claimants in the PRS



Source: Department of Work and Pensions

- 6.91 Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivering affordable housing; and the Council 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.
- 6.92 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. 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 therefore do not generate an overall net need for an additional home.
- 6.93 Further issues arise as the need for affordable housing is complex. Additionally, the extent of concealed and homeless households needs to be understood, as does the role of the private rented sector.

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- 6.94 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and the provision of new affordable housing is an important and pressing issue across the City.
- 6.95 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 suggests that affordable housing delivery should be maximised where opportunities arise.

Types of Affordable Housing

- 6.96 The analysis above has clearly pointed to a need for affordable housing, and particularly for households who are unable to buy OR rent in the market.
- 6.97 There are a range of affordable housing options that could meet the need which will include rented forms of affordable housing (such as social or affordable rents) and products which might be described as intermediate housing (such as shared ownership or discounted market housing/First Homes). These are discussed in turn below.

Social and Affordable Rented Housing

- 6.98 The table below shows current rent levels in the City for a range of products along with relevant local housing allowance (LHA) rates. All of Birmingham falls within the Birmingham Broad Rental Market Area (BRMA), so this has been used for comparative purposes.
- 6.99 Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH), and this is compared with lower quartile market rents.

6.100 This analysis shows that social rents are lower than affordable rents and that affordable rents are well below the lower quartile market rents.

6.101 The LHA rates for all sizes of home are slightly below the lower quartile market rents for all sizes of accommodation. This may mean that households seeking accommodation in many locations struggle to secure sufficient benefits to cover their rent.

Table 6.17 Comparison of rent levels for different products – Birmingham

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Birmingham)
1-bedroom	£362	£485	£875	£693
2-bedrooms	£415	£523	£1,075	£748
3-bedrooms	£468	£564	£1,150	£823
4-bedrooms	£532	£669	£1,500	£1,097
ALL	£423	£552	£975	-

Source: RSH and VOA

6.102 To some extent, it is easier to consider the data above in terms of the percentage one housing cost is of another, and this is shown in the tables below.

6.103 Focusing on 2-bedroom homes, the analysis shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 49% of the current lower quartile rent.

Table 6.18 Difference between rent levels for different products – Birmingham

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	75%	41%	55%
2-bedrooms	79%	39%	49%
3-bedrooms	83%	41%	49%
4-bedrooms	80%	35%	45%
ALL	77%	43%	57%

Source: RSH and VOA

6.104 The table below suggests that around 14% of households that cannot afford to rent privately could afford an affordable rent at 80% of market rents, with a further 22% being able to afford current affordable rents.

6.105 There are also an estimated 16% who can afford a social rent (but not an affordable one). A total of 48% of households would need some degree of benefit support (or spend more than 35% of income on housing) to be able to afford their housing (regardless of the tenure). This analysis points to a clear need for social rented housing.

Table 6.19 Estimated need for affordable rented housing (% of households able to afford to buy OR rent)

	% of households able to afford
Afford 80% of market rent	14%
Afford current affordable rent	22%
Afford social rent	16%
Need benefit support	48%
All unable to afford market	100%

Source: Icenl analysis

6.106 The analysis indicates that provision of around 65% of rented affordable housing at social rents could be justified; albeit in setting planning

policies, this will need to be considered alongside viability evidence. Higher provision at social rents will reduce the support through housing benefits required to ensure households can afford their housing costs.

Intermediate Housing

- 6.107 As well as rented forms of affordable housing, the Council could seek to provide forms of intermediate housing, with the analysis below considering the potential affordability of shared ownership and discounted market sale housing (which could include First Homes).
- 6.108 Generally, intermediate housing will be a newbuild product, sold at a discount (or on a part buy, part rent arrangement with shared ownership) and will therefore be based on the Open Market Value (OMV) of a new home.
- 6.109 The table below sets out a suggested maximum purchase price for affordable home ownership/First Homes in Birmingham by size. It works through first (on the left-hand side) what households with an affordable home ownership need could afford (based on a 10% deposit and a mortgage at 3.5 times' income).
- 6.110 The right-hand side of the table then sets out what Open Market Value (OMV) this might support, based on a 30% discount. The able to afford figure is based on a midpoint between the house price a household (just) able to privately rent might be able to afford and the lower quartile house price (or just the lower quartile price where this is higher).
- 6.111 Focussing on 3-bedroom homes, it is suggested that an affordable price is no more than £206,100 and therefore the open market value of homes would need to be in no more than £294,400 (if discounted by 30%).

Table 6.20 Affordable home ownership prices – Birmingham

	What households that can rent but not buy could afford	Open Market Value (OMV) of Home with 30% Discount
1-bedroom	£130,000	£185,700
2-bedrooms	£175,000	£250,000
3-bedrooms	£206,100	£294,400
4+-bedrooms	£288,600	£412,200

Source: Icen analysis

- 6.112 It is difficult to definitively analyse the cost of newbuild homes as these will vary from site to site and will be dependent on a range of factors such as location, built form, and plot size. We have, however, looked at newbuild schemes currently advertised on Rightmove, with the table below providing a general summary of existing schemes.
- 6.113 This analysis is interesting as it shows the median newbuild price for all sizes of homes is above the top end of the OMV required to make homes affordable to those in the gap between buying and renting (for sizes where sufficient data was available). That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered as affordable.
- 6.114 This analysis shows how important it will be to know the OMV of housing before discount to be able to determine if a product is going to be genuinely affordable in a local context – providing a discount of 30% will not automatically mean it becomes affordable housing. Overall, the evidence does not support the need for First Homes (or other discounted market products) in a local context given the cost of newbuild housing.

Table 6.21 Estimated newbuild housing cost by size – Birmingham

	No. of homes advertised	Range of Advertised prices	Advertised Median price
1-bedroom	161	£130,000-£365,000	£235,000
2-bedrooms	212	£115,000-£625,000	£320,000
3-bedrooms	53	£275,000-£750,000	£380,000
4+-bedrooms	34	£340,000-£700,000	£465,000

Source: Icen analysis from Rightmove

- 6.115 The analysis below moves on to consider shared ownership. For this analysis, an assessment of monthly outgoings has been undertaken, with the core assumption that outgoings should be the same as for renting privately, to make this tenure genuinely affordable.
- 6.116 The analysis has looked at what the OMV would need to be for a shared ownership to be affordable with a 10%, 25% and 50% share. To work out outgoings, the mortgage part is based on a 10% deposit (for the equity share) and a repayment mortgage over 25 years at 5% with a rent at 2.75% per annum on unsold equity.
- 6.117 The findings for this analysis are interesting and do point to the possibility of shared ownership being a more affordable tenure than discounted market housing (including First Homes).
- 6.118 By way of an explanation of this table (focusing on 3-bedroom homes), if a 50% equity share scheme came forward, then it is estimated that the OMV could not be above £304,000 if it is to be genuinely affordable (due to the outgoings being in excess of the cost of privately renting).
- 6.119 However, given subsidised rents, the same level of outgoings could be expected with a 10% equity share, but with a much higher OMV of £444,000.

6.120 Although affordability can only be considered on a scheme-by-scheme basis, it is notable that we estimate a median 3-bedroom newbuild to cost around £380,000, this points to shared ownership an equity share level of around 25% as being genuinely affordable. However, lower shares could increase the number of households able to afford.

Table 6.22 Estimated OMV of Shared Ownership with a 50%, 25% and 10% Equity Share by Size – Birmingham

	50% share	25% share	10% share
1-bedroom	£232,000	£288,000	£338,000
2-bedroom	£285,000	£354,000	£415,000
3-bedroom	£304,000	£379,000	£444,000
4-bedrooms	£397,000	£494,000	£579,000

Source: Icen analysis

6.121 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 for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate).

6.122 The expectation is that the discount provided in the 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 a smaller 'step' onto the home ownership ladder.

6.123 At the end of the five years, depending on the scheme, the property is either sold as a shared ownership product or purchased outright as a full market property. If the occupant is unable to do either of these, the property is vacated.

6.124 To access this tenure, it effectively requires the same income threshold for the initial phase as a market rental property. However, the cost of accommodation will be that of affordable rent.

6.125 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.

Affordable Housing Need - Summary

6.126 Taking account of local housing costs (to both buy and rent) along with estimates of household income. The evidence indicates an acute need for affordable housing in the City and across all sub-areas.

6.127 Most need is from households who are unable to buy OR rent and therefore points particularly towards a need for rented affordable housing rather than affordable home ownership.

6.128 Despite the level of need being high, it is not considered that this points to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs.

6.129 The link between affordable need and overall need (of all tenures) is complex, and in trying to make a link, it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home).

6.130 In addition, the private rented sector is providing benefit supported accommodation for many households. That said, the level of affordable need does suggest the Council should maximise the delivery of such housing at every opportunity.

6.131 Although a clear need for rented forms of affordable housing was identified, the study also considers different types of intermediate

housing (or Affordable Home Ownership (AHO)), as these may have a role to play.

- 6.132 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. There was no strong evidence of a need for First Homes or discounted market housing more generally.
- 6.133 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council 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).
- 6.134 Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the area.
- 6.135 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.
- 6.136 The evidence does, however, suggest that affordable housing delivery should be maximised where opportunities arise.

7. Housing Mix

Introduction

- 7.1 This section considers the appropriate mix of housing across Birmingham, with a particular focus on the sizes of homes required in different tenure groups. This section examines a range of statistics on families (generally defined as households with dependent children) before moving on to examine how the number of households across different age groups is projected to change.

Background Data

- 7.2 The number of families in Birmingham (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 143,900 as of the 2021 Census, accounting for 34% of households; this proportion is higher than seen across other areas.

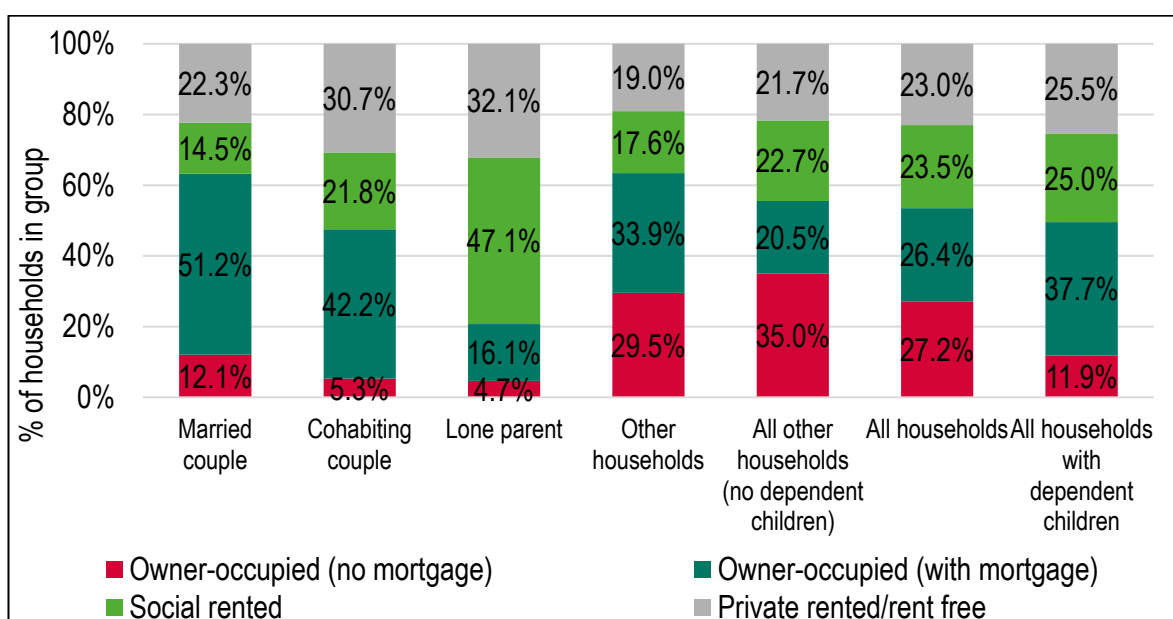
Table 7.1 Households with Dependent Children (2021)

	Birmingham No.	Birmingham %	West Midlands %	England %
Married couple	66,750	15.8%	14.2%	14.4%
Cohabiting couple	14,908	3.5%	4.8%	4.5%
Lone parent	40,869	9.7%	7.4%	6.9%
Other households	21,367	5.0%	3.0%	2.7%
All other households	279,562	66.0%	70.6%	71.5%
Total	423,456	100.0%	100.0%	100.0%
Total with dependent children	143,894	34.0%	29.4%	28.5%

Source: Census (2021)

7.3 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 and private rented sectors. Across the City, only 21% of lone-parent households are owner-occupiers compared with 63% of married couples with children.

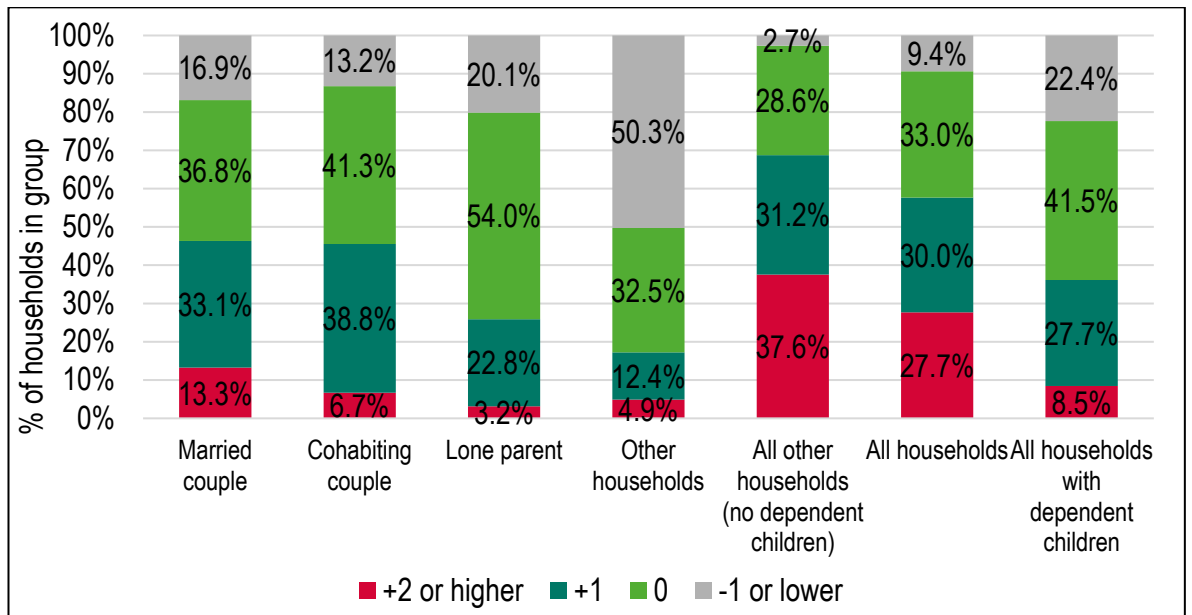
Figure 7.1 Tenure of households with dependent children (2021) – Birmingham



Source: Census (2021)

7.4 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding (minus figure) for all household types with dependent children, with 20% of all lone parents and 50% of ‘other’ households being overcrowded. Overall, some 22% of households with dependent children are overcrowded, compared with less than 3% of other households. Levels of under-occupancy (positive figures) are also notably lower in households with dependent children.

Figure 7.2 Occupancy rating of households with dependent children (2021) – Birmingham



Source: Census (2021)

The Mix of Housing

- 7.5 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. In the data, information is available on household ages and the typical sizes of the homes they occupy. Using demographic projections, it is possible to see which age groups are expected to change in number and by how much.
- 7.6 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 to be 2024-44 to be consistent with other analyses in this report).
- 7.7 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 market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up

80% of the total in this tenure group, a slightly higher proportion than that seen nationally and in line with the West Midlands). The profile of the social rented sector is broadly similar across areas (slightly more 4+-bedroom homes in Birmingham), whilst the private rented sector is generally like that seen in other locations. Observations about the current mix inform conclusions about the future mix later in this section.

Table 7.2 Number of Bedrooms by Tenure, 2021

	Birmingham	West Midlands	England
Owner-occupied:			
1-bedroom	3%	2%	4%
2-bedrooms	17%	19%	21%
3-bedrooms	56%	52%	46%
4+-bedrooms	24%	27%	29%
Total	100%	100%	100%
Ave. no. beds	3.00	3.04	3.01
Social rented:			
1-bedroom	31%	29%	29%
2-bedrooms	32%	35%	36%
3-bedrooms	30%	32%	31%
4+-bedrooms	7%	4%	4%
Total	100%	100%	100%
Ave. no. beds	2.13	2.12	2.10
Private rented:			
1-bedroom	22%	17%	21%
2-bedrooms	32%	37%	39%
3-bedrooms	36%	37%	29%
4+-bedrooms	10%	10%	11%
Total	100%	100%	100%
Ave. no. beds	2.34	2.40	2.30

Source: Census (2021)

Overview of Methodology

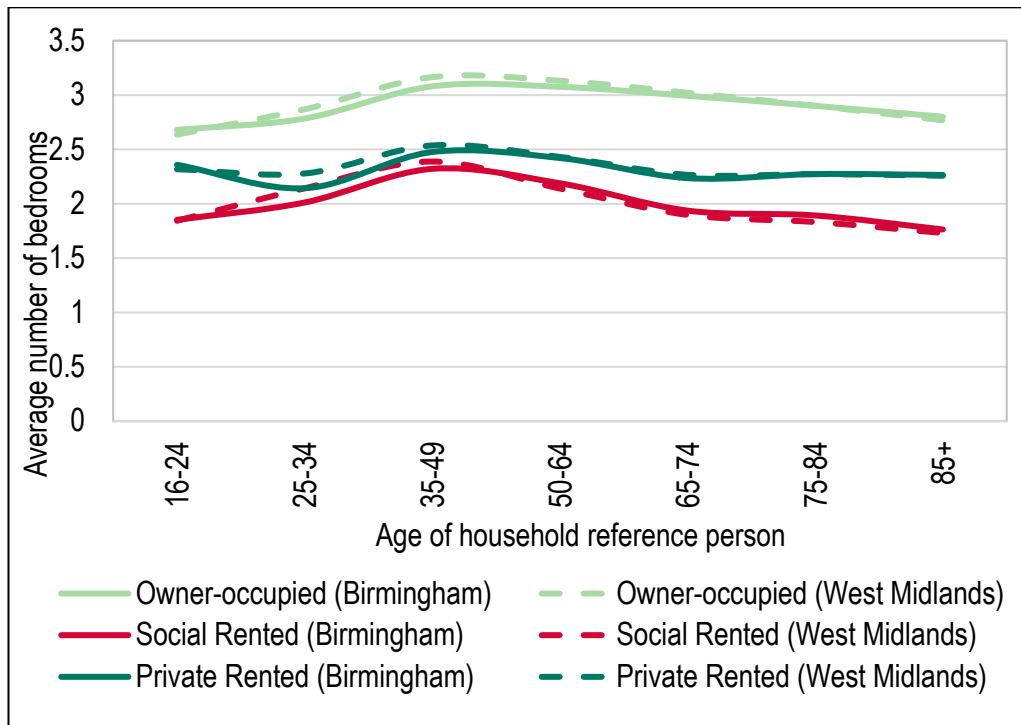
- 7.8 The method to consider future housing mix looks at the ages of the Household Reference Persons (HRP) (formerly known as a head of household but defined as the person in a household who owns the accommodation, is legally responsible for rent, or holds the tenancy/occupation rights) and how these are projected to change over time. The following subsections describe some key analyses.

Understanding How Households Occupy Homes

- 7.9 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.
- 7.10 The main reason for this is that in the market sector, households can 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.
- 7.11 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 if they can afford it, and hence projecting an increase in single-person households does not automatically translate into a need for smaller units.
- 7.12 That said, issues of supply can also impact occupancy patterns. For example, a supply of additional smaller-level access homes may encourage older people to downsize. Still, in the absence of such accommodation, these households continue to live in their larger homes.

-
- 7.13 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.
- 7.14 However, there will still be some level of under-occupation moving forward, particularly among older people 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')).
- 7.15 The approach used is to interrogate information derived from 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 (data being drawn from the 2021 Census).
- 7.16 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Birmingham and the West Midlands region.
- 7.17 Across all sectors, the average size of accommodation increases over time, typically peaking around age 50. After peaking, the average dwelling size decreases slightly, as typically some households downsize as they get older.

Figure 7.3 Average Bedrooms by Age and Tenure in Birmingham and the region



Source: Census (2021)

7.18 The analysis also shows Birmingham has broadly similar dwelling sizes across age and tenure groups, as seen regionally.

7.19 The analysis uses the existing occupancy patterns at a local and regional level as a starting point for analysis. It applies these to the projected changes in Household Reference Person by age discussed below. 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 market sector (i.e. owner-occupiers and the private rented 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

7.20 The table below presents the projected change in households by age of household reference person under the Standard Method. This shows growth is expected across all age groups, particularly in older age groups (notably 85+).

7.21 However, some high growth is also projected in younger age groups, in part due to an assumption that household formation could improve over time (and from a low base in the under-25 age group).

Table 7.3 Projected Change in Household by Age of HRP in Birmingham

	2024	2044	Change in Households	% Change
Under 25	17,352	25,108	7,756	44.7%
25-34	69,849	90,051	20,202	28.9%
35-49	129,277	156,795	27,518	21.3%
50-64	118,222	128,405	10,183	8.6%
65-74	49,056	53,959	4,903	10.0%
75-84	35,683	46,655	10,972	30.7%
85+	15,949	22,007	6,058	38.0%
TOTAL	435,388	522,981	87,592	20.1%

Source: Icen Analysis

Modelled Outputs

- 7.22 By following the methodology set out above and drawing on the sources shown, a series of outputs has been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. The analysis considers both local and regional occupancy patterns.
- 7.23 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 gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 7.24 The table below shows the modelled outputs of need by dwelling size in the three broad tenures. Market housing focuses on 3+-bedroom homes, affordable home ownership in 2- and 3-bedroom accommodation, and rented affordable housing, which shows a slightly smaller profile again.

Table 7.4 Initial Modelled Mix of Housing by Size and Tenure – Birmingham

	1- bed	2-beds	3-beds	4+-beds
Market	9%	25%	47%	19%
Affordable home ownership	22%	36%	30%	12%
Affordable housing (rented)	29%	35%	30%	6%

Source: Housing Market Model

Rightsizing

- 7.25 The analysis above sets out the potential need for housing if occupancy patterns remain the same as they were in 2021 (with differences from the current stock profile being driven by demographic change). It is, however, worth considering that the 2021 profile will have included households that are overcrowded (and therefore need a larger home than they actually live in) and those that are under-occupying (have more bedrooms than they need).
- 7.26 There is a case to seek new stock to more closely match actual size requirements. 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. Further analysis has been undertaken to take account of overcrowding and under-occupancy (by tenure).
- 7.27 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high proportion of households with at least 2 spare bedrooms living in homes with 3 or more bedrooms. There are also a notable number of overcrowded households. In the owner-occupied sector in 2021, there were 171,400 households with some degree of

under-occupation and around 15,000 overcrowded households – some 76% of all owner-occupiers have some degree of under-occupancy.

Table 7.5 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Birmingham

Occupancy Rating	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2 spare bedrooms	0	0	60,809	34,202	95,011
+1 spare bedrooms	0	29,152	36,484	10,762	76,398
0 “Right-sized”	6,438	8,143	20,579	5,041	40,201
-1 too few bedrooms	483	2,351	8,525	3,689	15,048
TOTAL	6,921	39,646	126,397	53,694	226,658

Source: Census (2021)

7.28 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 households, but the differences are less marked than in owner-occupied housing.

Table 7.6 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Birmingham

Occupancy Rating	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2 spare bedrooms	0	0	6,642	2,538	9,180
+1 spare bedrooms	0	12,096	7,200	1,671	20,967
0 “Right-sized”	28,142	14,049	10,814	1,807	54,812
-1 too few bedrooms	2,850	5,883	4,811	997	14,541
TOTAL	30,992	32,028	29,467	7,013	99,500

Source: Census (2021)

Table 7.7 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Birmingham

	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2 spare bedrooms	0	0	8,338	4,666	13,004
+1 spare bedrooms	0	15,223	11,969	2,475	29,667
0 “Right-sized”	19,266	12,605	10,743	1,976	44,590
-1 too few bedrooms	2,308	3,283	3,688	758	10,037
TOTAL	21,574	31,111	34,738	9,875	97,298

Source: Census (2021)

- 7.29 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.
- 7.30 This does need to be recognised as an assumption, but can be seen to be reasonable as they do retain some (considerable) degree of under-occupation (which is likely). Still, they also seek to model a better match between household needs and the size of their home.
- 7.31 For overcrowded households, a move in the other direction is made; in this case, households are moved up by as many bedrooms as is needed to resolve the problems (this is applied to all overcrowded households).
- 7.32 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following tables. This suggests a slightly different profile of homes is needed (compared to the initial modelling), including an increase in the need for 4+-bedroom homes in the rented affordable housing sector due to levels of overcrowding.

Table 7.8 Modelled Mix of Housing by Size and Tenure – Birmingham

	1- bed	2-beds	3-beds	4+-beds
Market	8%	30%	43%	20%
Affordable home ownership	20%	37%	28%	15%
Affordable housing (rented)	27%	34%	31%	9%

Source: Housing Market Model

- 7.33 Across the City, the analysis points to over a quarter of the social/affordable housing need being for 1-bedroom homes, and it is of interest to see how much of this is due to older person households. In the future, household sizes are projected to drop, whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impact that older people have on the demand for smaller stock is outlined in the table below.
- 7.34 This indeed identifies a slightly larger profile of homes needed for households where the household reference person is aged under 65, with a concentration of 1-bedroom homes for older people. This information can inform the mix of housing for older people (e.g., age-restricted), though it should be noted that not all older people would be expected to live in such homes.
- 7.35 The 2, 3, and 4+-bedroom categories have been merged for the purposes of older persons, as we would not generally expect many (if any) households in this category to need (or indeed be able to be allocated) more than 22 bedrooms in the rented affordable housing sector.

Table 7.9 Modelled Mix of Housing by Size and Age – affordable housing (rented) – Birmingham

	1- bedroom	2- bedrooms	3- bedrooms	4+- bedrooms
Under 65	24%	35%	32%	10%
65 and over	38%	62%		
All affordable housing (rented)	27%	34%	31%	9%

Source: Housing Market Model

7.36 A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need of 4,869 dwellings for households unable to buy OR rent) and to additional data from CoRe on the sizes of homes let over the past three years.

7.37 This analysis is quite clear in showing the very low supply of larger homes relative to the need for 4+-bedroom accommodation in particular, where it is estimated the supply is only around 13% of the need arising each year, whereas for 1-bedroom homes, approaching half of the need can be met.

Table 7.10 Need for rented affordable housing by number of bedrooms – Birmingham

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	2,394	1,091	1,302	26.8%	45.6%
2-beds	2,464	825	1,639	33.7%	33.5%
3-beds	1,962	477	1,485	30.5%	24.3%
4+-beds	508	66	442	9.1%	13.0%
Total	7,328	2,459	4,869	100.0%	33.6%

Source: Icen analysis

Indicative Targets for Different Sizes of Property by Tenure

- 7.38 The analysis below provides some indicative targets for different sizes of homes (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile and levels of under-occupancy and overcrowding.
- 7.39 The analysis (for rented affordable housing) also draws on data from the local authority Housing Register with regard to the profile of need, 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). The Housing Register data below shows a pattern of need across all dwelling sizes, including 45% of households requiring 3+-bedroom accommodation.

Table 7.11 Size of Social/Affordable Rented Housing Needed – Housing Register Information (March 2024)

	Number of households	% of households
1-bedroom	5,946	24.8%
2-bedrooms	7,293	30.4%
3-bedrooms	6,753	28.2%
4+-bedrooms	3,977	16.6%
TOTAL	23,969	100.0%

Source: LAHS

Social/Affordable Rented

- 7.40 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 likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). The following mix of social/affordable rented housing is therefore suggested:

-
- 1-bedroom: 20%
 - 2-bedrooms: 35%
 - 3-bedrooms: 25%
 - 4+-bedrooms: 20%

7.41 If a development is to include housing specifically for older people (e.g. forms of age-restricted housing), then broadly a 50:50 split between 1- and 2-bedroom homes is recommended.

7.42 The inclusion of some 2-bedroom homes is considered sensible, with the aim of promoting the opportunity for older-person households to downsize – a 2-bed offering is more likely to encourage this than a 1-bed home.

7.43 Also, whilst technically most older person households will only have a 'need' for a 1-bed home, a larger property remains affordable as the bedroom tax/spare room subsidy does not impact most older person households.

7.44 It should be noted that the above recommendations are to a considerable degree based on projecting the need forward to 2044 and will vary over time. At a given point in time, the Housing Register data may identify a shortage of a particular size/type of housing, which could alter the mix of housing from the overall suggested requirement.

Affordable Home Ownership

7.45 In the affordable home ownership sector, a profile of housing that more closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households and childless couples.

7.46 The conclusions also take into account the earlier observation that it may be difficult to make homes genuinely affordable for AHO due to new-build prices, which may particularly affect larger homes. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 20%
- 2-bedrooms: 40%
- 3-bedrooms: 30%
- 4+-bedrooms: 10%

Market Housing

7.47 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 reduce levels of under-occupancy slightly).

7.48 We have also had regard to the potential for rightsizing, but also recognise that in the market sector, there is limited ability to control what households purchase. This shows a slightly larger recommended profile than other tenure groups.

- 1-bedroom: 10%
- 2-bedrooms: 30%
- 3-bedrooms: 40%
- 4+-bedrooms: 20%

7.49 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market (including the stock profile in different tenures as set out earlier in this section), 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 City) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

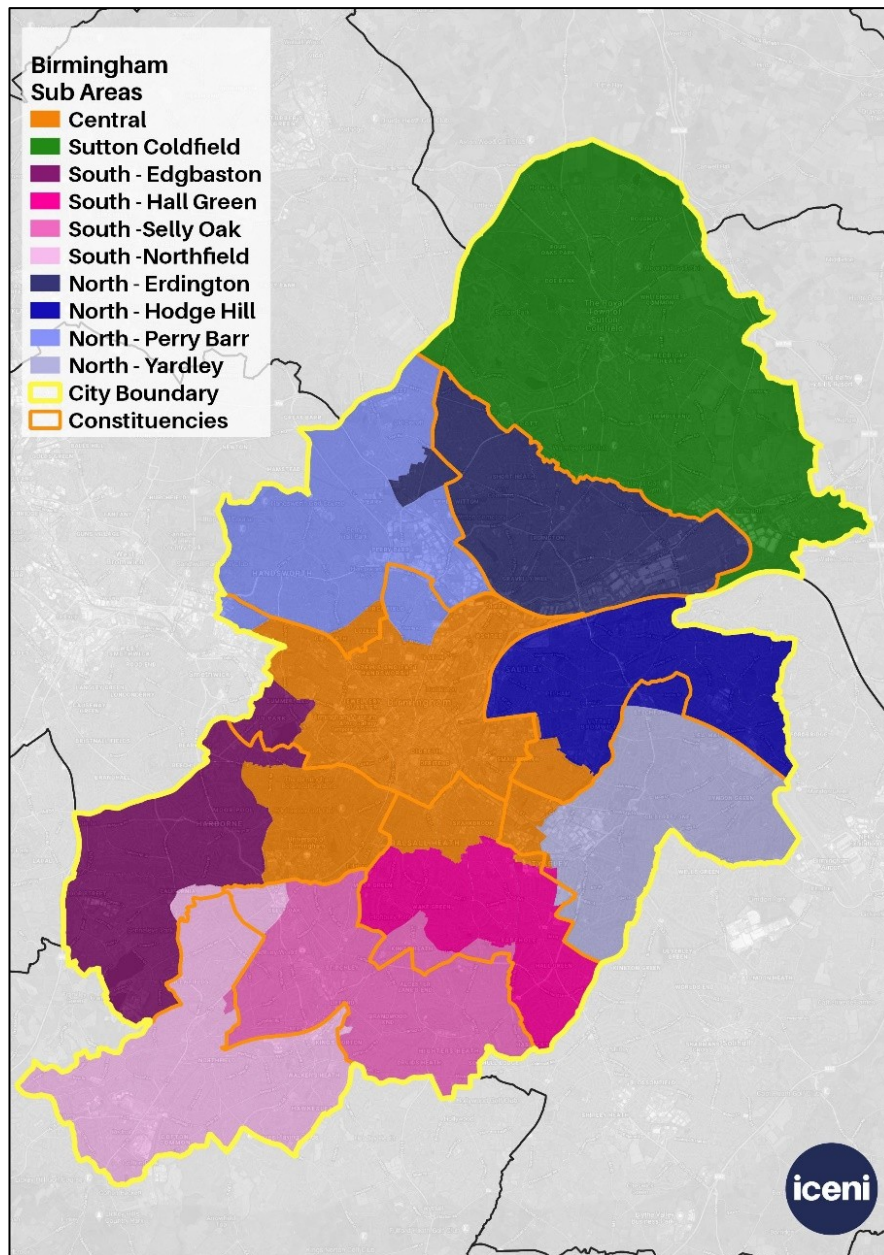
- 7.50 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also relevant considerations in determining the appropriate mix of market housing on individual development sites.

Smaller-Area Housing Mix

- 7.51 The analysis above looks at the mix of housing across the whole City; there will, however, be differences between locations, which might point to a different mix as being appropriate. The discussion below does not seek to replicate the mix modelling for smaller areas. Instead, it examines the data used in the modelling for sub-areas (previously defined in the 2022 HEDNA and shown on the map below). The analysis covers:

- Household composition;
- Current housing mix; and
- Overcrowding and under-occupation

Figure 7.4 Sub and Broad Areas in Birmingham



Source: *Iceni Projects based on ONS and OS data*

7.52 The table below shows data about households with dependent children for each of the sub-areas. There are some variations in the proportion of households with dependent children, with the proportion notably higher in Hodge Hill (45%) and lowest in Sutton Coldfield (29%).

Table 7.12 Households with dependent children (2021) – sub-areas

	Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Central	16.5%	1.9%	9.6%	6.2%	65.8%	100.0%	34.2%
North - Erdington	11.7%	4.7%	12.1%	4.1%	67.5%	100.0%	32.5%
North - Hodge Hill	20.9%	3.5%	12.6%	8.3%	54.6%	100.0%	45.4%
North - Perry Barr	17.6%	3.2%	9.7%	8.1%	61.3%	100.0%	38.7%
North - Yardley	16.5%	3.9%	10.2%	5.3%	64.0%	100.0%	36.0%
South - Edgbaston	14.2%	3.3%	9.1%	3.5%	69.9%	100.0%	30.1%
South - Hall Green	19.7%	2.2%	6.9%	7.9%	63.2%	100.0%	36.8%
South - Northfield	11.5%	5.3%	11.5%	2.8%	68.9%	100.0%	31.1%
South - Selly Oak	13.6%	4.0%	8.4%	3.0%	71.0%	100.0%	29.0%
Sutton Coldfield	18.0%	3.5%	5.2%	2.1%	71.2%	100.0%	28.8%
TOTAL	15.8%	3.5%	9.7%	5.0%	66.0%	100.0%	34.0%

Source: Census (2021)

7.53 The tables below show the current mix of housing by tenure in each area. In the owner-occupied sector, the analysis shows smaller dwellings in the Central area and larger homes in Sutton Coldfield. The majority of homes in most areas are 3-bedroom.

7.54 In the social rented sector, there is also some variation by location with Sutton Coldfield standing out as having smaller dwelling sizes; a larger profile is seen in Erdington and Hodge Hill. The private rented sector shows a bit more variation in average dwelling sizes than other tenures,

with an average number of bedrooms ranging from just under 2 in the Central area to 2.68 in Selly Oak (which is likely to be influenced by student housing).

Table 7.13 Number of bedrooms by sub-area – owner-occupied

	1-bed-room	2-bed-rooms	3-bed-rooms	4+-bed-rooms	Total	Ave. no. beds.
Central	7%	24%	43%	26%	100%	2.88
North - Erdington	3%	18%	65%	14%	100%	2.90
North - Hodge Hill	2%	17%	63%	19%	100%	2.99
North - Perry Barr	1%	14%	62%	23%	100%	3.06
North - Yardley	2%	17%	65%	16%	100%	2.95
South - Edgbaston	4%	19%	53%	25%	100%	2.99
South - Hall Green	4%	13%	47%	36%	100%	3.15
South - Northfield	3%	20%	61%	15%	100%	2.89
South - Selly Oak	2%	19%	57%	21%	100%	2.97
Sutton Coldfield	2%	14%	44%	40%	100%	3.21
TOTAL	3%	17%	56%	24%	100%	3.00

Source: Census (2021)

Table 7.14 Number of bedrooms by sub-area – social rented

	1-bed-room	2-bed-rooms	3-bed-rooms	4+-bed-rooms	Total	Ave. no. beds.
Central	33%	35%	24%	8%	100%	2.06
North - Erdington	27%	31%	35%	8%	100%	2.24
North - Hodge Hill	26%	34%	35%	6%	100%	2.21
North - Perry Barr	32%	28%	28%	12%	100%	2.19
North - Yardley	30%	29%	35%	6%	100%	2.16
South - Edgbaston	36%	34%	25%	6%	100%	2.00
South - Hall Green	45%	24%	22%	9%	100%	1.96
South - Northfield	27%	32%	35%	6%	100%	2.19
South - Selly Oak	31%	33%	31%	5%	100%	2.11
Sutton Coldfield	40%	33%	22%	4%	100%	1.90
TOTAL	31%	32%	30%	7%	100%	2.13

Source: Census (2021)

Table 7.15 Number of bedrooms by sub-area – private rented

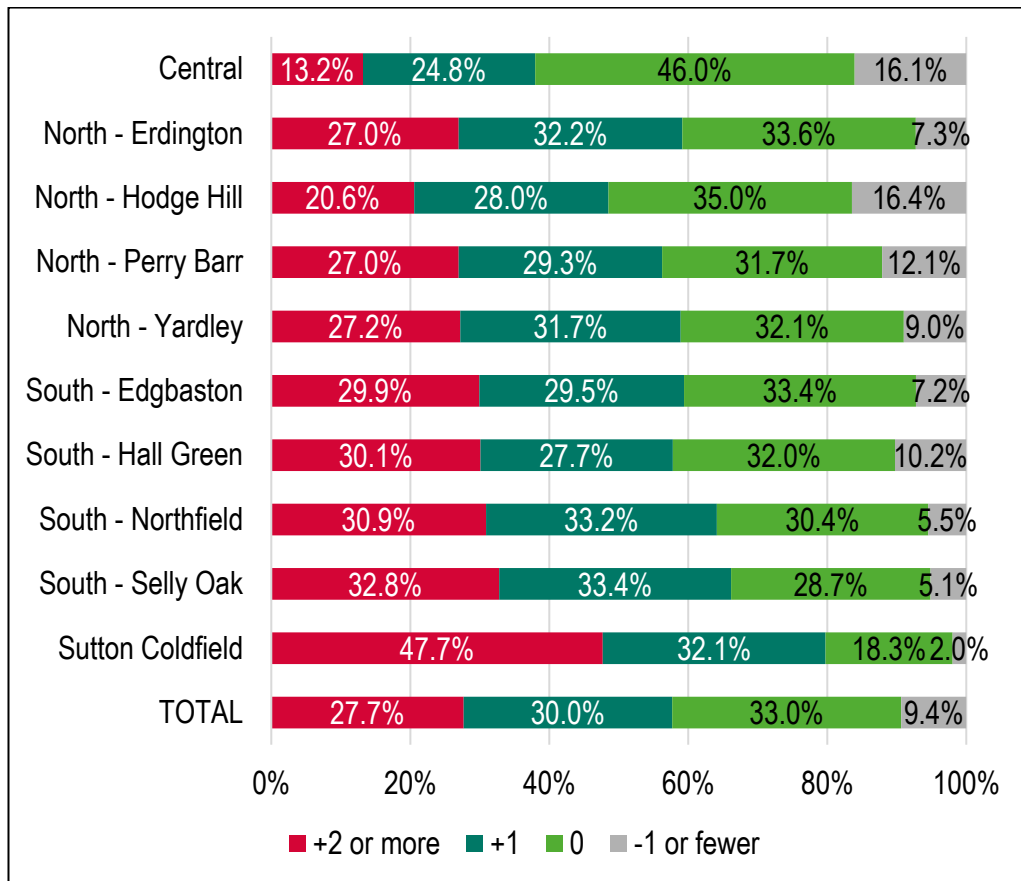
	1-bed-room	2-bed-rooms	3-bed-rooms	4+-bed-rooms	Total	Ave. no. beds.
Central	36%	37%	21%	7%	100%	1.99
North - Erdington	20%	32%	39%	8%	100%	2.36
North - Hodge Hill	9%	27%	55%	9%	100%	2.65
North - Perry Barr	14%	26%	49%	10%	100%	2.55
North - Yardley	18%	30%	45%	7%	100%	2.40
South - Edgbaston	26%	31%	32%	11%	100%	2.28
South - Hall Green	25%	26%	37%	12%	100%	2.35
South - Northfield	14%	34%	45%	7%	100%	2.46
South - Selly Oak	15%	27%	33%	25%	100%	2.68
Sutton Coldfield	19%	45%	27%	10%	100%	2.28
TOTAL	22%	32%	36%	10%	100%	2.34

Source: Census (2021)

- 7.55 The final analysis (shown in the figure below) shows overcrowding and under-occupation by sub-area. Overcrowded households are those with a negative number (i.e. at least 1 bedroom less than the household needs). Under-occupied households are represented by a positive number (i.e. they have one or more bedrooms than the household needs). Right sized home is denoted with a zero.
- 7.56 Typically, under-occupation is only considered for those households with 2 or more additional rooms than they need. A single additional bedroom allows children who are normally part of another household to stay with their parents on an irregular basis or when a carer is required to stay over.
- 7.57 This shows a higher level of overcrowding in Hodge Hill, which is an area previously seeing the highest proportion of households with dependent children. Most sub-areas see high levels of overcrowding, with only Sutton Coldfield seeing a proportion below the national average of 4.4%. Under-occupancy levels are relatively low (apart from

in Sutton Coldfield) and particularly low in the Central sub-area and Hodge Hill.

Figure 7.5 Overcrowding and under-occupation (2021) by sub-area



Source: Census (2021)

7.58 In interpreting this data, there are a number of features to note, in particular the high proportion of households with dependent children in Hodge Hill (and high levels of overcrowding), with the opposite being seen in Sutton Coldfield. However, in interpreting this data, it is not considered that conclusions can be clear-cut. Below are some points for consideration when looking at needs in any specific location:

- a) Whilst there are 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, areas traditionally favoured by higher wealth/income households might be expected to provide a greater proportion of larger homes;
 - c) That said, some of these areas (notably Sutton Coldfield) will have very little, smaller/cheaper stock, and so consideration needs to be given to diversifying the stock; and
 - d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in more urban locations may be better suited to flatted development (while recognising the point above about role and function). In contrast, a more suburban site 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.

7.59 Overall, it is suggested that the council should broadly seek the same mix of housing in all locations as a starting point in policy but would be flexible to a different mix where specific local characteristics suggest (including site characteristics and location).

7.60 If developments were provided in line with the suggested mix in this report, then over time, there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations.

7.61 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.

7.62 The 2022 HEDNA undertook a more detailed analysis of the mix for smaller areas but still concluded (as above) that the *'Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest'*.

The range of data set out in this section can help identify specific local issues that may need to be addressed in any new development.

Housing Mix - Summary

- 7.63 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population.
- 7.64 The proportion of households with dependent children in Birmingham is above average, with around 34% of all households containing dependent children in 2021.
- 7.65 There are notable differences between different types of households, with married couples (with dependent children) seeing a high level of owner-occupation. In contrast, lone parents are particularly likely to live in social and private rented accommodation.
- 7.66 There is a range of factors which will influence demand for different sizes of homes, including demographic changes, future growth in real earnings, households' ability to save, economic performance and housing affordability.
- 7.67 The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, which takes account of both household changes and the ageing of the population, as well as seeking to make more efficient use of new stock by not projecting forward the high levels of under-occupancy (which is notable in the market sector).
- 7.68 In all sectors, the analysis points to a particular need for 2- and 3-bedroom accommodation, with varying proportions of 1- and 4+-bedroom homes.

7.69 For rented affordable housing, there is a clear need for a range of different sizes of homes, including 45% to have at least 3-bedrooms, of which 20% should have at least 4-bedrooms. :

Table 7.16 Suggested size mix of housing by tenure – Birmingham

	Market	Affordable home ownership	Rented affordable housing
1-bedroom	10%	20%	20%
2-bedrooms	30%	40%	35%
3-bedrooms	40%	30%	25%
4+-bedrooms	20%	10%	20%

Source: Icenis analysis

7.70 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.

7.71 Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take into account the current mix of housing by tenure and the size requirements shown on the Housing Register.

7.72 The mix identified above could inform strategic policies, although a flexible approach should be adopted. For example, in some areas, affordable housing registered providers find it difficult to sell 1-bedroom affordable home ownership (AHO) homes; therefore, the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, given current house prices, there are potential difficulties in making (larger) AHO genuinely affordable.

7.73 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

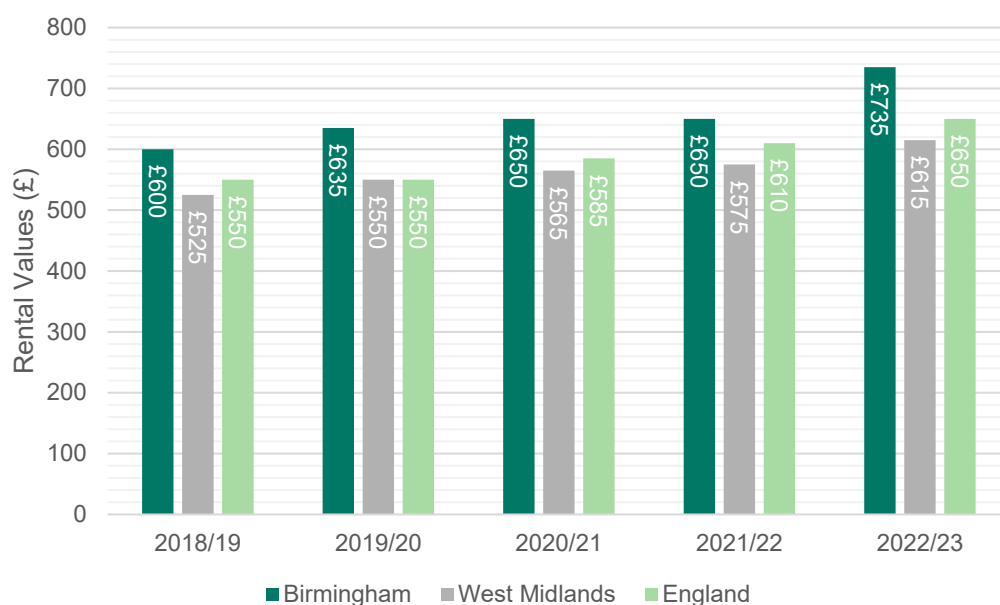
properties at the local level. The Council should also monitor the mix of housing delivered.

8. Private Rental Sector

PRS

- 8.1 Lower quartile rental values for Birmingham have increased notably since 2018/19, as shown in the figure below. This is similar to the regional and national trends.

Figure 8.1 Lower quartile rental values (2018/19-2022/23)



Source: Icen analysis of VOA data (2023)

- 8.2 Local Housing Allowance (LHA) rates in Birmingham for July 2025 range from £67.00 per week for shared accommodation up to £195.62 per week for a four-bedroom property. The rates increase with the number of bedrooms, helping to cover higher rental costs for larger homes, as seen in the table below.

Table 8.1 Local Housing Allowance Rates – Birmingham Authority

Size	LHA rates (weekly)	Lower quartile rental values (weekly)
Shared Accommodation	£67	£99
One bedroom	£121	£165
Two bedrooms	£144	£184
Three bedrooms	£155	£200
Four bedrooms rate	£196	£275

Source: VOA, 2025

8.3 When comparing LHA and Lower Quartile Rental Values in Birmingham, LHA rates are shown to be lower for all house sizes, as shown in the table above.

8.4 This could be an issue for those in PRS who rely on the LHA to access rental properties, as they need to find additional funds to ensure they can continue to rent privately.

Houses in Multiple Occupation (HMOs)

8.5 The figure below displays the spatial distribution of all registered HMOs across Birmingham’s 69 wards.

8.6 Birmingham is estimated to have approximately 9,152 HMOs in February 2026, with every ward seeing at least one licensed HMO. The table below sets out the wards with the highest concentrations of registered HMOs.

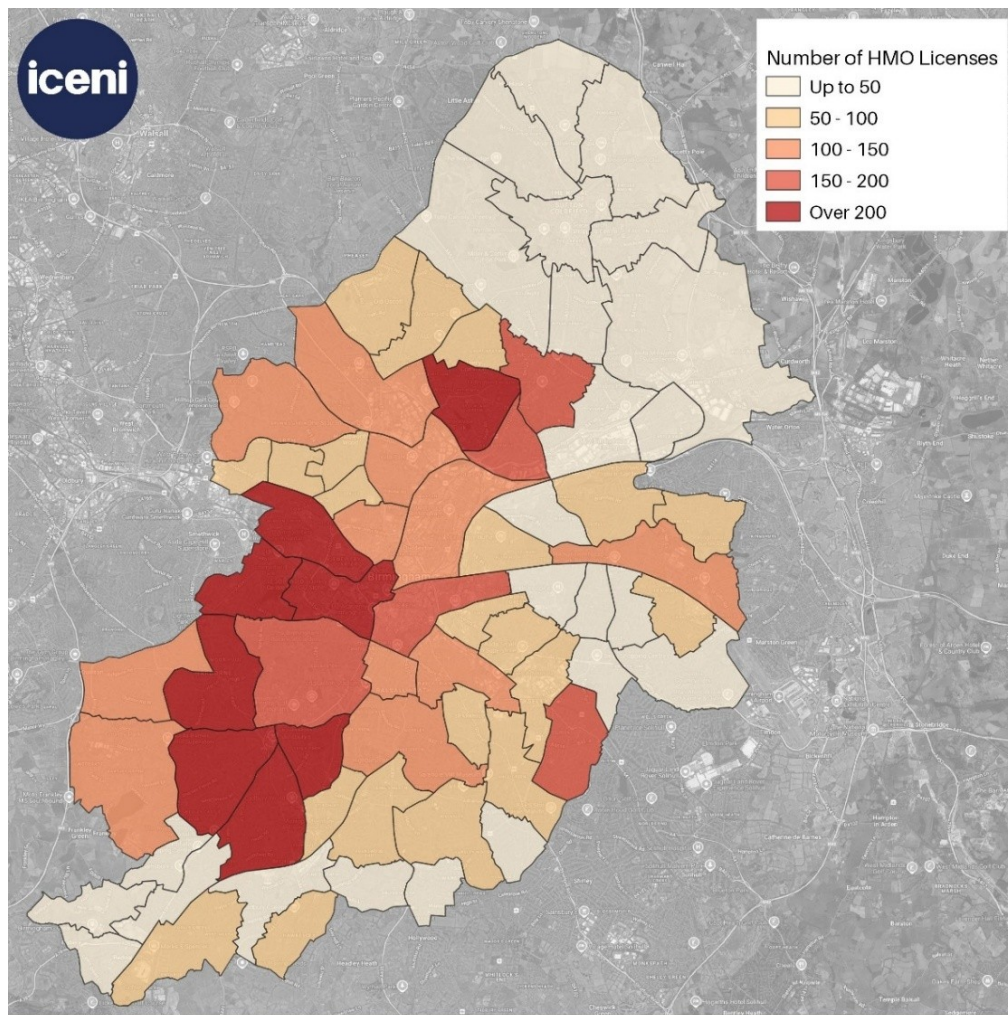
8.7 Over the last three years, the number of HMOs in the City has increased from 8,825 in January 2023, an increase of 327. The number of HMOs peaked in 2025 at 9,586 and has since declined by 434 in the last year.

8.8 The loss of PRS properties is a national trend as landlords look to leave the market through a combination of increased costs (interest rates, taxation changes) and regulations (Renters Reform Act).

8.9 The largest losses (2023-2026) are found in Bournbrook & Selly Park (-65), North Edgbaston (-52), Weoley & Selly Oak (-36), and Harborne (-31). The largest increases were found in Soho & Jewellery Quarter (35) and Glebe Farm & Tile Cross (37).

8.10 Despite this the highest concentration of HMOs is found in Bournbrook & Selly Park followed by and Ladywood and North Edgbaston. Other HMO concentrations are within the west of the city, surrounding Weoley & Selly Oak and Harborne, as well as to the north of the City Centre, around Soho and the Jewellery Quarter.

Figure 8.2 Number of registered HMOs – Birmingham



Source: HMO Register, 2025

- 8.11 The slight gap between these two areas suggests that they cater to slightly different markets. The southern areas, situated near university campuses, are likely to prioritise student needs.
- 8.12 In contrast, the northern area, located near the industrial areas surrounding the M6, may be more geared towards working professionals.
- 8.13 There are lower concentrations of HMOs in peripheral parts of the City, with the East and South of the city, as well as Sutton Coldfield, seeing very few HMOs.

Table 8.2 Wards with the highest HMO concentration – Birmingham

Ward	Number of registered HMOs	Number of Households	Percentage HMO's
Bournbrook & Selly Park	2,377	6,405	37.1%
Ladywood	585	15,284	3.8%
North Edgbaston	500	9,118	5.5%
Harborne	439	10,490	4.2%
Weoley & Selly Oak	320	10,252	3.1%
Soho & Jewellery Quarter	283	11,891	2.4%
Bournville & Cotteridge	270	8,605	3.1%
Stockland Green	260	9,715	2.7%
Edgbaston	197	6,810	2.9%
Erdington	181	9,678	1.9%

Source: HMO Register, 2025

Build to Rent and Co-Living

Build to Rent

- 8.14 The Build to Rent (BtR) sector is an emerging sector that was considered in the original HEDNA report. Overall, the national policy background of the BtR sector has not changed since the last report was published.
- 8.15 The Council has, however, recently published a statement that considers the application of affordable housing policy to BtR developments¹⁰. It considers the emerging Local Plan, which proposes a bespoke policy that seeks 35% affordable housing on BtR schemes, and the 2024 Whole Plan Viability Assessment supports this.
- 8.16 Over recent years, there has been rapid growth in the Build to Rent sector backed by domestic and overseas institutional investment. Savills' UK Build-to-Rent Market Update¹¹ for H1 2025, this states that the BTR market now has 132,000 completed units, 51,000 units under construction, and 110,000 units in the development pipeline, totalling 293,000 units, up 5% from the year previous.
- 8.17 Research is also available on the profile of tenants in BtR accommodation. In November 2022, the British Property Federation ("BPF"), London First and UK Apartment Association ("UKAA") published a report¹² profiling those who live in Build to Rent accommodation in England.
- 8.18 According to their research, the largest group of residents, approximately 40%, were aged between 25 and 34. The next-largest group was those

¹⁰ Note titled "Affordable housing and Build to Rent Residential Development July 2025"

¹¹

https://www.savills.co.uk/research_articles/229130/379550-0

¹² <https://bpf.org.uk/our-work/research-and-briefings/who-lives-in-build-to-rent-2022/>

under 24, at 30%, and the remaining 30% were in older age groups. This is broadly similar to the wider private rented sector.

- 8.19 The survey-based data identified that incomes are similar to those in private rented sector accommodation, with 18% earning between £26,000 and £32,000, and 23% earning between £32,000 and £44,000.

Consultation on Build to Rent Availability

- 8.20 Icení has consulted with operators of BtR schemes within Birmingham to understand the availability and average relet periods across sites as an indicator of demand.
- 8.21 Grainger manages two BtR developments in Birmingham, Gilders Yard (156 units) and The Silver Yard (375 units). Since rental leases are for set periods, the company can often begin advertising properties a few months before they become entirely vacant.
- 8.22 As of August 2025, eighteen units across the two schemes were being advertised for rent, with eight of these vacant at that time (five at the Silver Yard, three at Gilders Yard). These vacant units have been advertised for a few months.
- 8.23 Although the two schemes provide slightly more 1-bedroom units than 2-bedroom units (271 1-bedroom to 260 2-bedroom), the availability of 2-bedroom units is higher in August 2025, at 11 units, compared to 7 1-bedroom units.
- 8.24 At the end of all rental contracts, there is a short period of time when properties are vacant, which is to allow for cleaning and any other work to be done before a new tenant moves in.
- 8.25 I Live Around (ILA) operates a further two schemes in the city, Hairpin House (237 units) and Sherbourne Place (146 units). Similar to

Grainger's schemes, these are often advertised before the tenancy officially ends.

- 8.26 In August 2025, only three units across the two ILA schemes were available for immediate occupation, with an additional 22 units being advertised.
- 8.27 Most units that are or are expected to become available are two-bedroom (16), with the remaining nine units having one bedroom. Generally, units across the two schemes are let fairly quickly once advertised, with few remaining vacant for long periods between contracts.
- 8.28 The Sherlock Quarter development by Get Living provides 551 BtR units, constructed over 3 years. The Sherlock Quarter scheme was fully completed in February 2025 and comprises 1 (228 units), 2 (290 units), and 3-bed (33 units) properties.
- 8.29 Due to its recent completion, there is minimal data on the speed of relet of property. As of August 2025, however, nine units were available for immediate occupation, seven of which were 2-bedroom properties.
- 8.30 When considering availability across the schemes considered, it would appear that 1-bedroom properties have lower rates of availability than 2-bedroom properties. This suggests that 1-bedroom BtR units are fulfilling a specific need for rental accommodation among single people and couples.
- 8.31 The schemes assessed above provide a total of 1,465 BtR units, of which 52 are available. This indicates an availability rate of 3.5% across these schemes.
- 8.32 Opinions on what constitutes a healthy availability or vacancy rate for residential properties lie anywhere between 3% and 8%—indicating that this level of vacancy in BtR is reasonably healthy and allows for sufficient churn of stock but also shows strong demand.

Co-Living

- 8.33 The Co-Living model is less developed than BtR, as discussed in the previous HEDNA. Despite this, the Council have also updated local policy surrounding Co-Living with the “Large Scale Shared Accommodation” supplementary planning document (SPD) (April 2022),¹³ which is also reflected in the emerging local plan policy.
- 8.34 The policies require proposals for co-living schemes to demonstrate the local need for co-living development, consider target groups for the development, and the availability and affordability of alternative rental options. The evidence provided must also be specific to Birmingham.
- 8.35 Proposals for Co-living must also ensure that they do *“not result in the loss of an existing use that makes an important contribution to the Council’s objectives, strategies and policies.”*
- 8.36 In terms of affordable housing, the SPD states that Co-living is not considered an affordable housing product. It requires schemes to either deliver 35% of units at a 20% discount of market value or provide an upfront financial contribution in lieu of this.
- 8.37 Co-Living proposals must also be in accessible locations, meet specific accommodation and open space standards, and adhere to other relevant criteria.

The Current Build-to-Rent and Co-Living Position in Birmingham City

- 8.38 Data produced by Bidwells (May 2025¹⁴) gives an insight into the current position of BtR and Co-Living in Birmingham, with an estimated 7,421 units operational, a further 7,247 under construction, 10,180 units

¹³ [Large-Scale Purpose-Built Shared Accommodation | Birmingham City Council](#)

¹⁴ <https://thearl.org.uk/wp-content/uploads/2025/06/250529-Monthly-Rental-Update-Birmingham-v1.pdf>

with planning permission and 1,239 with a planning application submitted.

- 8.39 The data does not specifically differentiate between the number of units considered BtR and those considered Co-Living.
- 8.40 Research from Savills¹⁵ suggests that approximately 800 Co-Living units have planning permission in the City, with a few hundred more at the application or pre-planning stage.
- 8.41 Additional research undertaken by Icenii suggests that as of July 2025, there were no Co-Living units operational in Birmingham.
- 8.42 Further research from the British Property Federation (BPF)¹⁶ estimates that there were 2,696 completed BtR units, 6,807 under construction and 9,562 within the planning pipeline in the second quarter of 2024.

The Recommended Policy Response

- 8.43 The previous HEDNA report suggested that the Council should seek to develop specific BtR and Co-Living policies within the new Local Plan. The Council has done this for Co-Living as shown in Policy HN8 of the Draft Plan.
- 8.44 However, the draft plan does not contain any specific policy for Build-to-Rent developments, apart from the requirement for 35% affordable housing detailed in Policy HN2.
- 8.45 The Council should still consider developing a policy that specifies the types of locations where this would be encouraged.

¹⁵ [savills-uk-co-living-spotlight-2025.pdf](#)

¹⁶ [BPF - Build-to-Rent](#)

Private Rental Sector - Summary

- 8.46 The PRS has been a key growth sector in the housing market for the last 15 years, now comprising over 20% of all UK households and playing a crucial role in supporting diverse households in Birmingham.
- 8.47 Tenants are typically in their 20s and 30s, with a high proportion of young children, although young single households are the largest group.
- 8.48 There are gaps between lower quartile private rents and Local Housing Allowance (LHA) rates in Birmingham, particularly for smaller (1/2 bed) and larger (4+ beds) properties, indicating challenges for those on lower incomes to access the private rental market.
- 8.49 While PRS can be a choice for some, it often serves as a stopgap for first-time buyers who cannot afford mortgages.
- 8.50 Median rents in Birmingham are higher than regional values but lower than the national average.
- 8.51 Rental growth for one-bed and three-bed properties in Birmingham has been the highest, exceeding regional and national rates from 2015 to 2025.
- 8.52 Birmingham has seen rapid growth in Build to Rent in recent years, and there are now a number of schemes operational. Analysis of availability across these schemes indicates strong demand for this type of product.
- 8.53 There are currently no Co-Living schemes operating in Birmingham, although research from Savills indicates that planning permission has been granted for approximately 800 units.
- 8.54 The Council have developed a specific policy for Co-Living in Policy HN8 of the draft plan. It is recommended that a further policy be developed for BtR, in addition to the affordable housing requirement detailed in Policy HN2.

9. Empty Homes

- 9.1 Data provided by the council indicates that a total of 22,012 have been declared empty by either the owner or a third party. Of these, a total of 9,219 dwellings in the City have had a Council Tax exemption applied due to being empty, and 1,462 are void¹⁷.
- 9.2 The table below shows the wards with the highest number of empty properties. As shown, Ladywood ranks highly across all categories of empty homes. This has resulted in the ward having the highest number of empty properties among all wards, with 2,144.
- 9.3 Although not all of these will be considered long-term empty, this number significantly surpasses that of the second-placed ward, Bournbrook & Selly Park, with 1,288. Soho & Jewellery Quarter have the third-highest number of empty properties, totalling 1,281

¹⁷ Void properties are where no liable party is known the property has been removed from listings or is new build

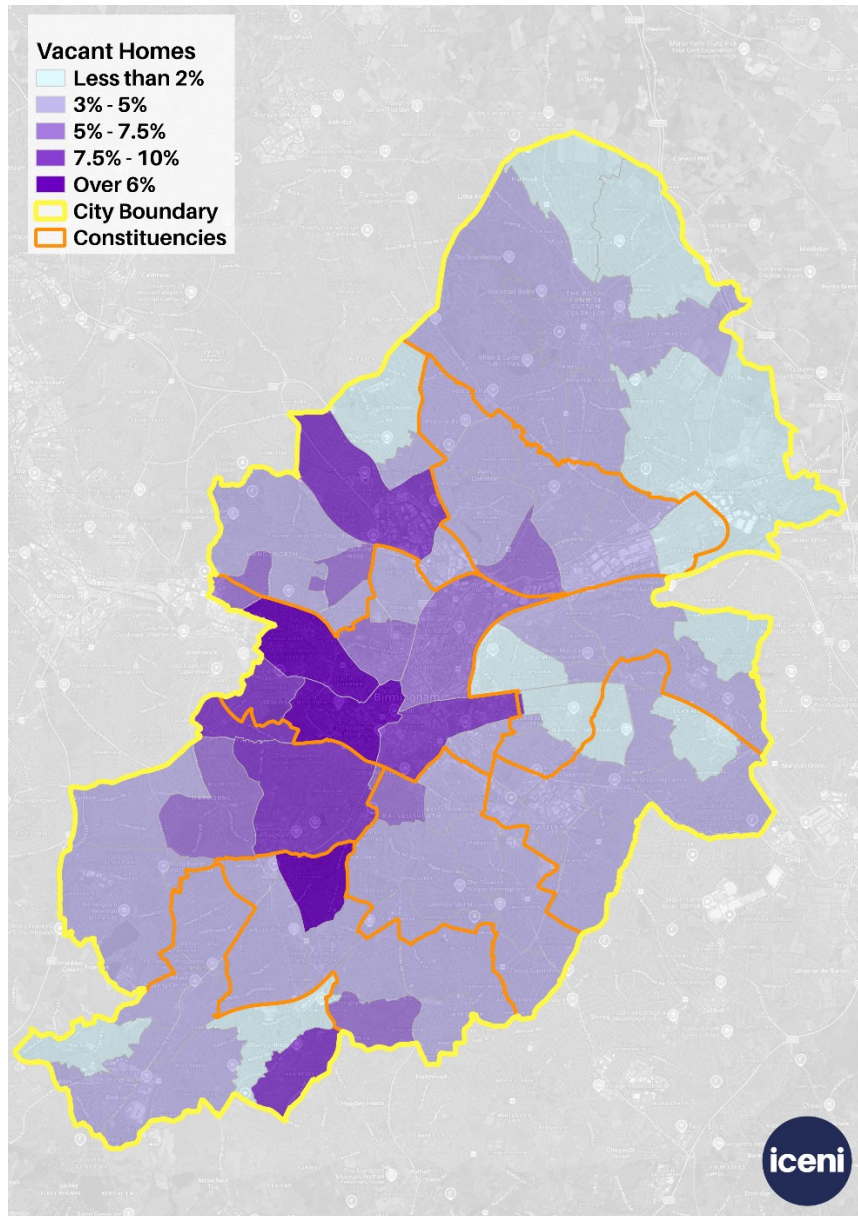
Table 9.1 Empty Properties by Ward (all types)

	Top Ten Wards	Declared Empty	Top Ten Wards	C Tax Exemption Applied	Top Ten Wards	Void	Top Ten Wards	Total Empty
1st	Ladywood	1,300	Bournbrook & Selly Park	1,042	Ladywood	104	Ladywood	2,144
2nd	Soho & Jewellery Quarter	964	Ladywood	740	Soho & Jewellery Quarter	63	Bournbrook & Selly Park	1,288
3rd	Perry Barr	512	Harborne	349	Harborne	55	Soho & Jewellery Quarter	1,281
4th	North Edgbaston	408	Weoley & Selly Oak	296	Bordesley & Highgate	51	North Edgbaston	701
5th	Bordesley & Highgate	349	Edgbaston	256	North Edgbaston	45	Perry Barr	699
6th	King's Norton South	320	Soho & Jewellery Quarter	254	Erdington	44	Harborne	652
7th	Druids Heath & Monyhull	303	North Edgbaston	248	Edgbaston	42	Bordesley & Highgate	598
8th	Edgbaston	294	Bordesley & Highgate	198	Weoley & Selly Oak	37	Edgbaston	592
9th	Moseley	260	Stockland Green	187	Moseley	35	Weoley & Selly Oak	501
10th	Harborne	248	Bournville & Cotteridge	179	Sheldon	34	Moseley	461

Source: Council Data

9.4 Looking at the geographical distribution of this, the figure below shows that the darker coloured wards that have the higher percentages of empty properties are concentrated in the Centre and West of the city.

Figure 9.1 % of Empty Properties (all Types) by Ward



Source: Icen analysis of Council Data

9.5 Sutton Coldfield sees very low numbers of empty properties in most of its wards, as do other areas in the east and south of the City. Some comparisons can be drawn between the figure below and a similar one that considers HMOs (Figure 8.2), which also shows high numbers in the east of the City.

Birmingham Empty Homes Strategy – 2019-2024

- 9.6 The Council are acutely aware of the number of empty properties within the City and has, for some time, been working to bring empty homes back into use, with the Council's first Empty Homes Strategy being published in 2003.
- 9.7 The Council now has a dedicated empty property team with an annual target of bringing 350 homes back into use a year.
- 9.8 The most recent iteration of the Council's empty home strategy covers the period from 2019 to 2024; the Council are currently in the process of updating this. Key objectives of the strategy are:
- **Coordinated Approach:** BCC aims for a coordinated approach to empty property work, ensuring broad corporate ownership of the need to address empty homes
 - **Strategic Alignment:** The Empty Property Strategy is linked with the Council Plan 2018 to 2022, the Birmingham Development Plan, the Housing Birmingham Strategy, and the Homelessness Prevention Strategy.
 - **Publicity and Support:** The intention to further publicise empty homes initiatives and provide encouragement and practical support to empty property owners.
 - **Enforcement and Collaboration:** BCC plans to develop further, adopt enforcement procedures, and enhance its approach by continuing to work and share experiences with other local authorities.
 - **Funding Utilisation:** utilise available funding to bring empty homes back into use and provide affordable housing solutions across the city
- 9.9 As previously mentioned, BCC has set an annual target to ensure a minimum of 350 empty properties are returned to use each year. The overall target is to reduce the headline number of empty properties in Birmingham by 1,750 by 2024.
- 9.10 The Council has been meeting this target throughout the strategy period and expects it to continue, and has maintained using this number as a

target. The strategy also set out several actions to meet this annual target.

9.11 The empty property team are proactive in finding and contacting the owners of problematic or long-term empty homes, offering advice and signposting resources. Where this is an unsuccessful enforcement action, it is pursued. Enforcement powers that are available to the council include:

- Serving notices where a home is "detrimental to the amenities of the neighbourhood" - *Town & Country Planning Act 1990 (Section 215)*
- Securing empty homes against unauthorised access if there's a danger to public health - *Local Government (Miscellaneous Provisions) Act 1982 (Section 29)*
- Forcing the sale of a property to recover debt accumulated from council-undertaken work due to owner non-compliance with enforcement notices - *Enforced Sale (Law of Property Act 1925)*
- Seeking to compulsorily purchase properties where owners cannot be traced or are unwilling to bring them back into use, then selling them on the open market - *Compulsory Purchase Order (CPO) S17 Housing Act 1985*
- Applying to the Residential Property Tribunal for interim management orders that can lead to compulsory leasing of a property for a fixed period - *Empty Dwelling Management Orders (EDMOs) Housing Act 2006*

9.12 In terms of the types of properties BCC targets, affordable and family-sized homes are prioritised. Officers aim to ensure that at least 60% of properties returned to use have three or more bedrooms and are located in the most affordable Council Tax bands A-C.

9.13 The strategy also details that dwellings within the Ladywood and Hodge Hill areas are considered key due to the level of overcrowding in these locations.

9.14 The Council also seek to work with the Police and community groups to tackle empty homes. They have taken a leading role in the West

Midlands Empty Property Officers Group and the Empty Homes Network.

- 9.15 The strategy also details the restructuring of Council Tax charges. Prior to the introduction of the 2019-24 strategy, the council had already removed discounts for unfurnished properties or those requiring structural repairs.
- 9.16 The Council had also started charging 150% tax on properties that had been unfurnished for two years. The strategy also proposed introducing a 300% rate for similarly qualifying empty properties.
- 9.17 The Levelling Up and Regeneration Act (LURA) 2023 introduced changes to regulations surrounding this, which the Council sought to adopt; as such, increased charge rates are applied to empty properties as below:
- 100% after one year
 - 200% after 5 years
 - 300% after 10 years

Further Policy Options and Best Practice

- 9.18 With the current Empty Homes Strategy at the end of its life span, the Council is currently developing a new strategy for the next 5 years. Icen have reviewed strategies in other urban local authorities to understand other policy options that may be appropriate in Birmingham.
- 9.19 Several local authorities across the country promote loans to owners of empty properties in order to support the costs of renovations. In Kent, the No Use Empty¹⁸ scheme has brought over 8,000 dwellings back into use since its inception in 2005.

¹⁸[No Use Empty](#)

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- 9.20 While effective, the scheme relies on significant financial backing, with claimants being able to borrow up to £175,000 for properties that have been empty for longer than 6 months.
- 9.21 Given the much-publicised financial difficulties currently faced by BCC, this level of expenditure is unlikely to be suitable at present. This should, however, be kept under review should the Council's financial status change in the future.
- 9.22 The prevention of homes becoming empty in the first place is also a focus of some strategies. In Bradford¹⁹ for example, prevention is one of the key objectives of the strategy, with the Council advertising its commitment to reducing empty homes and educating residents on their impact.
- 9.23 Lambeth Council monitor the delivery of new build properties to prevent them from becoming long-term empty. By engaging with developers of new-build dwellings, the council can offer lease agreements that enable them to rent properties to residents.
- 9.24 Specific intervention on properties owned by older people who have entered into care could also be a consideration. Salford City Council²⁰ works with homeowners who are in care or planning to enter care to manage or rent out these properties on the owner's behalf.
- 9.25 This seeks to bring back or keep properties in use at a reasonably low cost, while also offering an income stream to the property owner.
- 9.26 Similarly, Lambeth Council targets homeowners living in care homes through annual letters; however, they do not offer property management services.

¹⁹ [TACKLING EMPTY HOMES IN BRADFORD DISTRICT: DELIVERY PLAN 2011-2014](#)

²⁰ [Good Homes in Good Places: Salford's Good Homes Strategy 2025-2030](#)

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- 9.27 Bristol City Council²¹ also seek to manage empty properties where appropriate. They specifically aim to provide homes for refugees through the Bristol Refugee Resettlement Team.
- 9.28 Depending on the condition of the dwelling, the Council will offer to repair, manage and rent out the property at Local Housing Allowance (LHA) rates on behalf of the owner.
- 9.29 This is subject to the owner agreeing to a minimum 5-year tenancy, with all repair costs incurred by the Council being recovered through reductions in the rent paid to the owner.
- 9.30 Manchester City Council undertakes a similar scheme.²² They have developed a 10-year leasing scheme to bring empty homes into use as temporary accommodation for homeless people.
- 9.31 Properties can also be used as part of their Private Rental Sector Access scheme for homeless people who may struggle to access the private sector.
- 9.32 National rules around Value Added Tax (VAT) exemptions for empty homes can also be utilised. VAT on renovation works for empty homes is reduced to 5% for properties that have been empty for 2 or more years and to 0% for properties that have been empty for 10 or more years.
- 9.33 Bristol City Council provides VAT exemption letters for property owners renovating empty properties that have been vacant for over 2 years. This can make the VAT exemption process easier for the owner, thereby reducing the overall cost of the renovation.

²¹ [Empty Property Policy](#)

²² [Manchester's Empty Homes Initiatives.pdf](#)

Empty Homes - Summary

- 9.34 Birmingham faces a significant challenge regarding vacant housing stock, which is tracked across several categories
- 9.35 Empty properties in the City, including 9,219 dwellings with a Council Tax exemption and 11,331 properties declared empty by the owner or a third party.
- 9.36 The geographic analysis reveals that high numbers of empty properties are concentrated in the east of the city. At the same time, peripheral areas, including Sutton Coldfield and parts of the west and south, report very few empty homes.
- 9.37 Birmingham has had a dedicated Empty Homes team for several years, with an annual target to return a minimum of 350 empty properties into use each year, a goal the team has been successfully meeting.
- 9.38 As the Council prepares its new empty homes strategy, it could consider alternative policy options, including preventative and punitive measures, as well as assistance to owners.

10. Self and Custom Build

- 10.1 The 2022 HEDNA considered self and custom build in detail. It concluded that the self-build and custom housebuilding sector is expanding and can help meet housing needs.
- 10.2 It also stated that there had been 144 entries to the City Council's self-build register in the first five Base Periods (2016-2020).
- 10.3 Icení recognised the Council's commitment to self-build housing and recommended the Council continue this and seek to create a specific planning policy for self-build housing.
- 10.4 The Council is 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 to build their own self-build and custom houses.
- 10.5 Since the last HEDNA was produced, there have been an additional four Base Periods as well as changes made to the legal framework of Self and Custom Build housing made via amendments to the 2015 Self and Custom Housebuilding Act by the 2023 Levelling Up and Regeneration Act (LURA).
- 10.6 When assessing demand, the LURA inserted in section 6 of the 2015 Act the following:

“(a) the demand for self-build and custom housebuilding in an authority's area in respect of a base period is the aggregate of—

(i) the demand for self-build and custom housebuilding arising in the authority's area in the base period; and

(ii) any demand for self-build and custom housebuilding that arose in the authority's area in an earlier base period and in relation to which—

(A) the time allowed for complying with the duty in subsection (2) expired during the base period in question, and

(B) The duty in subsection (2) has not been met;

(aa) The demand for self-build and custom housebuilding arising in an authority's area in a base period is evidenced by the number of entries added during that period to the register under section 1 kept by the authority."

10.7 As a result, although each authority still has 3 years to meet the need that arises from the register, this **need must now be counted cumulatively**. For example, as of the 30th of October 2024, the need will be based on cumulative demand from all base periods prior to the 30th of October 2021.

10.8 When considering the supply of plots LURA removes section 6(c) of the 2015 Act which read:

"development permission is 'suitable' if it is permission in respect of development that could include self-build and custom housebuilding"

10.9 This change means that the Council will therefore need to demonstrate that serviced plots have resulted in the permissions of self and custom-build development rather than what could be self and custom-build plots, for example, on the assumption of a CIL exemption.

10.10 Essentially, this means that for planning permissions to be counted towards the supply of self and custom build homes, there needs to be evidence to show that this is what the development is for.

10.11 The exact details of what constitutes appropriate evidence for a dwelling or planning application, specifically for self and custom build, are still to be confirmed. Still, appeal case law provides some indication of what this may be. Evidence that would confirm that a development is specifically for the self and custom build may include:

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- Planning Condition attached to approval requiring the development to be carried out for self-build, or
 - Confirmation through S106 agreement for self-build; or
 - Requirement for the self-build nature of the scheme to be included within the description of the development.
- 10.12 On historic permissions, further evidence will likely be required to demonstrate that the development is self and custom build; often, this will be in the Design and Access Statement
- 10.13 In future, the Council may wish to require a Self-Build Delivery Statement to be submitted at the validation stage or during the decision-making process that confirms a development will be brought forward as a self and custom build development.
- 10.14 Examples of this include in Mid-Sussex²³ as well as in East Suffolk²⁴. Although the regulations of the evidence for what does and does not constitute an appropriate permission for self-build are not yet known, it can be expected that regulations will reflect the 2015 Act and existing PPG and demonstrate that the applicant/occupant has had “primary input” into the design of the scheme.
- 10.15 It is also likely that applications to replace existing dwellings with new self-build properties will constitute a fair proportion of the self-build supply, even though they do not result in a net gain of housing.
- 10.16 Going forward, the Council will need to continue to monitor applications for self-build dwellings. Ensuring that all supply permissions are evidenced as self-build will also be important to allow an assessment of whether the duty is properly met.

²³ [Self-build and Custom Build Statement](#)

²⁴ [Self Build and Custom Build » East Suffolk Council](#)

Self and Custom Build Register

10.17 As previously mentioned, there have been an additional four Base Periods since the last HEDNA was written. This brings the total number of Base Periods since the register was introduced up to 9. The Council introduced a local connection test in April 2017; as a result, the register is divided into two parts.

Table 10.1 Self and Custom Build Register, Part 1

	Individuals Part 1	Individuals Part 2	Groups Part 1	Permissions
Base Period 1	10	0	0	-
Base Period 2	2	1	0	0
Base Period 3	16	0	0	0
Base Period 4	26	1	1	2
Base Period 5	17	0	0	6
Base Period 6	103	4	5	3
Base Period 7	65	1	3	51
Base Period 8	31	1	2	78
Base Period 9	20	0	0	-
Total	290	8	11	140
Average	32.2	0.9	1.2	18

Source: Council Monitoring and Government Right to Build Data

10.18 Council monitoring data indicates that most of those entering the register in Birmingham have a local connection to the area, with 290 individual entrants across the nine Base Periods entered onto Part 1, all groups registered (11) also lie on Part 1 of the register. A further eight individual entrants are listed in Part 2 of the register.

10.19 Although the Council are only required to grant enough permissions for those on the register as a guide to future demand, past trends suggest this will be in the region of 35 plots per base period, including those on Part 2 and Groups.

10.20 Government monitoring indicates that there has been a total of 140 permissions for Self or Custom Build development, with a majority of these being within the last two Base Periods.

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- 10.21 The Council has 3 years from a person’s entry onto Part 1 of the register to permit enough suitable planning applications to satisfy the need shown. Therefore, as of the 30th of October 2024, the need is 174. This will rise to 239 on the 30th of October 2025 and so on.
- 10.22 Monitoring data suggests that 140 plots have been given planning permission for a self and custom build development in Birmingham. The Council, therefore, are not currently meeting the need for self and custom-built housing.
- 10.23 In the original HEDNA report, we considered data from the National Custom and Self Build Association (NaCSBA) to better understand the level of demand for serviced plots in Birmingham in relative terms. This responds to the PPG, which requires secondary sources to be examined.
- 10.24 This indicated that Birmingham saw reasonably low demand of 35 persons per 100,000. Updating this to the 2024 population indicates a need for 414 plots in Birmingham. By the end of the plan period, the need would be for 444 plots, an increase of 30 plots.

Table 10.2 Alternative Custom and Self-Build Demand

	2024	2044
Population	1,183,618	1,269,459
Demand per 100,000 population	35	35
Total Plot Demand	414	444

Source: Bespoke Population Projections and NACSBA

- 10.25 Despite the figure from NaCSBA being higher than the level of demand shown on the registers, the authorities are only required to permit enough plots for self and custom build, as indicated by the register.

Policy Response

- 10.26 The previous HEDNA considered how the Council could seek to increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector.
- 10.27 It cited the PPG, which 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.
- 10.28 Several measures which can be used to do this were identified. These were:
- *supporting Neighbourhood Planning groups where they choose to include self-build and custom-build housing policies in their plans;*
 - *working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom-build housing;*
 - *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; and*
 - *working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for groups in acute housing need such as disabled people²⁵*
- 10.29 Since the original HEDNA was written, the Council has also adopted the Development Management in Birmingham DPD. Policy DM13 explicitly supports the development of self and custom-built homes where appropriate.

²⁵ Care should be taken to ensure that developments such as this would meet the legal definition of self/custom build housing, i.e. designed with involvement of an occupier.

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- 10.30 It also encourages developers of larger sites (200 dwellings or more) to consider self and custom-built homes within the housing mix.
- 10.31 A further consideration for the Council is that, when demonstrating supply to meet this demand, the Levelling Up and Regeneration Act makes it harder for Councils to count CIL-exempt sites.
- 10.32 They now must prove that these homes are specifically for self or custom-built occupiers. The Council should therefore adapt its monitoring accordingly.
- 10.33 The Council should seek to monitor the permissions of Self and Custom Build housing thoroughly. This could be achieved by monitoring receipts for CIL Self-Build Exemptions (both Part 1 and Part 2 of Form 7) and counting permissions granted through the development management process.

Self and Custom Build Summary

- 10.34 Birmingham's Self and Custom Build register was established in 2016 and is subject to a local connection test, which means the register lies in 2 parts.
- 10.35 The average number of entrants onto the register each base period is around 35. For planmaking, this can serve as a guide to future demand; for monitoring purposes, the Council will need to reflect the actual numbers on the register.
- 10.36 In total, the register has seen 290 individual entrants on Part 1 across nine Base Periods. As of October 30th, 2024, the cumulative need stands at 174 plots, rising to 239 by October 30th, 2025.
- 10.37 Monitoring data indicates that only 140 permissions have been granted. The Council is therefore not currently meeting its statutory duty for self- and custom-build housing and will need to redress the backlog.

10.38 The Council's existing planning policy explicitly supports the development of self and custom-built homes. This policy also encourages developers of larger sites (200 plus dwellings) to incorporate these units into their housing mix.

11. Older and Disabled people

Introduction

- 11.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. It responds to the Planning Practice Guidance on Housing for Older and Disabled People, published by the Government in June 2019. The two groups are taken together as there is a clear link between age and disability.
- 11.2 This section also 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).

Older People

- 11.3 The table below provides baseline population data about older persons in Birmingham and compares this with other areas. The table shows that the City has a notably younger age structure than the regional and national levels, with 13% of the population aged 65 and over. The proportion of people aged 75 and over is also below equivalent figures for other areas.

Table 11.1 Older Persons Population, 2024

	Birmingham No.	Birmingham %	WM %	England %
Under 65	1,029,212	87.0%	81.1%	80.1%
65-74	81,298	6.9%	9.4%	10.0%
75-84	51,273	4.3%	6.9%	7.3%
85+	21,835	1.8%	2.6%	2.5%
Total	1,183,618	100.0%	100.0%	100.0%
Total 65+	154,406	13.0%	18.9%	19.9%
Total 75+	73,108	6.2%	9.5%	9.8%

Source: ONS

- 11.4 The table below shows the latest information for sub-areas (2022 MYE). This shows some variation in the proportion of people aged 65 and over, ranging from 7.1% in Central to 23.4% in Sutton Coldfield.

Table 11.2 Older Persons Population, Mid 2022 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
Central	92.9%	4.0%	2.1%	1.0%	100.0%	7.1%	43.8%
Edgbaston	85.0%	8.1%	4.9%	2.0%	100.0%	15.0%	46.2%
Erdington	86.2%	7.3%	4.5%	2.0%	100.0%	13.8%	46.9%
Hall Green	86.7%	7.4%	3.9%	2.0%	100.0%	13.3%	44.6%
Hodge Hill	90.3%	5.4%	2.9%	1.4%	100.0%	9.7%	44.8%
Northfield	83.3%	8.9%	5.5%	2.3%	100.0%	16.7%	46.6%
Perry Barr	88.0%	6.4%	4.0%	1.6%	100.0%	12.0%	46.8%
Selly Oak	85.7%	7.5%	4.8%	2.0%	100.0%	14.3%	47.7%
Sutton Coldfield	76.6%	11.4%	8.1%	3.9%	100.0%	23.4%	51.3%
Yardley	86.5%	7.1%	4.6%	1.9%	100.0%	13.5%	47.7%
TOTAL	86.8%	7.0%	4.3%	1.9%	100.0%	13.2%	47.0%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

- 11.5 Population projections can next be used to indicate how the number of older persons might change in the future, with the table below showing that Birmingham is projected to see a notable increase in the older person population – the projection is based on the Standard Method.
- 11.6 For the 2024-44 period, a projected increase in the population aged 65+ of around 21% is shown – the population aged under 65 is, in contrast, projected to see a more modest increase (of 5%).
- 11.7 In total population terms, the projections show an increase in the population aged 65 and over of 31,900 people. This is against a backdrop of an overall increase of 85,800; population growth of people aged 65 and over, therefore, accounts for 37% of the total projected population change.

Table 11.3 Projected Change in Population of Older Persons, 2024 to 2044 – Birmingham

	2024	2044	Change in population	% change
Under 65	1,029,212	1,083,186	53,974	5.2%
65-74	81,298	89,273	7,975	9.8%
75-84	51,273	66,921	15,648	30.5%
85+	21,835	30,079	8,244	37.8%
Total	1,183,618	1,269,459	85,841	7.3%
Total 65+	154,406	186,273	31,867	20.6%
Total 75+	73,108	97,000	23,892	32.7%

Source: Icen Analysis

Characteristics of Older Person Households

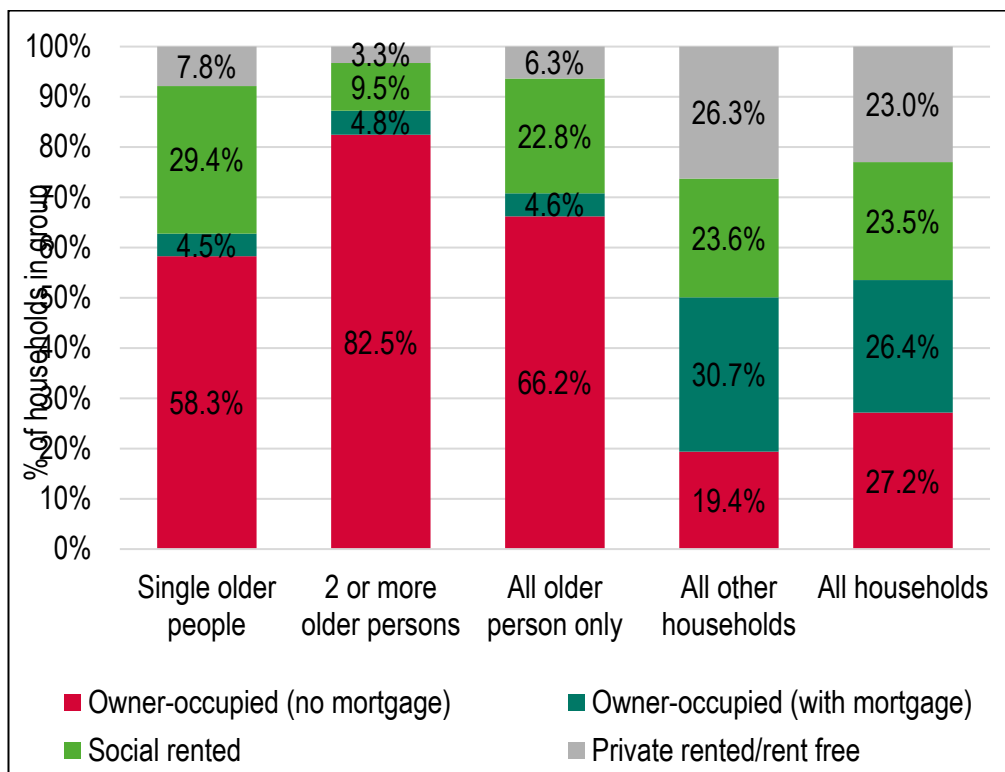
- 11.8 The figure below shows the tenure of older person households. The data has been split between single older-person households and households with two or more older people (which will largely be couples).

11.9 The data shows that most older persons households are owner occupiers (71% 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.

11.10 Some 23% of older persons households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 6%).

11.11 There are also notable differences for different types of older person households, with single older people having a lower level of owner-occupation than larger older person households – this group also has a higher proportion living in the social rented sector.:

Figure 11.1 Tenure of Older Persons Households in Birmingham, 2021



Source: 2021 Census

Disabilities

- 11.12 The table below shows the proportion of people who are considered disabled under the definition within the 2010 Equality Act²⁶, drawn from 2021 Census data, and the proportion of households where at least one person has a disability.
- 11.13 The data suggest that some 34% of households in the City contain someone with a disability. This figure is very slightly higher than seen in the West Midlands and nationally.
- 11.14 The figures for the population with a disability are the same proportion as seen nationally, and a figure slightly below the regional average, some 17% of the population having a disability.

Table 11.4 Households and People with a Disability, 2021

	Households Containing Someone with a Disability No.	Households Containing Someone with a Disability %	Population with a Disability No.	Population with a Disability %
Birmingham	145,959	34.5%	198,064	17.3%
West Midlands	820,676	33.8%	1,077,479	18.1%
England	7,507,887	32.0%	9,774,510	17.3%

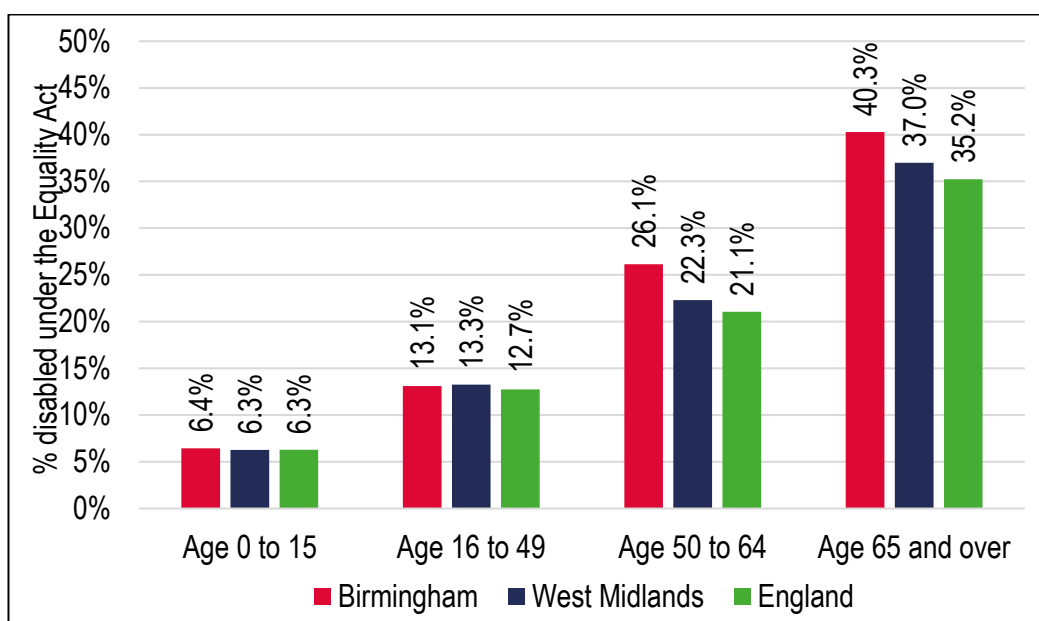
Source: 2021 Census

- 11.15 As noted, it is likely that the age profile will impact the number of people with a disability, as older people tend to be more likely to have a disability.

²⁶ The Census uses the same definition of disability as described in the Equality Act. This defines disability as a person with a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities.

- 11.16 The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability.
- 11.17 The analysis also generally shows higher age-specific levels of disability when compared with both the regional and national position – notably for age groups from 50 upwards.

Figure 11.2 Population with Disability by Age



Source: 2021 Census

Health Related Population Projections

- 11.18 The incidence of a range of health conditions is an essential component in understanding the potential need for care or support for a growing older population.
- 11.19 The analysis undertaken covers both younger and older age groups. It 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.

- 11.20 Of particular note are the large increases in the number of older people with dementia (increasing by 32% from 2024 to 2044 and mobility problems (up 27% over the same period).
- 11.21 Changes for younger age groups are smaller, reflecting the fact that projections expect older age groups to see the greatest proportional increases in population.
- 11.22 When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 10% of the total projected population growth.

Table 11.5 Projected Changes to Population with a Range of Disabilities – Birmingham

Disability	Age Range	2024	2044	Change	% change
Dementia	65+	12,461	16,431	3,970	31.9%
Mobility problems	65+	32,613	41,479	8,866	27.2%
Autistic Spectrum Disorders	18-64	8,113	9,364	1,251	15.4%
	65+	1,642	1,975	333	20.3%
Learning Disabilities	15-64	21,662	23,655	1,993	9.2%
	65+	3,661	4,401	740	20.2%
Impaired mobility	16-64	38,899	42,743	3,844	9.9%

Source: POPPI/PANSI and Demographic Projections

- 11.23 Invariably, there will be a combination of those with disabilities and long-term health problems who continue to live at home with family, those who choose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 11.24 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.

Need for Specialist Accommodation for Older People

- 11.25 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 housing for older persons that 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, as well as the active elderly. It may include 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 spaces for socialising 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]

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- 11.26 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.
- 11.27 The approach taken below considers a range of publications from Housing LIN (including that mentioned in the PPG) to derive a series of prevalence rates. The rates also take into account the health of the Birmingham population and levels of deprivation (which will impact the tenure split between market and affordable housing).
- 11.28 The following prevalence rates, expressed as a need per 1,000 people aged 75 and over, have been used in the analysis:
- Housing with support (market) – 28 units;
 - Housing with support (affordable) – 109 units;
 - Housing with care (market) – 13 units;
 - Housing with care (affordable) – 36 units;
 - Residential care – 44 bedspaces; and
 - Nursing care – 49 bedspaces
- 11.29 It is also essential to understand the supply of different types of specialist accommodation, with the table below showing various categories of accommodation. Figures are presented as totals and as proportions of the population aged 75 and over (estimated at 73,108 in 2024).
- 11.30 The analysis shows a total of around 12,700 units of housing with support, which represents around 173 per 1,000 people aged 75 and over – some 81% of this in the affordable sector.
- 11.31 For housing with care, a lower current supply is shown (2,700 units – again mainly in the affordable sector).
- 11.32 For nursing and residential care, a supply of 5,500 bedspaces is shown, with the majority (62%) being nursing care.

Table 11.6 Current supply of housing for older people – Birmingham

Tenure	Current supply	Supply per 1,000 aged 75+
Housing with support	12,655	173
Market	2,397	33
Affordable	10,258	140
Housing with care	2,666	36
Market	817	11
Affordable	1,849	25
Residential care bedspaces	2,102	29
Nursing care bedspaces	3,421	47
Total bedspaces	5,523	76

Source: EAC

- 11.33 Taking the supply forward and using the prevalence rates, the tables below show estimated needs for different types of housing linked to the population projections.
- 11.34 The analysis is separated into the various types and tenures. However, it should be recognised that there may be overlap between categories (i.e., some households may be suited to more than one type of accommodation).
- 11.35 The analysis shows there is currently a sufficient supply of housing with support (e.g. sheltered/retirement housing) in both the market and affordable sectors, and even by 2044, only a very modest additional need is identified (in both sectors).
- 11.36 For housing with care (e.g. extra-care), a current shortfall of around 900 dwellings is shown (mainly for affordable housing), and this shortfall would double in the period to 2044 with no additional homes.
- 11.37 For nursing and residential care, the analysis suggests a current shortfall of around 1,300 units, almost entirely for residential care (which may overlap with extra-care). Moving through to 2044, a total need of

3,500 bedspaces is identified, including additional nursing care (over a third of the total).

Table 11.7 Specialist Housing Need for Older Persons, 2024-44 – Birmingham

	Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall / surplus (-ve)	Additional demand to 2044	Shortfall /surplus by 2044
Housing with support	137	12,655	10,007	-2,648	3,270	622
Market	28	2,397	2,063	-334	674	341
Affordable	109	10,258	7,943	-2,315	2,596	281
Housing with care	49	2,666	3,602	936	1,177	2,114
Market	13	817	943	126	308	435
Affordable	36	1,849	2,659	810	869	1,679
Residential care bedspaces	44	2,102	3,202	1,100	1,046	2,147
Nursing care bedspaces	49	3,421	3,602	181	1,177	1,359
Total bedspaces	93	5,523	6,804	1,281	2,224	3,505

Source: Icenis analysis/EAC

Wheelchair User Housing

- 11.38 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future.

- 11.39 Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2020/21 data. The EHS data used include the age structure of wheelchair users, information on the work needed to make homes ‘visitable’ for wheelchair users, and data on wheelchair users by tenure.
- 11.40 The table below shows, at a national level, the proportion of wheelchair user households by the age of the household reference person. Nationally, around 3.1% of households contain a wheelchair user – with around 1% using a wheelchair indoors.
- 11.41 There is a clear correlation between the age of the household reference person and the likelihood of there being a wheelchair user in the household.

Table 11.8 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only
24 and under	99.4%	0.4%	0.0%	0.1%
25-34	99.4%	0.1%	0.1%	0.3%
35-49	97.9%	0.4%	0.3%	1.4%
50-64	97.1%	0.5%	0.2%	2.2%
65 and over	94.3%	1.3%	0.5%	4.0%
All households	96.9%	0.6%	0.3%	2.2%

Source: English Housing Survey (2020/21)

- 11.42 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population.

11.43 The data estimates a total of 16,000 wheelchair user households in 2024, and that this will rise to 18,900 by 2044.

Table 11.9 Estimated number of wheelchair user households (2024-44)
– Birmingham

	Prevalence rate (% of households)	Households 2024	Households 2044	Wheelchair user households (2024)	Wheelchair user households (2044)
24 and under	0.5%	17,352	25,108	90	131
25-34	0.6%	69,849	90,051	429	553
35-49	2.6%	129,277	156,795	3,338	4,049
50-64	4.1%	118,222	128,405	4,824	5,239
65 and over	7.2%	100,688	122,621	7,291	8,880
All households		435,388	522,981	15,973	18,852

Source: Icen analysis

11.44 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.

11.45 Data from the EHS indicates that approximately 200,000 of the 814,000 wheelchair user households reside in homes that are either problematic or not feasible to make fully ‘visitable’, accounting for around 25% of these households.

11.46 Applying this to the current number of wheelchair user households across the City gives a current need for 3,993 additional wheelchair user homes.

11.47 If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in

accommodation), then a further need for 720 homes in the 2024-44 period can be identified. Added together, this leads to a need estimate of 4,713 wheelchair user homes, equating to 236 dwellings per annum.

Table 11.10 Estimated need for wheelchair user homes, 2024-44

	Current need	Projected need (2024-44)	Total current and future need
Birmingham	3,993	720	4,713

Source: Icen Analysis

- 11.48 Furthermore, information in the EHS (for 2020/21) also provides national data about wheelchair users by tenure. This showed that, at that time, around 6.7% of social tenants were wheelchair users (including 1.8% who used a wheelchair indoors/all the time), compared with 2.6% of owner-occupiers (0.8% who used a wheelchair indoors/all the time).
- 11.49 These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 11.11 Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only
Owners	97.4%	0.6%	0.2%	1.8%
Social sector	93.3%	1.3%	0.5%	4.9%
Private renters	98.6%	0.2%	0.2%	1.0%
All households	96.9%	0.6%	0.3%	2.2%

Source: English Housing Survey (2020/21)

- 11.50 To meet the identified need, the Council could seek a proportion (potentially up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (potentially up to 10%).
- 11.51 These figures are slightly increased above the need, as not all sites can 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.
- 11.52 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.
- 11.53 Furthermore, provision of this type of property may, in some cases, challenge the viability of delivery given the reasonably high build-out costs.
- 11.54 It is worth noting that the Government has now reported on a consultation (Raising Accessibility Standards for New Homes²⁷) on

²⁷ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

changes to the way the needs of people with disabilities and wheelchair users are planned for 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 grounds.

- 11.55 The key outcome is: 'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation, and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes. This change is due to be implemented shortly through a change to building regulations.
- 11.56 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now, where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue tailoring the supply of wheelchair-user dwellings to local demand.
- 11.57 As well as evidence of need, 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.
- 11.58 It should be noted that 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.

Consultation with Adult Social Care

- 11.59 The Adult Social Care team is currently reviewing the strategy and provision for older persons and specialist accommodation in Birmingham.
- 11.60 There is a growing emphasis on in-situ support and extra-care housing, with a shift away from traditional residential care settings. The team is also updating Market Position Statements to reflect these evolving priorities.
- 11.61 A significant concern is the quality and suitability of existing accommodation. Many care homes in Birmingham are converted domestic properties, which are not purpose-built and often fall short of modern care standards.
- 11.62 There is a shortage of appropriate housing, particularly for individuals with specialist needs such as autism, who require adapted environments with sensory-friendly features. Supported living is increasingly preferred, but the sector faces challenges in delivering suitable stock at scale.
- 11.63 Tenure and location gaps persist across various types of older persons housing, including age-exclusive, sheltered, extra-care, and nursing homes. Issues such as voids, difficulty in letting, and the potential loss of stock through closure or conversion are being monitored.
- 11.64 Cost remains a barrier for many, and there is concern about the affordability and sustainability of accommodation options.
- 11.65 The sector is also grappling with regulatory changes, particularly around supported housing, which is currently skewed due to the dominance of the Single Exempt Accommodation (SEA) sector.
- 11.66 Collaboration across departments is essential, with housing management colleagues overseeing sheltered properties and the

Mental Health Trust contributing insights through a newly published housing paper.

- 11.67 The team is working to ensure that future strategies are inclusive, evidence-based, and responsive to the diverse needs of older and specialist populations.
- 11.68 The goal is to move toward purpose-built, high-quality housing solutions that support independence and dignity within Birmingham.

Older and Disabled Persons - Summary

- 11.69 The data shows that Birmingham has a notably slightly younger age structure than is seen regionally and nationally, and higher age-specific levels of disability compared with the national position.
- 11.70 The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (66% of all older person households are outright owners).
- 11.71 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase. Key findings for the 2024-44 period include:
- a 21% increase in the population aged 65+ (potentially accounting for 37% of total population growth);
 - a 32% increase in the number of people aged 65+ with dementia and a 27% increase in those aged 65+ with mobility problems;
 - a modest need for around 600 additional housing units with support (sheltered/retirement housing) in both the market and affordable sectors;

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- a need for around 2,100 additional housing units with care (e.g. extra-care) – around 80% in the affordable sector;
 - a need for additional nursing and residential care bedspaces (around 3,500 in the period); and
 - a need for around 4,700 dwellings to be for wheelchair users (meeting technical standard M4(3)).

- 11.72 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.
- 11.73 Given the evidence, the Council could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around 10% in the affordable sector).
- 11.74 Where the authority has nomination rights, the supply of M4(3) dwellings would be wheelchair-accessible dwellings (constructed for immediate occupation).
- 11.75 In the market sector, they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user).
- 11.76 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). So, any policy should be applied flexibly.
- 11.77 In framing policies for the provision of specialist older persons accommodation, the Council 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).

11.78 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.

12. Support Exempt Accommodation

- 12.1 Support Exempt Accommodation (SEA) is accommodation in supported housing which is exempt from the rules that normally limit the amount of rent covered by benefits such as housing benefit or universal credit.
- 12.2 SEA is used to house a range of people with housing and support needs. Exempt Accommodation can be provided by Local Authorities, Registered Providers, Housing Association Charities, and other Voluntary Sector organisations such as Community Interest Companies (CIC).
- 12.3 Costs of this type of housing are met through Housing Benefit, with Local Authorities recovering some or all costs from the Department for Work and Pensions.
- 12.4 Local Authorities pay Housing Benefit for specified supported housing, in most cases directly to the provider. The Department for Work and Pensions (DWP) reimburse local authorities for these payments in line with the housing benefit subsidy rules, set out in legislation.
- 12.5 Support can be required for a number of reasons, including for older people, those with a disability or illness, including those with autism or mental health issues, those who have experienced homelessness or the criminal justice system, care leavers, people recovering from addiction or those fleeing domestic abuse and refugees.

Policy Context

- 12.6 At a national level, there is a National Statement of Expectation (NSE) for supported housing²⁸ (October 2020). The NSE sets out the government's vision for the sector and includes guidance in assessing need and planning to meet that need.

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- 12.7 The NSE recommends that local authorities carry out an accommodation needs assessment across all groups of people with a support or a care need and to map supply against current and future needs. Planning authorities are also required to understand how additional provision is funded and delivered.
- 12.8 In relation to identifying needs, the NSE does not specify how this can take place but suggests the use of “new and existing data and seeking input from experts and practitioners”
- 12.9 Five local authority areas, including Birmingham, were given £5.4 million for pilot programmes, launched at the same time as the NSE, to improve the quality and value of non-commissioned SEA. The report detailed that the five local authorities:
- Inspected and enforced standards (including local quality standards);
 - Reviewed the support provided;
 - Enhanced scrutiny of new and existing housing benefit claimants; and
 - Undertook strategic planning to understand the local market better.
- 12.10 The local authorities reported that these steps improved the quality of resident support and accommodation and reduced the number of unreasonable or illegal housing benefit claims (saving £6.2m).

²⁸ <https://www.gov.uk/government/publications/supported-housing-national-statement-of-expectations/supported-housing-national-statement-of-expectations#part-1-assessing-local-need-and-planning-effectively-to-meet-demand>

12.11 Their report also provided some guidance in relation to assessing demand using the different methods employed in each area. It was noted that demand was influenced by a number of factors, including:

- Success in homelessness prevention;
- Access to affordable mainstream housing; and
- Movement of people in and out of the local authority.

12.12 Areas of data which were reviewed included:

- H-CLIC data, which relates to homelessness. Specifically, where there are evictions from supported accommodation, homeless flows; demographics and support need.
- Indicators of current under or over-supply;
- Per capita numbers of SEA, and
- The number and source of out-of-area referrals.

12.13 The government's Supported Exempt Accommodation Briefing Research²⁹ summarised the pilot's key recommendations, which include:

- Make short-medium term funding available to local authorities to oversee supported housing in their area, to embed and potentially expand the pilot's work while longer-term reforms (e.g. regulatory and legislative measures) are agreed and implemented;
- Aim to define "care, support and supervision", and review regulations around rent levels and subsidies, to increase the impact of Housing Benefit scrutiny activities;
- Strengthen local authorities' powers to support them in intervening in new supply where it is unnecessary or of poor quality. Options could include requiring a provider to seek the approval of the local authorities before establishing a new scheme; and

²⁹ <https://researchbriefings.files.parliament.uk/documents/CBP-9362/CBP-9362.pdf>

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- Review funding and regulation for the support element of supported housing to improve quality.

12.14 More recently, in a written ministerial statement in March 2023, Eddie Hughes MP (an under-secretary at DLUHC) noted that there was a need to end unscrupulous landlords within the sector and to do this, they intended to take forward the following measures:

- “Minimum standards for the support provided to residents to ensure residents receive the good quality support they expect and deserve in order to live as independently as possible and achieve their personal goals;
- New powers for local authorities in England to better manage their local supported housing market and ensure that rogue landlords cannot exploit the system to the detriment of vulnerable residents and at the expense of taxpayers; and
- Changes to housing benefit regulations to seek to define care, support and supervision to improve quality and value for money across all specified supported housing provision.”

12.15 Subsequently, the government has published The Supported Accommodation (Regulatory Oversight) Act (2023). This was brought to parliament because of concerns that the sector was under-regulated.

12.16 The under-regulation of the sector has resulted in some operators entering the market who, according to Crisis, the national homelessness charity, are seeking to “maximise returns using the higher rents permitted by the exempt housing benefit provisions”.

12.17 There are also concerns that some providers are putting profit before the needs of residents, resulting in poor housing conditions and ineffective care and support.

12.18 In essence, these operators say they will support a particular group, e.g., the homeless under 25. Because they are exempt from Housing Benefit caps, they can charge a much higher rent, due to increased management costs, although Housing Benefit does not cover the support itself. The Council are also obligated to accept this if the resident's needs meet the criteria.

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- 12.19 The Act responds to this issue and mandates that:
- “A local housing authority in England must—
- (a) review the supported exempt accommodation in its district, and
- (b) In the light of that review, publish a strategy, to be known as a “supported housing strategy”, for the provision of supported exempt accommodation in its district.
- 12.20 This strategy must include an assessment of the current availability of supply and the likely need for SEA in the five years from the strategy’s publication. The council’s housing team also need to have regard to the strategy in exercising its duties.
- 12.21 The Act also sets out powers for the DLUHC Secretary of State to make regulations to establish a licensing regime for the supported housing sector. The Secretary of State will be required to exercise this power in relation to a particular subset of supported housing.
- 12.22 Birmingham Supported Housing Strategy 2020-2025 consultation draft³⁰ published in August 2022 sets out the Council’s position in relation to SEA and the results of a survey of providers.
- 12.23 The strategy notes that Birmingham has a large private rented sector and a stock profile which lends itself to house conversions to shared accommodation. This presents greater financial gains to SEA operators.
- 12.24 The strategy also estimates the total Local Supported Housing Need of between 8,505 and 10,455 units. The upper estimate level indicates a need for 10,455 units of supported housing. This is estimated to rise by 1.05% over 5 years. This estimates a rise to 10,564 by 2027.

³⁰ https://www.birminghambeheard.org.uk/people-1/birmingham-supported-housing-strategy-1/supporting_documents/Supported%20Housing%20Strategy%20Beheard%20Vers_August%202022.pdf

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- 12.25 People at risk of domestic abuse. Homeless people with identified other support needs, rough sleepers, refugees, and travellers represent the main need group at 39.2%.
- 12.26 The vast majority of support needs exist at the lower end of the spectrum (70%), with individuals typically requiring support of 2 or fewer hours per week.
- 12.27 Based upon current projections, the report identifies a significant oversupply of supported housing in the city. Based upon upper-level estimates of 10,564 by 2027, this oversupply is currently circa 50%. Having twice as much supported housing as is needed for the city suggests:
- Large numbers are imported from the region and nationally.
 - The supported housing option is filling the gap for other critical shortages of affordable housing, particularly the acute shortage of general needs accommodation for single adults.
- 12.28 The strategy also sets out the Council's strategic aims, which are:
- Reduce the current oversupply of supported housing.
 - Improve the quality, oversight and funding of supported housing provision.
 - Encourage independent living.
 - Help to sustain communities.
 - Have a positive impact on the health and well-being of individuals.
 - Respond effectively to the needs of a highly diverse community.
- 12.29 The SHS notes that the lack of affordable single-bedroom homes is pushing people towards SEA. This will partly be addressed by the recommended housing mix, which aims to allocate 20% of affordable rental units as 1-bedroom homes.

12.30 It also notes that areas with large homes in the PRS or with a lower value that can be subdivided will be ripe for conversion to shared housing, which can be used as SEA.

Scale of SEA

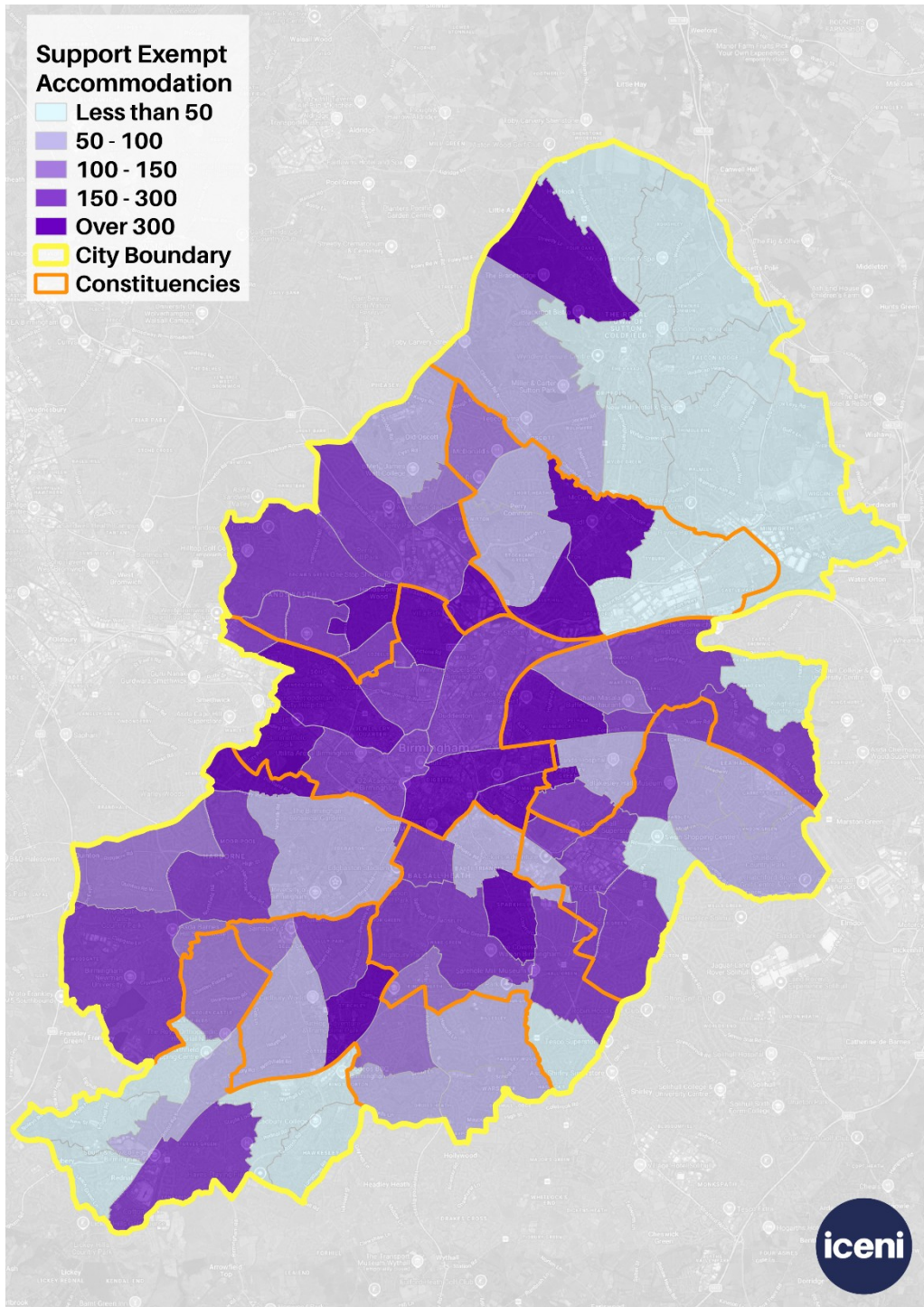
12.31 At a national level, data gathered by Crisis showed “153,701 households in Great Britain were housed in exempt accommodation as of May 2021”, representing a 62% increase since 2016.

12.32 Data from the Council reveal that there are 11,209 SEA properties in the City. According to the Supported Housing Strategy, Birmingham has been viewed locally and nationally as an outlier in terms of the size of this sector.

12.33 The distribution of these homes within the City is illustrated in the map below. The largest numbers can be found in:

- Aston
- North Edgbaston
- Soho & Jewellery Quarter
- Sparkhill
- Stirchley
- Sutton Four Oaks

Figure 12.1 SEA Bedrooms in Birmingham (2026)



Source: Birmingham City Council, 2026

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- 12.34 The financial impacts of SEA arise where the accommodation is provided by a Registered Provider (RP), and the Council receives 100% of the benefit paid out back from the DWP but where the accommodation is not provided by an RP the Council only receives 100% subsidy up to the Rent Officer determined market rent for the property which is much lower than the enhanced payments made for supported accommodation.
- 12.35 The H-CLIC data suggests that around 46% of homelessness claimants have a support need due to either of these issues. It also suggests that around 13% of homelessness representations are from people whose previous accommodation was supported accommodation.
- 12.36 This highlights the lack of secure tenancies within SEA accommodation, but also presents an administrative and financial burden which would fall on the Council.
- 12.37 Even when the Council can find a solution in the private rental sector, increasing rents and the growing gap to housing benefits make moving on difficult and for many, it is too expensive. This also slows the turnover of existing properties.
- 12.38 The City Council has stated that “Birmingham has sufficient supported exempt accommodation. However, if you want to apply for exempt status, you must be able to show: the business is not for profit and evidence of the care, support and supervision provided to residents”

Policy Response

- 12.39 Policy responses are difficult under the present regulations, as Local Authorities do not influence the supply, location, or density of provision.

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- 12.40 The Supported Accommodation Act, which states that the Secretary of State may, subject to consultation, make provision for SEA managers or controllers to be licensed. Such licensing regulations may include conditions relating to:
- the standard of accommodation;
 - the use of accommodation;
 - the carrying out of assessments of the needs of residents (or potential residents);
 - the provision of care, support or supervision;
 - compliance with National Supported Housing Standards (whenever published).
- 12.41 That said, the Council has already placed expectations on housing providers to meet their quality standards scheme. These standards focus on
- policy and practice
 - standards of accommodation
 - quality of support and information provided to residents and stakeholders.
- 12.42 As well as the above, the City Council already has a number of good practices, including the publication of the supported housing strategy and a preferred providers list of those with Quality Standards Accreditation.
- 12.43 The City Council is already seeking to rebalance the provision, given the large oversupply. However, it would appear that this is already working, as the number of SEA homes has halved in the last three years since the SHS was published.
- 12.44 Birmingham City Council has also championed work to be standardised across the region, and collaboration should be improved.
- 12.45 The Council has also been awarded £3.2m through the Supported Housing Improvement Programme (SHIP), which ended in March 2025.

This programme seeks to improve standards and value for money within supported housing.

12.46 The programme has collated a multi-disciplinary team which responds to complaints and carries out inspections to improve poor standards with providers on behalf of tenants. They also inspect the properties of all new providers who apply for exempt status. The team includes officers from:

- community safety
- housing
- adult social care
- planning enforcement
- benefits

Supported Exempt Accommodation – Summary

12.47 Support Exempt Accommodation (SEA) is accommodation with support which is exempt from the rules that normally limit the amount of rent covered by housing benefit or universal credit.

12.48 Within Birmingham, there are 11,209 SEA bedspaces in the City. Although SEA has experienced significant growth, with both financial and qualitative impacts on the City, the numbers are now declining.

12.49 The Supported Housing Strategy suggests a surplus of SEA in the City, although this was undertaken when the numbers were much higher.

12.50 The majority of SEA is taken up by homeless households and those with mental health issues.

13. Other Specific Groups

Students

- 13.1 According to the 2021 Census, there were c. 86,000 students over the age of 18 living in Birmingham at that time. Around 40% of students were living with their parents at the time of the Census, followed by students in all student households (21%) and university establishments (17%).
- 13.2 Although it should be noted that the timing of the 2021 Census means its results are impacted by the Covid-19 pandemic, which may influence these figures and potentially overrepresent the number of students who were living at home compared to more recent data.

Table 13.1 Accommodation of Students (18+)

	Number	Percentage
Living with parents	34,274	39.9%
Living in a communal establishment: University	15,139	17.6%
Living in a communal establishment: Other	1,232	1.4%
Living in an all-student household	18,098	21.0%
Living alone	4,063	4.7%
Living in another household type	13,172	15.3%
Total	85,978	

Source: Census 2021

- 13.3 Looking at the data from the Higher Education Statistics Authority (HESA), this shows the number of students at each institution and how this has changed over time.
- 13.4 The University of Birmingham is the largest institution in the city, with 37% of students enrolled, closely followed by Birmingham City University (32%).

- 13.5 Birmingham City University has seen the most growth in absolute numbers, although Aston University, the 3rd largest institution, has seen the most growth in percentage terms since 2014/15 at 68%.

Table 13.2 Enrolment by Institution

All	2014/15	2023/24	Percentage of Birmingham Total (23/24)	Absolute Increase (2014/15-2023/24)	% Increase (2014/15-2023/24)
Aston University	11,070	18,605	19.0%	7,535	68%
Birmingham City University	23,335	31,415	32.1%	8,080	35%
Birmingham Newman University	2,725	4,080	4.2%	1,355	50%
The University of Birmingham	34,160	36,835	37.6%	2,675	8%
University College Birmingham	4,855	6,890	7.0%	2,035	42%
Grand Total	76,145	97,850	100.0%	21,705	29%

Source: HESA 2023/24

Supply and Demand

- 13.6 In November 2024, the Council published the “Student Accommodation Supply and Demand Update”. It concluded that across the City, there was a current shortfall of 13,642 PBSA bedspaces.
- 13.7 Much of the need is within the Selly Oak/Edgbaston area, with a smaller level of need (-176) in the City Centre, and a surplus of 69 bedspaces in Bartley Green.
- 13.8 The report also considered projected growth in demand up to 2027/28. It estimates a Citywide need of 53,476 bedspaces at this point, with much of the need predicted to be in the City Centre (50.5%), followed by Selly Oak/Edgbaston (49%), and a tiny proportion at Bartley Green (0.5%).
- 13.9 The assessment also considered the existing and pipeline supply of student bedspaces within the City. Icenl have sought to update the

supply pipeline (Table 3 in the assessment) to the August 2025 position. This is set out below³¹

Table 13.3 Existing and Pipeline Supply Update

Location	Selly Oak/ Edgbaston	City Centre	Bartley Green	City-wide
Existing supply ³²	8,805	15,699	110	24,614
Under construction or with Permission	2,442	8,437	196	9,178
Sub total	11,247	24,136	306	35,689
Current applications ³³	0	4,503	0	4,503
Total	11,247	28,639	306	40,192

Source: Birmingham City Council and Icen Projects

- 13.10 Looking ahead, we have assessed this against the predicted need figures for 2027/28, considering only the supply scenarios 2 and 3, which were considered the most sensible by the Council.
- 13.11 However, this would still indicate a substantial shortfall in the Selly Oak/Edgbaston area, which leads to an overall shortfall city-wide.
- 13.12 In Scenario 3, which also includes applications that do not currently have planning permission across the City, it is only Selly Oak/Edgbaston which has a shortfall, with both the City Centre and Bartley Green seeing a surplus.

³¹ Supply permissions considered can be seen in appendix 1

³² At 1st April 2024

³³ At 10th August 2025

Table 13.4 Supply /Demand Balance – Scenarios 2 and 3

	Selly Oak/ Edgbaston	City Centre	Bartley Green	City-wide
Scenario 2				
Potential future demand	26,184	27,016	276	53,476
Existing + Committed Supply	11,249	24,136	306	33,792
Shortfall/ surplus	-14,936	-2,880	30	-17,786
Scenario 3				
Potential future demand	26,184	27,016	276	53,476
Existing + Committed supply + Current applications	11,249	28,639	306	39,383
Shortfall/ surplus	-14,936	1,623	30	-13,283

Source: Birmingham City Council and Icenl Projects

- 13.13 The previous HEDNA report considered the Council’s original research on PBSA demand and supply and supports the recommendations that it made.
- 13.14 The analysis in the updated Council research, as well as that from the new Census and HESA data, does not indicate that the student market has changed radically enough to make the recommendation invalid or irrelevant.
- 13.15 It is therefore recommended that the Council continue to be supportive of PBSA developments where appropriate.

Gypsies and Travellers

- 13.16 The latest evidence³⁴ In relation to the housing needs of Gypsies and Travellers in Birmingham, the Gypsy and Traveller Accommodation Assessment (2024) was produced by RRR.

³⁴ [Birmingham Gypsy and Traveller Accommodation Needs Assessment AF.pdf](#)

13.17 The GTAA has sought to understand the accommodation needs of the Gypsy, Traveller and Travelling Showpeople population in Birmingham through a combination of desk-based research, stakeholder interviews and engagement with members of the travelling community.

13.18 The key findings of the report for each group are set out in the tables below.

Table 13.5 Gypsy and Traveller Permanent Accommodation Needs

Period	Ethnic Definition	PPTS 2023 Definition
1-5 years	25	20
6-10 years	5	4
11-15 years	6	5
16-20 years	6	5
Total	42	34

Table 13.6 Travelling Showpeople Permanent Accommodation Needs

Period	Need
1-5 years	2
6-10 years	2
11-15 years	2
16-20 years	3
Total	15

Table 13.7 Boat Dweller Accommodation Needs

Period	Need
1-5 years	35
6-10 years	1
11-15 years	2
16-20 years	2
Total	40

Source: Birmingham GTAA 2024, RRR

13.19 In terms of Transit Site provision, the report recommended the re-opening of the unused 15-pitch transit site as well as the adoption of a negotiated stopping policy for transient or visiting encampments.

13.20 The stopping policy should allow caravans to stop at suitable locations for an agreed, limited period, with provision of basic services like water, waste disposal, and toilets.

13.21 It was considered that the refurbishment of the closed transit site, as well as the introduction of the negotiated stopping policy, would meet the identified need for a transit site.

13.22 The report also made a number of other recommendations, which include but are not limited to:

- **Collaborative Site Identification:** The council needs to work in collaboration with Gypsy, Roma, Traveller, and Travelling Showpeople communities to identify suitable sites and yards, and assist families and community groups in acquiring and bringing these sites into use
- **Review Unauthorised Developments:** Review the planning status of unauthorised developments and consider granting them permanent status
- **Expand/Provide New Sites:** Consider meeting accommodation needs by expanding existing provisions or providing new sites/yards, exploring alternative options like cooperative development (e.g., community land trusts, shared ownership) or small local authority-owned sites rented to families
- **Safeguard Existing Sites:** Consider safeguarding Gypsy and Traveller sites and Showpeople yards with permanent planning permission for their current use, unless they are no longer needed
- **Common Approach to Encampments:** In liaison with enforcement agencies like the police, develop a common approach to dealing with unauthorised encampments

Service Personnel

13.23 MOD statistics report that there are 780 regular forces personnel in Birmingham and 80 civilian personnel. Since 2012, the number of

regular forces has remained reasonably stable despite a slight dip between 2015 and 2019.

- 13.24 There are no specific military establishments in the city. Still, it is home to a number of reserve units, including the Royal Marines Reserve, HMS Forward (Royal Navy Reserve), and Birmingham University Training Units (Navy, Army, and RAF), all of which are reservist units.
- 13.25 A key change in service personnel has been the drop in Civilian personnel from 560 in 2020 to 80 in 2024. This is primarily due to the relocation of the Defence Infrastructure Organisation Head Office from Sutton Coldfield to DMS Whittington in October 2021.
- 13.26 Despite the number of MoD Personnel seen in the city, when this is compared to the overall population, the presence is minimal. That being said, Annexe 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation falls within the definition of affordable housing.
- 13.27 Depending on their incomes, this group will already be accounted for within the affordable housing need and will essentially not be additional to it.
- 13.28 Several other regulations in place aiming to support ex-service personnel. This includes the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations, which ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.
- 13.29 This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy.
- 13.30 Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and would be given priority need for housing.

Children in Care

- 13.31 Birmingham Children's Trust is the organisation in charge of all Children's Services in Birmingham. While it used to be part of Children's Services within the Council, the Trust was set up in 2018 to accelerate the changes needed to improve social work and support disadvantaged children in the City. Although BCC owns the Trust, it is independent from them.
- 13.32 In 2024, the Trust published its current Children in Care Sufficiency Strategy, which sets out commissioning intentions for 2024 to 2026. The overall focus of the strategy is to:
- "Improve the commissioning framework arrangements to ensure effective response to sufficiency challenges and strive for high-quality care for our children."*
- 13.33 The strategy identifies several key challenges for children in care in Birmingham, which include:
- Increasing internal fostering capacity
 - Insufficient secure accommodation provision
 - The rising cost of care
- 13.34 In 2023-2024, the rate of Children in Care in Birmingham was 79 per 10k children; this is a figure that has been increasing recently from a low of 66 per 10k in 2020-21. The Trust expects the number of Looked after Children to increase further to around 2,518 in April 2029.
- 13.35 In terms of accommodation, the Children's Trust manage a range of different accommodation types in the city. Still, there are also a few independent external agencies based in the city.
- 13.36 Birmingham is also part of the West Midlands Regional Framework, which the West Midlands Commissioning Hub leads. The Framework sets pricing and requires a collective approach to external residential, fostering and supported accommodation.

-
- 13.37 The Framework also ensures consistency and transparency across the region, while also allowing access to accommodation registered with the Framework.
- 13.38 Fostering is a key resource for the Trust in ensuring children have the appropriate care and support. Birmingham generally performs well here, with the City approving 70 new foster carers between 2022 and 2024. This is particularly notable given the national trend of declining numbers of foster carers.
- 13.39 As of September 2024, the Trust had approved 600 foster carers providing a total of 1,013 places for children. There are also several Independent Fostering Agencies (IFAs) which have the capacity to provide around 5,046 foster placements in the West Midlands Region.
- 13.40 As Birmingham is part of the regional framework, it also has access to around 87.5% of these placements (approx. 4,415 placements)
- 13.41 Residential care is also important; the trust operates five residential children's homes offering 45 placements, 14 of which are short-term only.
- 13.42 All residential children's homes were rated good at the most recent Ofsted Inspection. There were an additional 79 Ofsted-registered, privately operated homes in Birmingham in January 2025,³⁵ with a capacity of 247 bedspaces.
- 13.43 Privately operated homes are generally smaller than those operated by the Trust, with most offering 3-4 bedspaces each.
- 13.44 Birmingham Children's Trust operates the most bedspaces in the City (45). Key private operators include Beacon Childcare Ltd and Cambian

³⁵ [Inspection and regulation of children's social care providers - GOV.UK](#)

Childcare, both with 7 homes and 19 spaces each, and N H Care, with 5 homes and 19 spaces.

- 13.45 Supported accommodation is also essential for 16-17-year-olds within the Trust's care. There are 232 settings in Birmingham offering 765 supported beds.
- 13.46 While there is no requirement for supported accommodation to be registered with Ofsted, 22 settings in Birmingham are providing 144 bedspaces. The largest of the Ofsted registered settings is St Basils, which is partnered with the Trust and offers 19 bedspaces.
- 13.47 The City is currently seeing increases in the proportion of Unaccompanied Asylum Seeker Children (UASC). Given Birmingham's diverse culture, this is unsurprising.
- 13.48 The Trust has found little difficulty in securing accommodation for this group, with those under 16 placed in foster care and 16–17-year-olds in supported accommodation alongside peers.
- 13.49 The Trust expects the proportion of UASCs to continue increasing in the future. It is engaging with supported accommodation providers who have worked with this group before in order to meet increased demand.
- 13.50 As mentioned, the Trust expect the number of looked after children in Birmingham to increase. The main strategic intentions to address this need are to increase capacity for internal fostering and to shift towards early interventions for children, thereby preventing the need for them to enter care.
- 13.51 While the Trust makes no clear aims for increases in residential care and supported accommodation, they do intend to develop relationships with existing providers, increasing the availability of spaces and cost-effectiveness.
- 13.52 While the sufficiency strategy does not outline any intentions for the Trust to develop new accommodation directly, it does state that the

Trust will provide *“proactive follow-up, support and engagement with providers regarding planning applications for residential provision to ensure the best chance of utilising occupancy when available”*.

- 13.53 The Council should work with the Trust to ensure the growing need for accommodation is met.

Other Groups - Summary

Students

- 13.54 As of the 2021 Census, approximately 86,000 students aged 18 and over lived in Birmingham, around 40% of whom live with their parents.
- 13.55 Data from the Higher Education Statistics Authority (HESA) for 2023/24 shows total enrolment at the City’s Universities reached 97,850, marking a 29% increase since 2014/15.
- 13.56 A November 2024 Council report identified an acute city-wide shortfall of 13,642 bedspaces in Purpose-Built Student Accommodation (PBSA).
- 13.57 Projections for 2027/28 indicate a total need of 53,476 bedspaces. Even when factoring in current applications for supply (Scenario 3), a substantial shortfall of 13,283 bedspaces is predicted city-wide, including a high need in the Selly Oak/Edgbaston area.
- 13.58 Consequently, the Council is recommended to continue supporting PBSA developments where appropriate

Gypsies, Travellers and Boat Dwellers

- 13.59 The Gypsy and Traveller Accommodation Assessment (GTAA) 2024 identified distinct accommodation needs for travelling communities.
- 13.60 The permanent accommodation need for Gypsies and Travellers based on the Ethnic Definition is 42 pitches over 20 years, with 20 needed in the first five years.

13.61 Travelling Showpeople require nine permanent pitches over 20 years, and Boat Dwellers need 40 moorings, 35 of which are required in the first five years.

13.62 To address the Transit Site provision, the GTAA recommended re-opening the existing unused 15-pitch transit site

Service Personnel

13.63 Birmingham hosts 780 regular forces and 80 civilian personnel, a minimal presence compared to the overall population.

13.64 Military personnel are categorised as Essential Key Workers under Annexe 2 of the NPPF. Regulations also protect ex-service personnel by allowing them to establish a 'local connection' for housing applications and providing priority assistance for homeless ex-armed forces personnel with mental health issues.

Children in Care

13.65 The Birmingham Children's Trust is responsible for Children's Services within Birmingham.

13.66 The Trust's 2024–2026 Sufficiency Strategy aims to increase internal fostering capacity and shift focus towards early intervention to prevent children from entering care.

13.67 This is particularly important given the rate of children in care has been rising (79 per 10k children in 2023–2024) and is expected to reach approximately 2,518 children by April 2029.

14. Economic Policy Review

- 14.1 This section reviews the main policy, strategies and planning documents relevant to Birmingham's Economy that have been published since the HEDNA was produced in 2022.
- 14.2 It specifically seeks to identify and summarise policies, plans and projects which have an impact on economic growth, employment, land demand & supply.
- 14.3 A summary of the documents which form part of this review is outlined below:
- NPPF, December 2024
 - West Midlands Plan for Growth, July 2022
 - West Midlands Strategic Employment Sites Study, 2024
 - West Midlands Futures Green Paper, April 2025
 - The UK's Modern Industrial Strategy, June 2025
 - The West Midlands Growth Plan, July 2025
 - Our City Vision: Shaping Birmingham's Future Together for 2035
 - Birmingham City Council Economy and Place Strategy, June 2025
 - Central Birmingham Framework 2045

National Planning Policy Framework, December 2024

- 14.4 The adopted NPPF states inter alia: (amendments vs 2023 NPPF)

Para 8: *Achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives):*

a) an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;

Para 86: *Planning policies should:*

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to the national industrial strategy and any relevant Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, and identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) pay particular regard to facilitating development to meet the needs of a modern economy, including by identifying suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics.

d) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

e) be flexible enough to accommodate needs not anticipated in the plan, and allow for new and flexible working practices and spaces to enable a rapid response to changes in economic circumstances.

Para 87. *Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for:*

- a.) clusters or networks of knowledge and data-driven, creative or high technology industries; and for new, expanded or upgraded facilities and infrastructure that are needed to support the growth of these industries (including data centres and grid connections)*
- b.) storage and distribution operations at a variety of scales and in suitably accessible locations that allow for the efficient and reliable handling of goods, especially where this is needed to support the supply chain, transport innovation and decarbonisation; and*
- c.) the expansion or modernisation of other industries of local, regional or national importance to support economic growth and resilience.*

Para 88: *Planning policies and decisions should enable:*

- a.) The sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed, beautiful new buildings;*
- b.) The development and diversification of agricultural and other land-based rural businesses;*
- c.) Sustainable rural tourism and leisure developments which respect the character of the countryside; and*
- d.) The retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.*

Para 89: *Planning policies and decisions should recognise that sites to meet local business and community needs in rural areas may have to be found adjacent to or beyond existing settlements, and in locations that are not well served by public transport. In these circumstances, it will be important to ensure that development is sensitive to its surroundings, does not have an unacceptable impact on local roads, and exploits opportunities to make a location more sustainable (for example, by improving access on foot, by cycling, or by public transport). The use of previously developed land and sites physically well connected to existing settlements should be encouraged where suitable opportunities exist.*

- 14.5 As previously set out, a revised standard method was introduced alongside the NPPF in December 2024. The Government’s ambitions in doing so are to increase housing delivery, delivering 1.5 million homes across England over the next 5 years, with growth in all areas of the country. The PPG sets out the revised standard method in the section on *Housing and Economic Development Needs Assessments*.³⁶

West Midlands Plan for Growth, 2022³⁷

- 14.6 The West Midlands Plan for Growth identifies economic clusters which have the potential to support above-forecast levels of growth for the region. Eight primary clusters have been identified as existing, high-value areas where the West Midlands has a comparative advantage, business confidence, and further market opportunities. These are:

- Aerospace (inc. manufacturing alternative fuel)

³⁶ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

³⁷ <https://www.wmca.org.uk/what-we-do/economy-and-innovation/plan-for-growth-a-vision-for-growth-in-the-west-midlands/>

-
- Creative content production and gaming
 - Health Tech and medtech
 - Logistics and distribution
 - Manufacturing of electric light vehicles and associated battery storage devices
 - Manufacturing of future housing
 - Modern and low-carbon utilities
 - Professional and financial services and supply chain

14.7 The report also highlights the need to proactively back clusters with exponential growth potential – ‘Nascent clusters’. Examples identified include Very Light Rail (VLR), 5G adoption, eCommerce and space technology.

West Midlands Strategic Employment Sites Study 2024

14.8 This regional study looked at the need for large-scale industrial and warehousing employment sites. Supply (appendix A3) in Birmingham included Washwood Heath HS2, Peddimore and Longbridge. Accounting for the existing regional supply, the recommended residual need for land is 548-841 ha.

14.9 This was distributed across table 12.2 in the West Midlands sub-markets/opportunity areas. No additional land requirement was identified in Birmingham, given its constrained nature. However, a number of sites were recommended around the fringe of the urban area, including in the Green Belt authorities.

West Midlands Futures Green Paper

14.10 This paper sets out four significant areas of change on the horizon for the West Midlands and how regional stakeholders (led by the WMCA)

are beginning to respond to them. For each area, the paper asks a number of questions to which individuals, businesses, and local communities are invited to respond. The two areas most relevant to this HEDNA study are ‘Chapter 1 The West Midlands Growth Plan’ and ‘Chapter 2 Places and the Spatial Development Strategy’.

- 14.11 The paper proposes to divide the West Midlands Growth Plan into six parts. The West Midlands Growth Plan has since been published and is summarised in the next section.
- 14.12 The document highlights the importance of place, and states that WMCA have begun to identify a series of significant capital investment opportunities, starting with three major Investment Zone sites. It also states that work will be undertaken to advance key development sites and develop a new Spatial Development Strategy (SDS).
- 14.13 Based on direct engagement with WMCA, it is understood that the SDS is moving forward at pace, with a paper taken to the board in July, which initiates a five-stage process for development of the strategy.
- 14.14 The SDS will be a land-use planning strategy that will complement the West Midlands Growth Plan. It will indicate broad growth locations for housing and employment across the region.
- 14.15 The Green Paper outlines that local authorities’ Place-Based Strategies each identify clear opportunities for growth and investment. Whilst the Green Paper does not list all of these, it goes on to highlight a number of regionally significant sites, including:
- HS2 Stations – including Curzon Street station, which is located in central Birmingham. The stations are described as “magnets for international investment and drivers of catalytic economic transformation”.
 - The West Midlands Investment Zone – anchored by three sites, one of which is the Birmingham Knowledge Quarter (130 ha of research and incubation-led activities in digital technology and med-tech)

-
- Growth Zone sites – including the strategic corridor from East Birmingham to North Solihull.
 - Birmingham City Centre – including HS2’s Curzon Street Station, which is adjacent to “one of the region’s most successful Enterprise Zones”, the Birmingham Knowledge Quarter and Birmingham Sports Quarter.
 - Corridors of opportunity – potential for development along transport corridors, including between the two HS2 stations through East Birmingham and Solihull.

The UK’s Modern Industrial Strategy, June 2025

- 14.16 The Government published the UK’s Modern Industrial Strategy in June 2025. The strategy aims to “help seize the most significant opportunities and create the most favourable conditions in key UK sectors for the companies of the future to emerge here”.
- 14.17 The strategy backs eight sectors in particular – the ‘IS-8’, which are identified as having the most significant potential:
- Advanced Manufacturing
 - Clean Energy Industries
 - Creative Industries
 - Defence
 - Digital and Technologies
 - Financial Services
 - Life Sciences
 - Professional and Business Services
- 14.18 The West Midlands Growth Plan – explored in more detail below – outlines the West Midlands’ strengths against these eight sectors.

The West Midlands Growth Plan, July 2025

- 14.19 The West Midlands Growth Plan sets out a vision to transform the region's economy over the next ten years and explains what the WMCA believes needs to be done to make this happen.
- 14.20 It states that the West Midlands is formally recognised in the Modern Industrial Strategy as a region of strength across all eight priority sectors. Taking this into account and building on the analysis underpinning the Plan for Growth, the Growth Plan identifies five future growth sectors and industry clusters that present strong opportunities for growth and high-value jobs. These sectors and clusters are:
- Advanced engineering, light electric vehicles and batteries
 - Clean Tech and Smart Energy Systems
 - Health & medical devices, diagnostics and associated digital healthcare
 - Digital, tech & creative
 - Next generation services (business, professional and financial services)
- 14.21 The plan also sets out a number of corridors and zones that will be “gamechangers” for economic growth. It is noted that these will be set out in full in the region's capital investment pipeline, due to be published later this year. The opportunities relating specifically to Birmingham include:
- UK Central Gateway – This initiative connects Birmingham City Centre (including Digbeth, Smithfield, Curzon Street, and the city's Enterprise Zone) to the UK Central Hub in Solihull. It is expected to leverage at least £10.2 billion in private-sector investment across several key assets, unlock over 55,000 jobs, and generate an annual uplift of £1 billion to the regional economy.
 - The West Midlands Investment Zone – including 210 hectares of research and incubation-led activities in digital technology and biotech at the Birmingham Knowledge Quarter.

-
- Birmingham City Centre - HS2's Curzon Street Station is adjacent to one of the region's most successful Enterprise Zones, attracting major firms and driving growth in creative industries. The Birmingham Knowledge Quarter lies north of Curzon Street and has ambitions to become a global innovation district. It is expected to have similar impacts in research and innovation as the King's Cross Innovation District. Birmingham Sports Quarter represents a £3bn commitment from Knighthead Group to develop a new stadium and leisure attraction. Digbeth is the heart of Birmingham's creative sector and one of the city's fastest-growing areas, with the opportunity to deliver 300,000 sq m of commercial floorspace.
 - Port Loop - A transformational 17.4-hectare waterside regeneration in Ladywood, Birmingham, with a masterplan delivering around 1,150 homes, leisure, commercial, and cultural spaces.

Our City Vision: Shaping Birmingham's Future Together for 2035

- 14.22 Our City Vision sets out a ten-year vision for the city of Birmingham, reflecting current context, opportunities and challenges.
- 14.23 The vision is described as 'a city that has a thriving economy, tackles inequality, where all communities can enjoy greater opportunities and the wellbeing that brings'.
- 14.24 It identifies five long-term missions to help deliver the Vision, one of which is 'Growth and Prosperity'. This mission sets out the following:
- In Birmingham, investment and development that addresses inequality and spreads beyond the city centre, creates inclusive economic growth, increased productivity and employment opportunities for the whole city.
 - Birmingham maximises the growth and employment potential for our citizens in growth sectors, including the creative and cultural economy.
 - Birmingham builds on our strengths of entrepreneurship, diversity and a thriving arts & cultural scene to make the city a more prosperous city of choice for people and businesses, where more wealth is retained in local communities.

14.25 Progress will be monitored against measures such as unemployment rates, GVA, inward investment and the amount of land delivering high levels of economic activity.

Birmingham City Council Economy and Place Strategy, June 2025

14.26 Birmingham's Economy and Place Strategy (EPS) sets out the city's growth ambition, including how it can realise its full economic potential and overcome barriers in achieving economic growth.

14.27 Three economic zones are identified as primary sources of growth and jobs in the city:

- **East Birmingham North Solihull (EBNS) Growth Area with Growth Zone sites:** This area includes Growth Zone sites such as Bordesley Park, Tyseley, and Washwood Heath & Saltley Business Park. The EBNS Growth Zones are forecasted to create 17,000 jobs. Specifically, Bordesley Park Sports Quarter is projected to create 8,400 jobs. Tyseley, being developed as a 'Green Innovation Quarter', is expected to create 4,365 jobs. Washwood Heath & Saltley, focusing on commercial space development after HS2, aims to create 4,550 jobs (3,935 from employment land and 550 from HS2 facilities). EBNS itself is set to be the UK's largest regeneration programme, estimated to create more than 37,000 jobs within its sites and act as a catalyst for wider regeneration.
- **Birmingham Knowledge Quarter (BKQ):** This is part of the West Midlands Investment Zone. The BKQ is forecasted to create 20,000 high-value jobs in key sectors.
- **Enterprise Zone (EZ):** This includes areas like Curzon, Digbeth, and Smithfield. The Enterprise Zone is projected to create 71,000 gross jobs by 2045/46, contributing £21 billion to GVA across the former Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) area. Key developments within the EZ include Smithfield (9,000 jobs) and Curzon (36,000 jobs).

14.28 In total, these three major economic zones alone are projected to create over 108,000 jobs. Additional jobs are also expected as growth widens across the city.

14.29 The economic zones support high-value sectors, putting Birmingham on a path to a higher productivity future by expanding the city centre for knowledge-intensive services and high-value-added employment. The report sets out the following specific growth sectors:

- **Medtech and Health and Medical Devices, Diagnostics and Associated Digital Healthcare:** Birmingham and the region have the UK's largest network of medical technology service and supply companies, with strong R&D and commercial translational centres like the Birmingham Health Innovation Campus (BHIC) and the Birmingham Knowledge Quarter. This sector has significant output and job growth potential, with opportunities to increase output by £430 million and create over 5,000 jobs by 2030 by matching the growth trajectory of the leading UK region for similar clusters.
- **Energy Systems and CleanTech:** Focusing on smart energy systems, this sector offers commercial opportunities from tradable products and services, with strong output and forecast growth. Tyseley Energy Park is a leading centre for hydrogen and other low-carbon generation and storage, aiming to be a 'Green Innovation Quarter'.
- **Creative, Digital, Tech and Culture:** This sector has strong growth potential, with the BBC's commitment to the West Midlands expected to bring an additional £282 million in GVA by 2031 and an estimated 900+ full-time equivalent jobs to the region. Significant investments include the BBC's new regional headquarters and Steven Knight's Digbeth Loc. Studios.
- **Business, Professional and Financial Services:** This is the most significant contributor to Birmingham's economic output (£9.6 billion, 30%). The city centre is home to major financial institutions. While job benefits may be muted by new technologies like AI, there is significant productivity potential and scale.

Central Birmingham Framework 2045

14.30 Birmingham's "Our Future City: Central Birmingham Framework 2045" outlines a vision for the city's future, aiming for a greener, safer, better-connected, and more inclusive urban environment.

14.31 The overarching goal by 2045 is to deliver 74,100 new jobs in Central Birmingham, marking an 80% increase in employment capacity, and to

create up to 35,000 new homes. Several key economic drivers and sectors underpin this growth:

- **City Heart** - This area is projected to remain a thriving commercial hub, supporting over 150,000 jobs, with growth fuelled by substantial investments in transport infrastructure like HS2, a robust office market, and its status as a growing global visitor destination
- **Central East (Digbeth and Bordesley)** - This area is envisioned as a global centre for creativity, entrepreneurship, high-tech industries, and the film/TV sector. Significant investments include the BBC's new broadcast centre and Digbeth Loc film studios, which will drive new home and commercial development
- **Central North (Birmingham Knowledge Quarter)** - Identified as the fastest-growing tech cluster outside London, this zone will focus on world-class research and collaboration in digital technology, medical research, AI, and renewable energy, supported by Aston University and Birmingham City University
- **Central South** – Four key drivers for growth in Central South are identified: world-class University, Medical & life sciences facilities, prominent sports and cultural centres, vibrant local communities and businesses and excellent transport connectivity.
- **Central West (Jewellery Quarter)**: Designated as a Creative District, this historic neighbourhood aims to protect its heritage while accommodating new homes and business spaces for its burgeoning creative industry

15. Economic Baseline

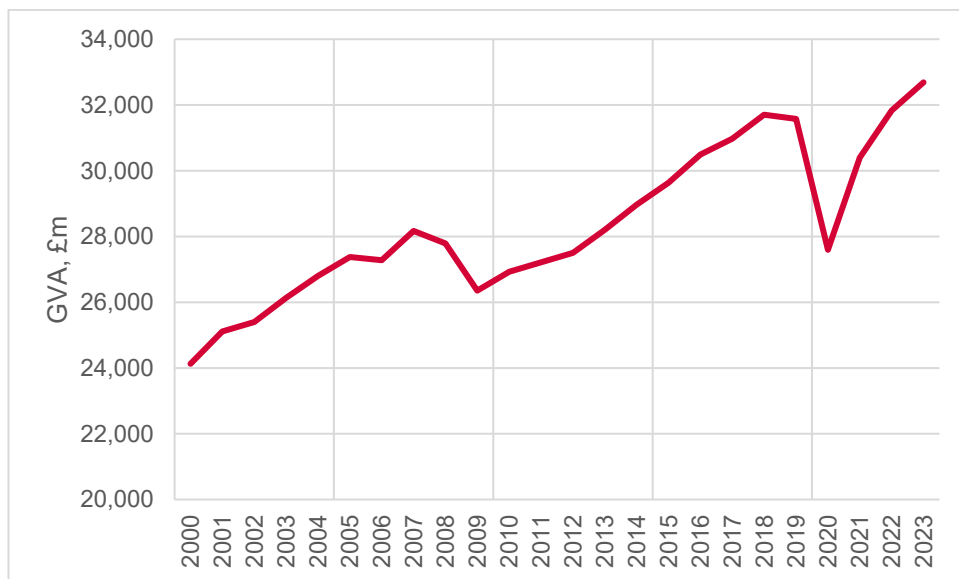
15.1 This section of the report reviews key economic indicators to establish the extent to which the economic baseline for Birmingham has changed since the baseline analysis undertaken for the 2022 HEDNA.

Economic Output & Productivity

15.2 The figure below shows the gross value added in Birmingham over the period 2000-2023. As of 2023, this stood at £32.7 billion. Overall, there is a clear long-term upwards trend in GVA. GVA rose steadily between 2000 and 2007, before falling during the 2008-2009 financial crisis.

15.3 From 2009 onwards, GVA recovered and grew consistently, reaching a peak of £31.7 billion in 2019. GVA growth was then interrupted by a sharp decline to £27.5 billion in 2020, reflecting the impact of the COVID-19 pandemic. However, the economy has seen a strong recovery since the pandemic, exceeding pre-pandemic GVA by 2022 and reaching a peak of £32.7 billion in 2023.

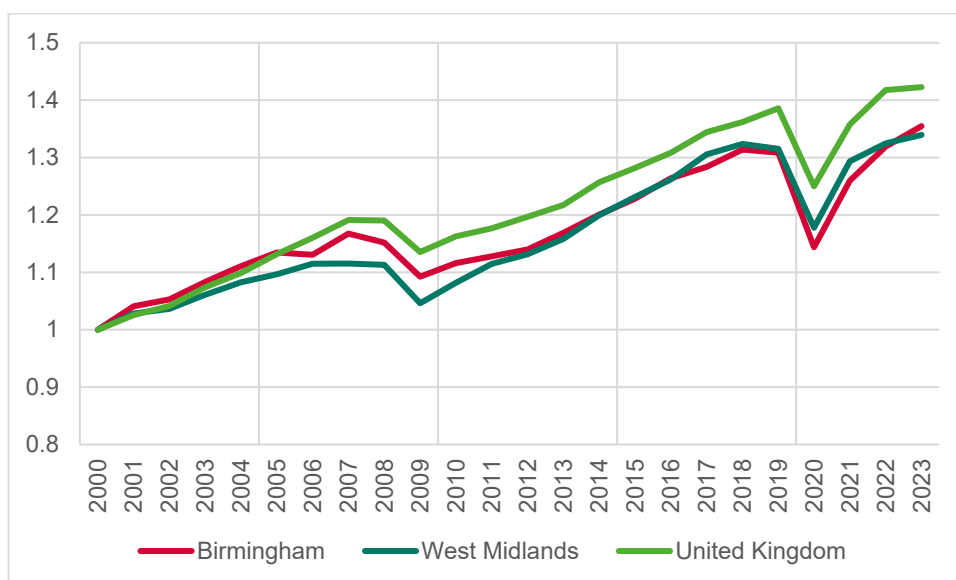
Figure 15.1 Birmingham GVA (£m)



Source: Experian, 2025

15.4 The figure below shows indexed GVA growth, allowing the comparison of Birmingham’s economic growth against the wider region and the UK. Birmingham’s economy has been growing at a rate similar to that of the West Midlands, but more slowly than the UK’s. Over this time period, Birmingham and the West Midlands saw GVA growth of 35% and 34% respectively, whereas the UK saw growth of 42%.

Figure 15.2 Indexed GVA (2000=1)



Source: Experian (2025)

15.5 The table below sets out the proportion of the total 2023 GVA contributed by broad sectors. Public services and Professional and other private services together account for over half of Birmingham’s total GVA. Finance and Insurance is the next-largest contributor, accounting for 12% of total GVA.

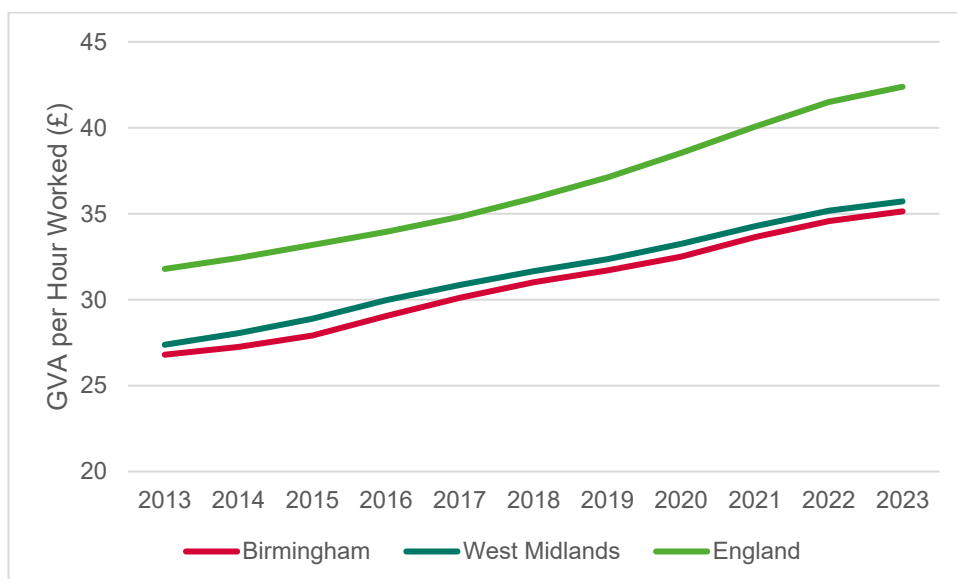
Table 15.1 Birmingham GVA by Sector, 2023

Sector	2023 GVA (£bn)	2023 GVA (%)
Public Services	9.5	29%
Professional & Other Private Services	8.1	25%
Finance & Insurance	3.8	12%
Wholesale & Retail	3.1	9%
Manufacturing	2.2	7%
Construction	2.0	6%
Information & Communication	1.7	5%
Accommodation, Food Services & Recreation	1.1	3%
Transport & Storage	0.9	3%
Utilities	0.2	1%
Agriculture, Forestry & Fishing	0.0	0%
Extraction & Mining	0.0	0%
Total	32.7	100%

Source: Experian (2025)

- 15.6 Productivity performance can be assessed by appraising GVA per hour worked. The figure below shows that productivity in Birmingham is broadly comparable to, but slightly below, the West Midlands average, and is significantly lower than the UK average overall.

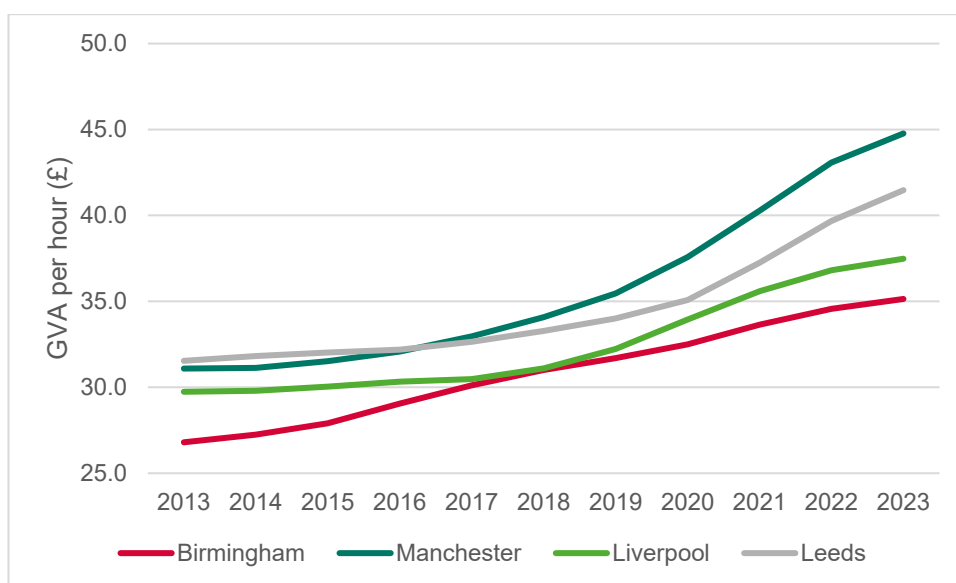
Figure 15.3 GVA per Hour Worked (Smoothed)



Source: ONS Subregional Productivity (June 2025)

15.7 The figure below compares GVA per hour worked in Birmingham to other comparator cities. Productivity in Birmingham has consistently been lower than that of the comparators presented. This illustrates that a key challenge for the City’s economy is to create and grow better quality jobs.

Figure 15.4 GVA per Hour Worked (Smoothed) – Comparator Cities



Source: ONS Subregional Productivity (June 2025)

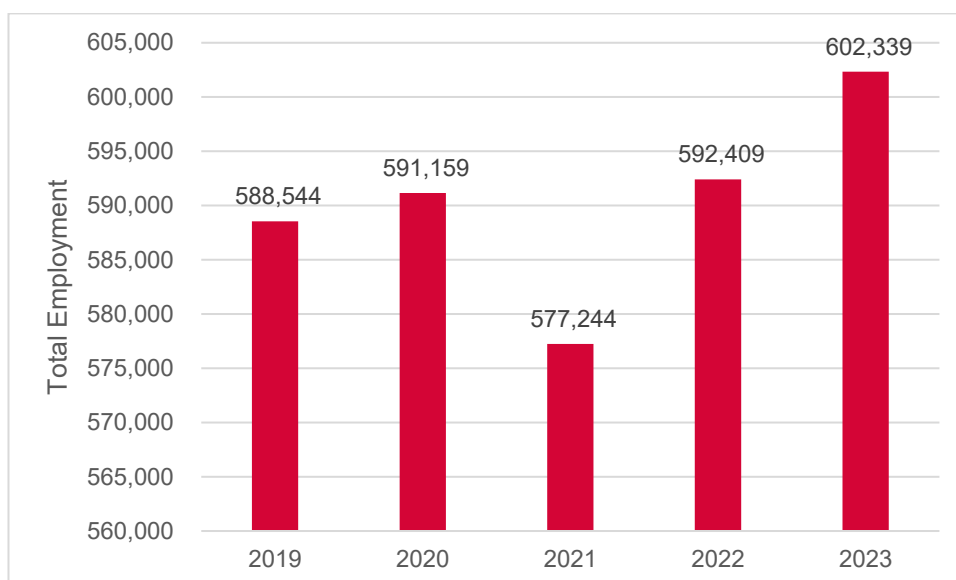
Employment

15.8 At the time that the 2022 HEDNA was written, the most recent published Business Register and Employment Survey (BRES) data was for 2019. BRES data has since been released up to 2023 (and 2024 at report finalisation).

15.9 Cambridge Econometrics (CE) employment data and forecasts have been used in this update, providing continuity with the 2022 HEDNA. CE provides historical employment data based on BRES data, but adjusted to account for self-employed workers not captured in the BRES. The figure below presents data on employment in Birmingham, focused on changes over the last 5 years.

- 15.10 It should be noted that data for 2023 has been adjusted to reflect an error identified within BRES data within the Food and Beverage Services sector, which the ONS has acknowledged (and corrected in 2025).
- 15.11 At the time of report production, BRES data suggested that the Event Catering activities saw employment increase by 22,500 (+1,500%) in one year (from 2022 to 2023), largely within a single LSOA.
- 15.12 The ONS investigated the issue and found that a business had incorrectly assigned all its employees to a single LSOA in Birmingham. In the data presented herein, it has been assumed that the 2022 Food and Beverage Services employment figure is held constant in 2023, although later data released in 2025 indicates a rise of around 5,000 from 2022 to 2023.
- 15.13 The effect of the COVID-19 pandemic is apparent in the year-on-year data, which drops in 2021, but returns to growth in 2023.

Figure 15.5 Birmingham Employment, 2019-2023

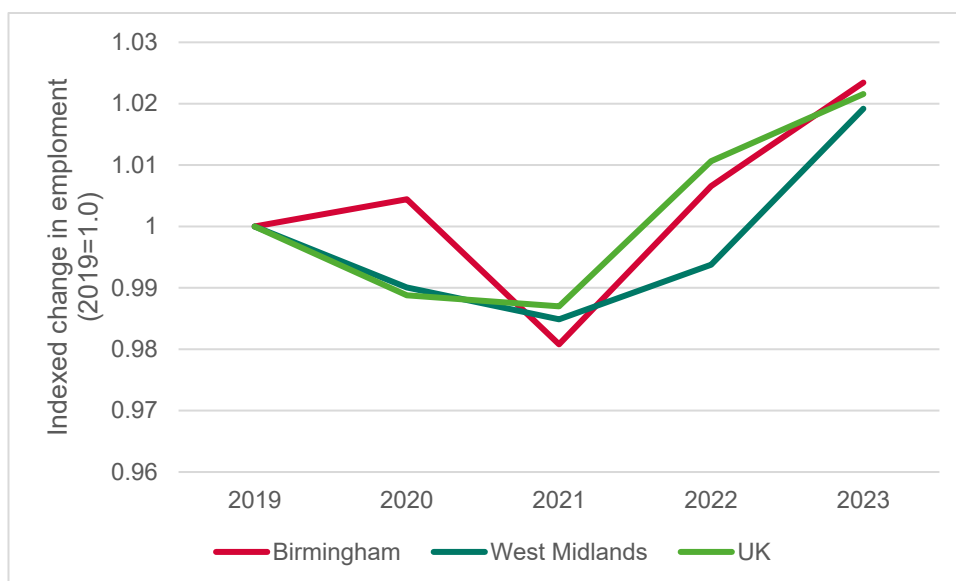


Source: IcenI analysis of CE Data

NB: 2023 figure adjusted by IcenI to correct for erroneous data within the Food and Beverage Services sector

- 15.14 The chart below compares indexed employment change since 2019 for Birmingham, the West Midlands and the UK. The economic effects of the COVID-19 pandemic are evident in 2020 and 2021. The West Midlands and the UK saw a decline in employment between 2019-20 and 2020-21.
- 15.15 The impact in Birmingham appears to have lagged: employment increased between 2019-20, followed by a sharp decrease the following year. However, Birmingham appears to have recovered faster than the West Midlands, with employment exceeding 2019 levels in 2022, broadly in line with the UK's recovery profile.
- 15.16 Overall, all three areas saw employment growth between 2019 and 2023 of approximately 2.0%, despite differences in the profile of change over these years.

Figure 15.6 Indexed change in employment (2019=1.0), 2019-2023



Source: IcenI analysis of CE Data

- 15.17 The table below presents the sectoral composition of employment in Birmingham in 2019 compared to 2023. The sectoral composition has remained broadly the same, with the most significant employment within the Professional and Scientific Services, Health and Wholesale and Retail Trade sectors.

Table 15.2 Employment by Sector, Birmingham

Sector	2019	2023	% 2019	% 2023
Professional and Scientific	89,900	102,500	15%	17%
Health	86,800	94,000	15%	16%
Wholesale and Retail	78,700	73,900	13%	12%
Education	54,800	57,200	9%	10%
Business Support	52,500	55,100	9%	9%
Manufacturing	42,500	33,700	7%	6%
Construction	37,600	31,000	6%	5%
Accommodation and Food	34,800	35,200	6%	6%
Transport, Warehouse and Postal	31,700	27,000	5%	4%
Public Admin and Defence	26,700	33,500	5%	6%
Media and IT	16,200	21,800	3%	4%
Other	16,100	17,000	3%	3%
Creative and Recreation	13,500	12,500	2%	2%
Utilities	4,200	5,600	1%	1%
Agriculture and Mining	2,700	2,200	0%	0%
Total	588,500	602,300	100%	100%

Source: IcenI analysis of CE data

- 15.18 In Birmingham, employment grew by approximately 13,800 between 2019 and 2023, reaching over 602,000 workers.
- 15.19 Professional and scientific services and Health saw the greatest growth in employment in absolute terms (12,600 and 7,200, respectively). Conversely, the Manufacturing and Construction sectors saw the largest declines in employment, of -8,800 and -6,600, respectively, over the same time period.

Table 15.3 Sectoral change in employment, Birmingham, 2019-23

Sector	Change 2019-2023	% Change 2019-2023
Professional and Scientific	12,600	14%
Health	7,200	8%
Public Admin. and Defence	6,800	25%
Media and IT	5,600	35%
Business Support	2,600	5%
Education	2,400	4%
Utilities	1,400	33%
Other	900	6%
Accommodation and Food	400	1%
Agriculture and Mining	- 500	-19%
Creative and Recreation	-1,000	-7%
Transport, Warehouse and Postal	- 4,700	-15%
Wholesale and Retail Trade	- 4,800	-6%
Construction	- 6,600	-18%
Manufacturing	- 8,800	-21%
Total	13,800	2%

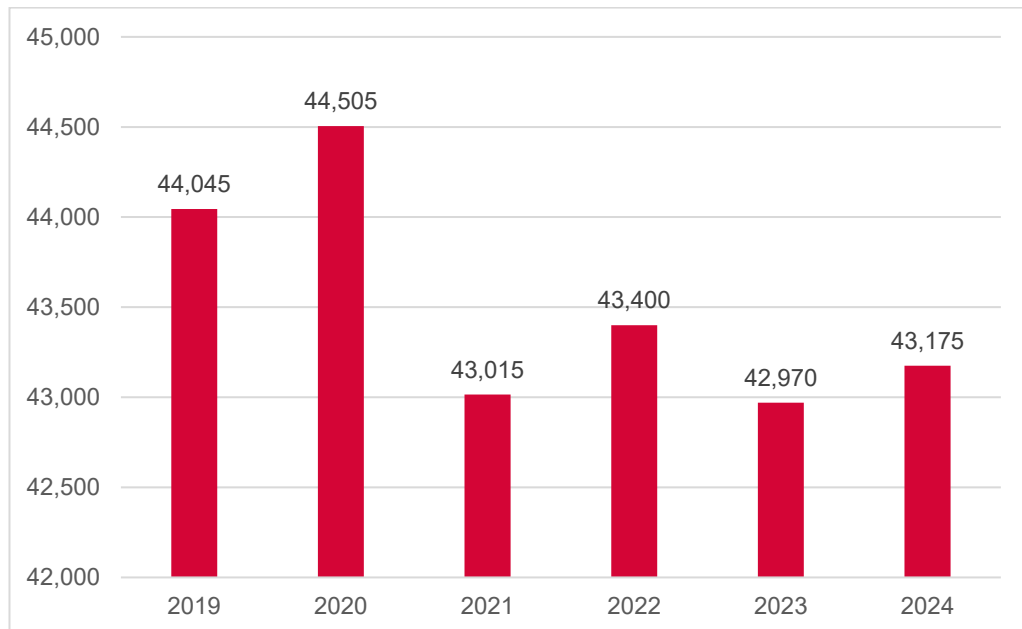
Source: Icen analysis of CE data

Business Base

- 15.20 In 2019, Birmingham had approximately 44,000 active enterprises in the city (which does include multiple branches of the same businesses). In the five years prior to this, the number of active enterprises increased each year, except for a slight drop between 2018 and 2019.
- 15.21 In 2020, the number of enterprises increased, but a sharp drop followed this in 2021, likely linked to the Covid-19 pandemic. This follows the trend seen in the employment figures, whereby the impact of the pandemic is only realised in 2021.
- 15.22 Following this, there was an increase in the number of enterprises in 2022, a fall in 2023 to approximately 43,000, lower than the 2021 figure.

2024 saw a slight increase to 43,175 enterprises, still below the pre-pandemic figure.

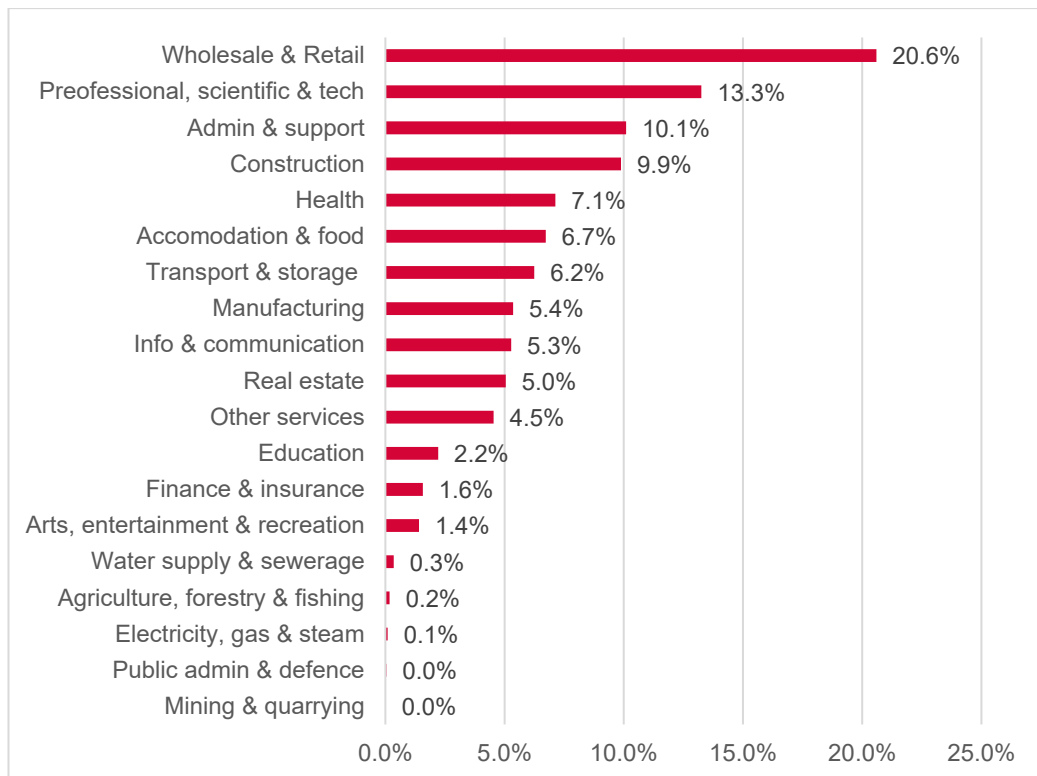
Figure 15.7 Active Enterprises – Birmingham (2025)



Source: ONS Business Demography Statistics

- 15.23 Wholesale and retail trade businesses are the most prevalent enterprises within the city. In 2020, Wholesale and retail was the third-most prevalent sector, with 11.6% of enterprises, compared to 20.6% in 2024.
- 15.24 Professional, scientific & technical businesses remain the second most prevalent, with roughly the same proportion of enterprises within this sector in 2020 and 2024.
- 15.25 Business administration & support services were the most prevalent sector in terms of number of enterprises in 2020, but are now the third most prevalent in 2024. This may reflect moves out of the city and changes in ways of working, particularly associated with office use.

Figure 15.8 Profile of Enterprises by Sector, Birmingham 2024

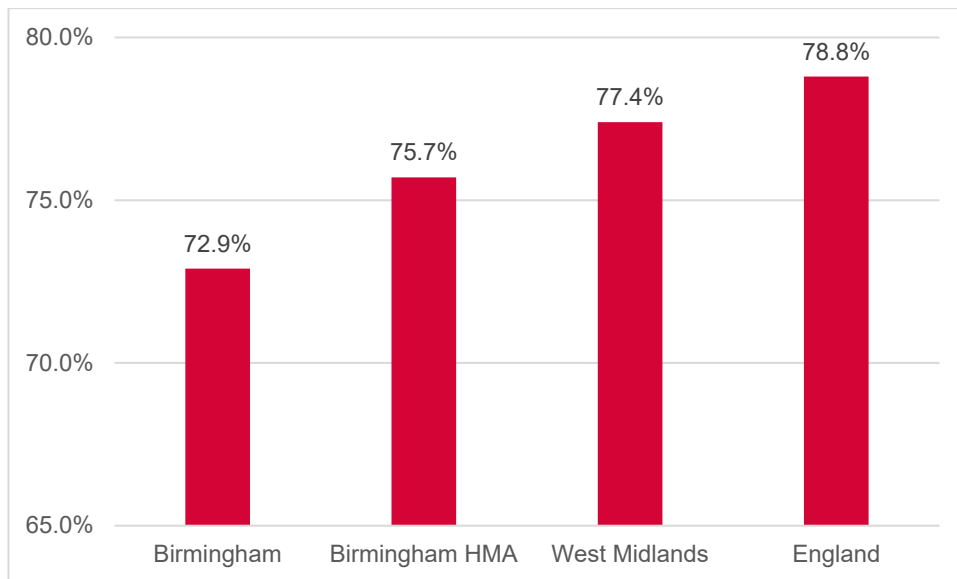


Source: ONS Interdepartmental Business Register

Labour Market

- 15.26 This section assesses whether there have been any significant changes to Birmingham’s labour market characteristics and performance since the 2022 HEDNA labour market analysis. The Birmingham HMA is also considered, as many of those residents will make up Birmingham’s labour market as commuters to the city.
- 15.27 Birmingham’s working age population is less economically active (73%) than the wider HMA, West Midlands and England - this pattern has not changed since the 2022 HEDNA analysis. Birmingham’s economic activity rate has also remained broadly the same (72% in 2021).

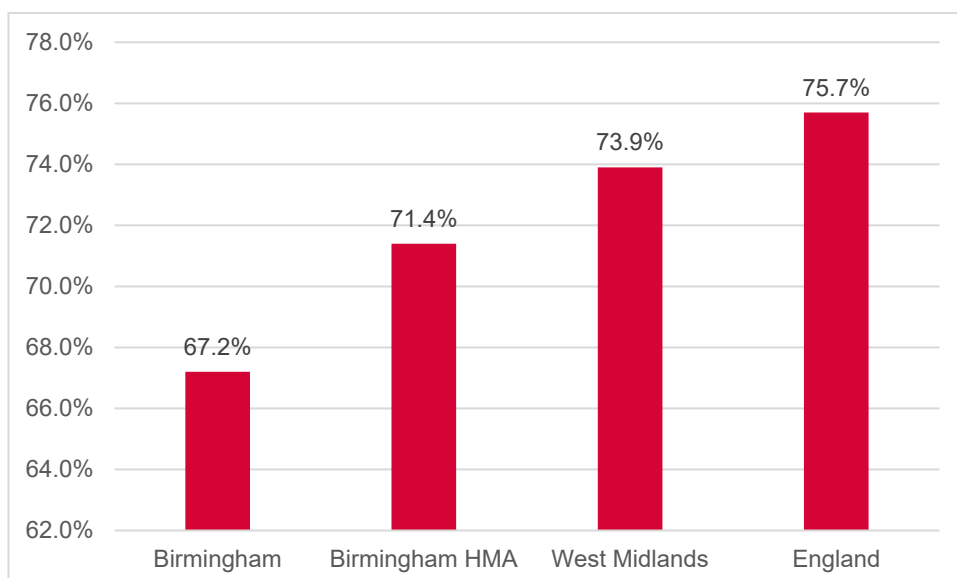
Figure 15.9 Economic Activity Rate (Apr 2025-Mar 2025)



Source: ONS Annual Population Survey 2025

15.28 The city also has a considerably lower employment rate than the wider comparators, at 67%.

Figure 15.10 Employment Rate (2025)



Source: ONS Annual Population Survey 2025

15.29 Birmingham has a higher unemployment rate than the wider HMA, the West Midlands and England – this was also the case at the time of the

2022 HEDNA. The unemployment rate has decreased from 8.7% to 7.8% between 2020 and 2025.

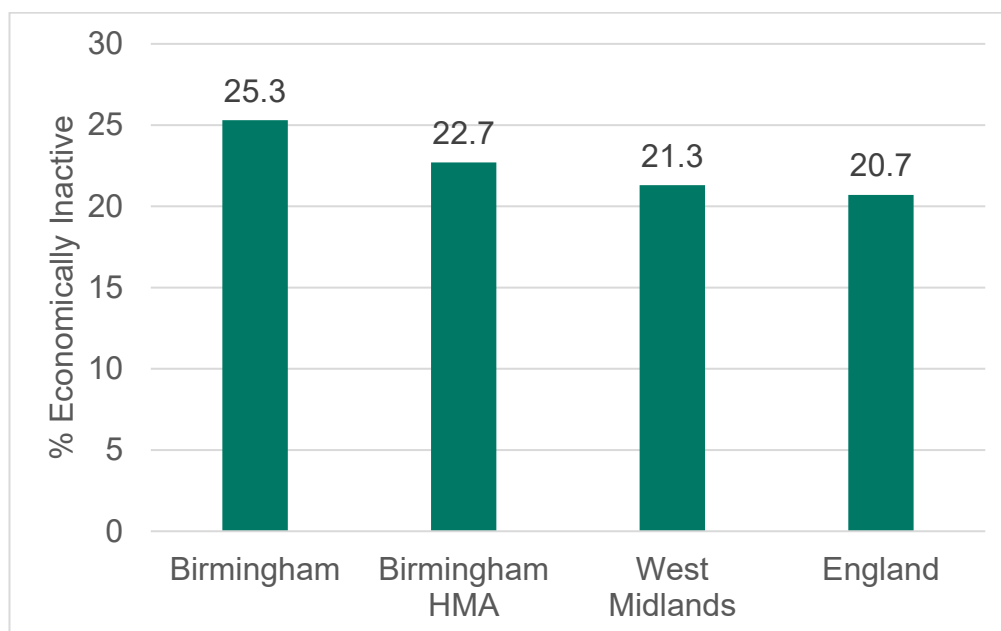
Table 15.4 ONS Modelled Unemployment (2025)

	Unemployment 2025	% 16-64
Birmingham	42,800	7.8%
Birmingham HMA	88,300	5.6%
West Midlands	128,400	4.5%
England	1,122,900	4.0%

Source: ONS Annual Population Survey 2025

15.30 The chart below compares economic inactivity rates for Birmingham, the Birmingham HMA, the West Midlands and England. Economic inactivity refers to working-age individuals who are neither employed nor actively seeking work. Birmingham has the highest rate of economic inactivity out of the comparators, at 25%.

Figure 15.11 Economic Inactivity Rate, Oct 2024-Sep 2025

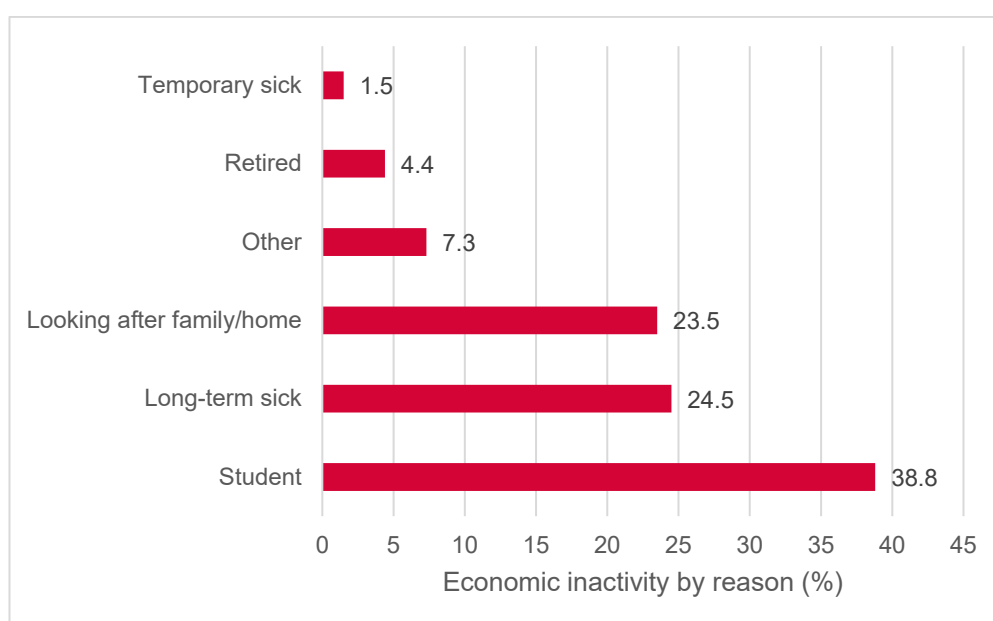


Source: ONS Annual Population Survey

15.31 Birmingham's current economic inactivity rate is at its lowest point in the last five years, having fluctuated between 25% and 29%. The Figure below shows the inactivity by reason in Birmingham.

15.32 The most common reason for inactivity is being a student, reflecting the presence of five universities in the city. The next most prevalent reasons for inactivity are long-term sickness and looking after family/home.

Figure 15.12 Economic Inactivity by Reason, Birmingham, Oct 2024-Sep 2025



Source: ONS Annual Population Survey

Qualifications, Skills and Earnings

15.33 The percentage of the population aged 16-64 qualified to at least RFQ4 (degree level) in Birmingham has not changed significantly since the 2022 HEDNA (44% in 2024 compared to 43% in 2020). This remains below the national level (47%) but above the HMA and regional levels (41% and 43% respectively).

15.34 Birmingham actively attracts and retains highly qualified residents, reflecting its role as a regional employment hub for sectors requiring high-level skills, including business and professional services, health, and education. The city’s universities also contribute to this by supplying a pipeline of skilled graduates, many of whom remain in the city after graduation.

15.35 Approximately 12% of the working age population in Birmingham have no qualifications – this has increased from 9% in 2020. This now exceeds the HMA area (10%), West Midlands (8%) and England (7%).

15.36 This weaker skills profile is likely to be contributing to Birmingham’s lower employment rates and higher levels of unemployment and economic inactivity, as individuals without qualifications typically face greater barriers to accessing sustained employment.

Figure 15.13 Qualification level of people aged 16-64 (Dec 2024)



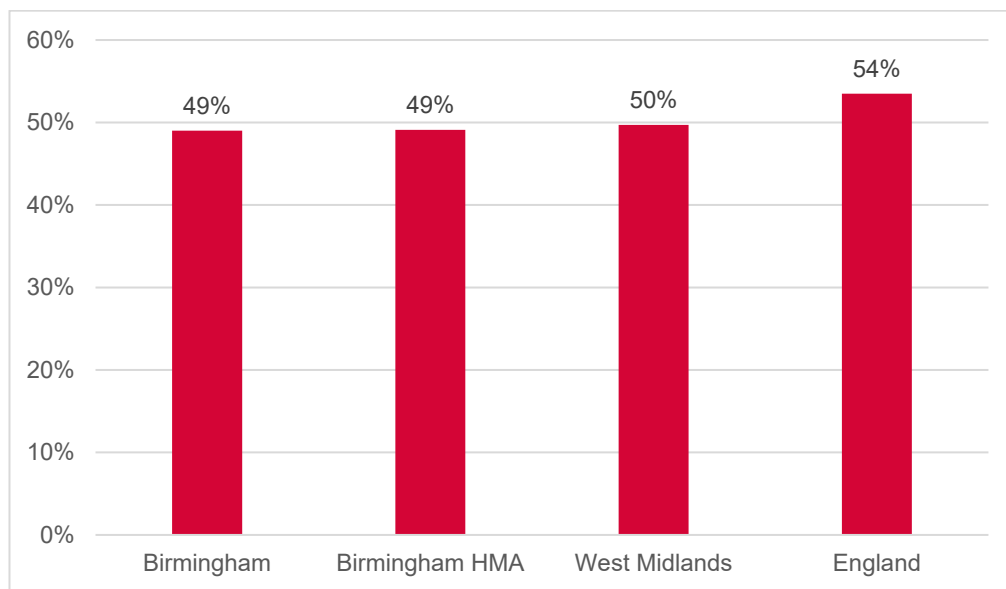
Source: ONS Annual Population Survey 2024

15.37 The qualifications breakdown of the City also influences the occupational split of the population. In particular, those with higher levels of qualification tend to attract higher occupational groups,

including managers, directors, and senior officials, as well as second-tier professional occupations and third-tier associate professional and technical occupations.

15.38 As shown in the figure below, Birmingham is broadly aligned with the HMA and the West Midlands in terms of the proportion of the working age population within the top three occupational groups (the three tiers noted above). However, this is lower than the national figure of 54%.

Figure 15.14 Employment in Top 3 Occupational Groups (March 2025)



Source: ONS Annual Population Survey 2025

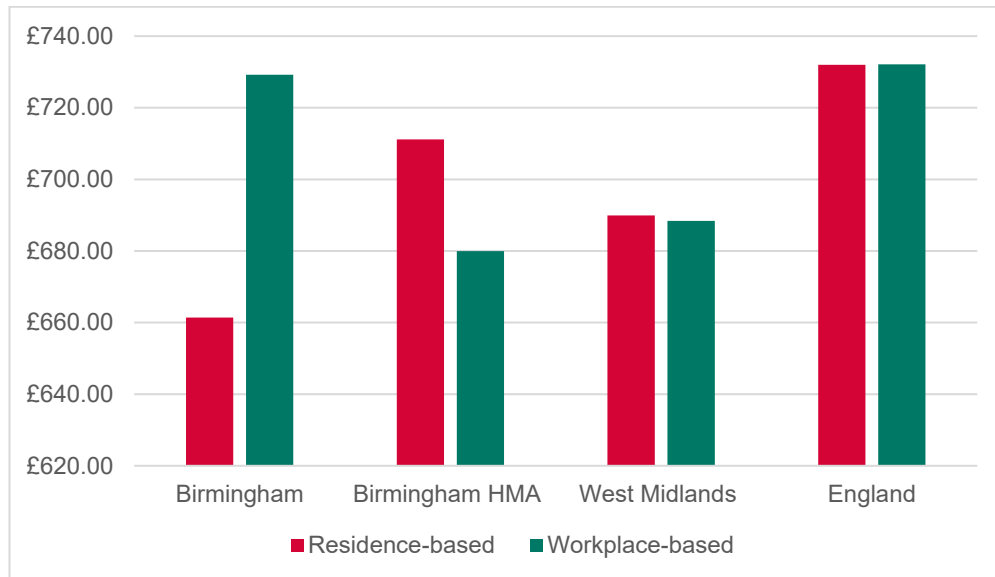
15.39 The City of Birmingham has a higher workplace-based earnings (£729 per week) than residence-based (£661 per week) indicating that many of the higher paid jobs are being taken by those who commute from outside of Birmingham to work.

15.40 This trend was the same in the 2020 data presented in the 2022 HEDNA, however the mean earnings have increased (21% increase in workplace-based and 17% increase in residence-based earnings).

15.41 Whilst those working in the City have higher median earnings than the wider HMA, region and national averages, those living in the City have

lower median earnings than the comparators. It is apparent that jobs in the City are higher-paying than those in the wider HMA.

Figure 15.15 Comparison of Residence- and Workplace-based Earnings (2024)



Source: ONS Annual Survey of Hours and Earnings

Economic Baseline - Summary

- 15.42 Overall, Birmingham has seen a long-term trend of growth in GVA over the last 20 years, however the city's growth rate has been slower than the national average. Public services and Professional and other private services play a key role in Birmingham's economy, together accounting for over half of the city's total GVA in 2023.
- 15.43 Birmingham's productivity remains below the UK average, and has consistently underperformed relative to comparator cities. This highlights a key challenge for the city's economy: the need to create and support better quality jobs.

-
- 15.44 Employment levels were affected by the Covid-19 pandemic, with a fall in employment in 2021, however employment recovered quickly and now exceeds 2019 levels.
- 15.45 The sectoral composition of employment has remained broadly the same between 2019 and 2023, with the greatest employment within the Professional and Scientific Services, Health and Wholesale and Retail Trade sectors.
- 15.46 Professional and scientific services and Health have seen the greatest growth in employment since 2019, whereas Manufacturing and Construction have seen the largest declines.
- 15.47 The number of active enterprises also declined during the Covid-19 pandemic, but has not recovered as well as employment. Wholesale & retail trade, Professional, scientific & tech, and Admin and support sectors remain the three most prevalent sectors in terms of the number of enterprises.
- 15.48 Trends in key labour market indicators have remained broadly the same since the 2022 HEDNA, although the unemployment rate has decreased from 8.7% to 7.8%.
- 15.49 The proportion of the population with degree level education has not changed significantly, however the proportion with no qualifications has increased.
- 15.50 Birmingham continues to see higher workplace-based earnings than residence-based, however mean earnings in both categories have increased.

16. Commercial Market Assessment

Office Market – Birmingham

- 16.1 The national office market is showing signs of a gradual recovery, with tenant demand starting to improve post pandemic, particularly in the prime sector.
- 16.2 However, there is a significant split between high-quality, "Grade A" space, which is seeing strong demand and rental growth, and lower-quality stock, which faces oversupply and repurposing.
- 16.3 Birmingham's office market is performing well, with positive forecasts for the remainder of 2025 supported by new developments and strong company requirements. It shows resilience compared with the broader UK market.
- 16.4 In 2024, Birmingham's office market recorded its strongest year in seven years, with take-up reaching 846,000 sq.ft (78,600 sq.m), 22% above the five-year annual average (as reported by Savills in January 2025³⁸).
- 16.5 Grade A space accounted for half of all lettings, with the public services, education and health sector driving 51% of activity across 21 deals. The Technology, Media, and Telecommunications (TMT) sector followed, responsible for 21% of take-up and 19 lettings, including the BBC's significant letting of 84,000 sq.ft (7,800 sq.m) at Typhoo Wharf.
- 16.6 At the end of 2024, total office availability stood at 1.8 million sq.ft (163,500 sq.m), of which 1.3 million sq.ft (118,000 sq.m) – or 72% – was Grade A and Prime stock following significant deliveries. Prime

³⁸ https://www.savills.co.uk/research_articles/229130/372250-

[0#:~:text=2024%20take%20Dup%20in%20Birmingham,seven%20years%20for%20the%20market.](#)

headline rents had risen strongly by 23% since 2019 to reach £42.50 per sq.ft at the start of 2025, with forecasts of a further 22% growth over the next five years. This forecast reflects expected continued demand for prime space, a limited development pipeline, and increasing occupier requirements.

16.7 However, there has been some cooling of the market in 2025. KWB³⁹ reported that take-up in the first half of 2025 was 36% below the five-year average, although this was attributed to market volatility and the absence of a landmark deal rather than a structural shift. Key lettings included Covalt's 27,000 sq.ft lease at 1 Victoria Square, representing 15% of city centre take-up.

16.8 More broadly, occupier preferences are evolving towards innovation and flexibility in recent years, with operators such as Gilbanks and Covalt delivering managed, premium-quality, and ESG-compliant workspace solutions.

16.9 Despite the slow start to 2025, market reports continue to forecast positive rental growth and a strong office market moving forward. For example, Oktra⁴⁰ notes that the market is likely to gain momentum as fundamentals of demand and supply remain strong.

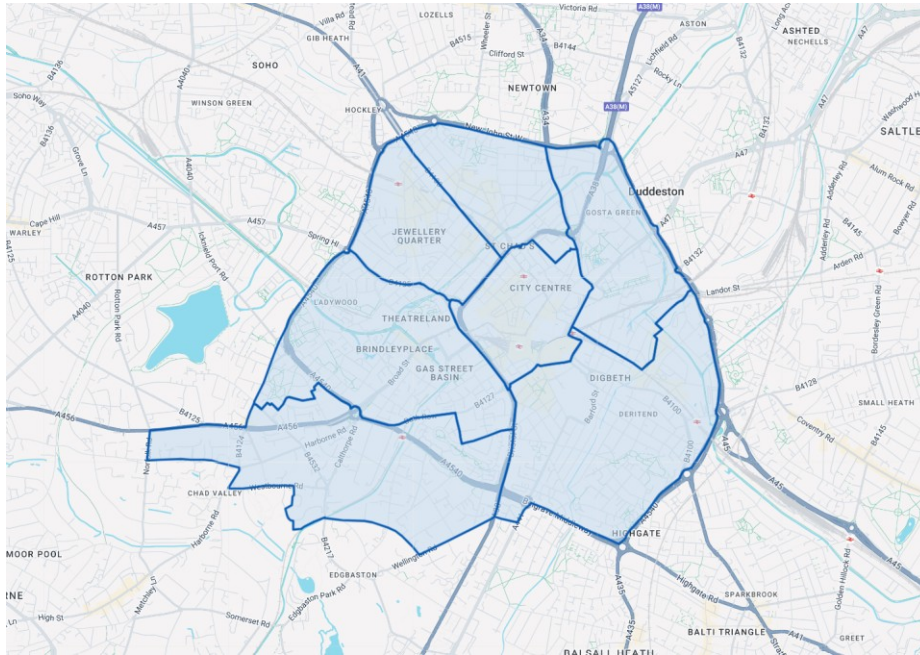
Key Office Market Indicators

16.10 The following section further considers Birmingham's office market dynamics by interrogating key market indicators. The analysis breaks down the authority area into a Core Office and Outer Birmingham markets (as mapped below), and compares them with the West Midlands and the UK.

³⁹ <https://kwboffice.com/slow-start-to-2025-for-birmingham-office-market/>

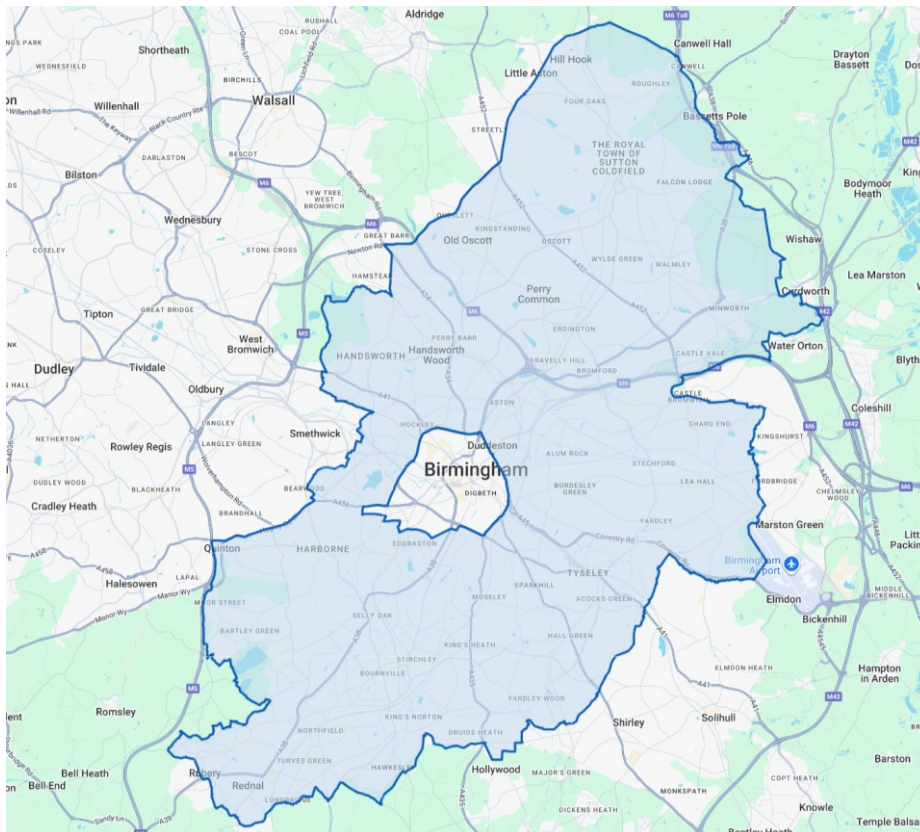
⁴⁰ Oktra *The Cost of Office Space in Birmingham 2025 Report*

Figure 16.1 Birmingham Core Office Market



Source: CoStar 2025

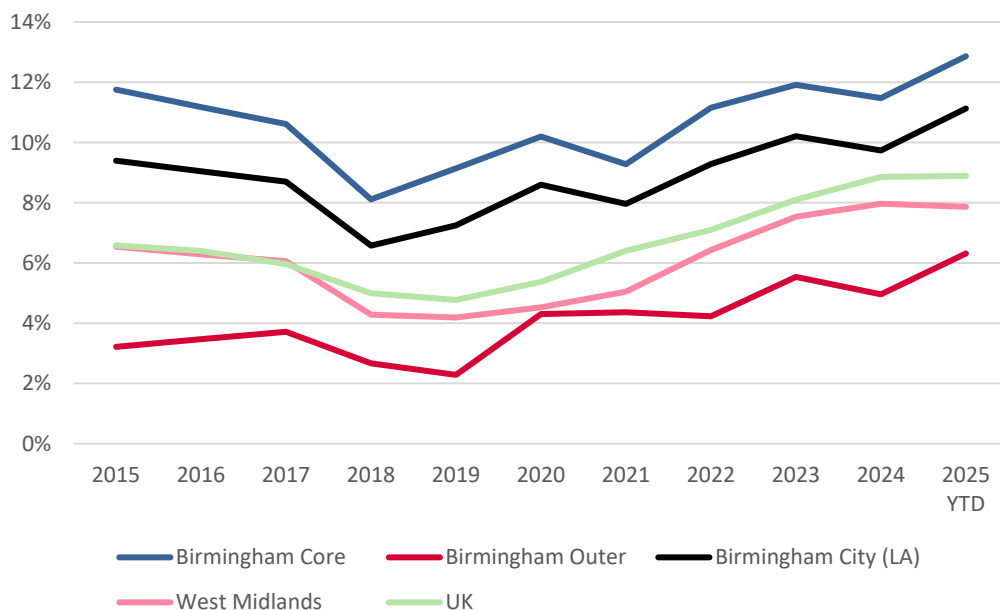
Figure 16.2 Outer Birmingham Office Market



Source: CoStar 2025

- 16.11 The figure and table below show the vacancy rate across the various market geographies. The Birmingham Core market has an overall vacancy rate of 12.9% as of October 2025, the highest of any area considered; however, Prime space (best) is much lower, whilst Grade A and then Grade B/C are higher.
- 16.12 The vacancy rate of Outer Birmingham is substantially lower at 6.3% (although Outer Birmingham contains much less office space than the Birmingham Core), with the Birmingham LA result falling between the two.
- 16.13 By comparison, the West Midlands and UK average office vacancy rates are much lower than the result for Birmingham Core, but somewhat higher than Birmingham Outer.
- 16.14 The vacancy rate for each area considered has been consistently increasing since roughly 2018. Since 2020, this reflects changes in the office market, with a greater emphasis on home working and the redundancy of secondary office space in favour of premium space.

Figure 16.3 Office Vacancy Rate by Sub-market



Source: Icen Analysis of CoStar data

Table 16.1 Vacancy Rate by Sub-Market

Location	Vacancy Rate	5-year average	10-year average
Birmingham Core	12.9%	11.3%	10.7%
Birmingham Outer	6.3%	5.1%	4.1%
Birmingham City Authority Area	11.1%	9.7%	8.9%
West Midlands	7.9%	7.0%	6.1%
UK	8.9%	7.9%	6.7%

Source: Icen Analysis of CoStar data

- 16.15 In August 2025, average office rental prices in Birmingham City overall are £15.67 per sqft; however, the City Core is much higher and outperforms the regional average, being a prime location in the West Midlands. All rates fall below the UK average, which is buoyed by London rents.
- 16.16 There is significant variation within this average between different submarkets and stock types. Oktra report rents per sqft in 2025 of⁴¹:
- £42 – £45.50 for grade A office in Birmingham Central
 - £32.50 - £35 for grade A rents in Digbeth
 - £28 - £29 for grade A in Eastside and Westside Birmingham
 - £26 – £27 for grade B in Central Birmingham
 - Generally, £19 - £21 for grade B elsewhere
- 16.17 Similarly, JLL report prime rents in Birmingham of £45.50 per sqft on average. In both cases, this shows that prime and grade A rents are substantially higher, and that rents in Central Birmingham are also substantially higher than in other parts of Birmingham.

⁴¹ Oktra *The Cost of Office Space in Birmingham 2025 Report*

Table 16.2 Inflation-Adjusted Average Rental Price (£ per sf)

	2025	5-year average	10-year average
Core Birmingham	£26.09	£24.03	£20.71
Outer Birmingham	£12.24	£11.95	£11.74
Birmingham City Authority Area	£15.67	£15.36	£14.94
West Midlands	£17.30	£17.10	£16.64
UK	£30.31	£30.09	£30.24

Source: Icen Analysis of CoStar data

- 16.18 Price growth has been consistently strong in Birmingham City, even in the last 2 years, since the onset of the Covid-19 pandemic. This strong price growth is likely to sustain developer interest in the Birmingham City office market.

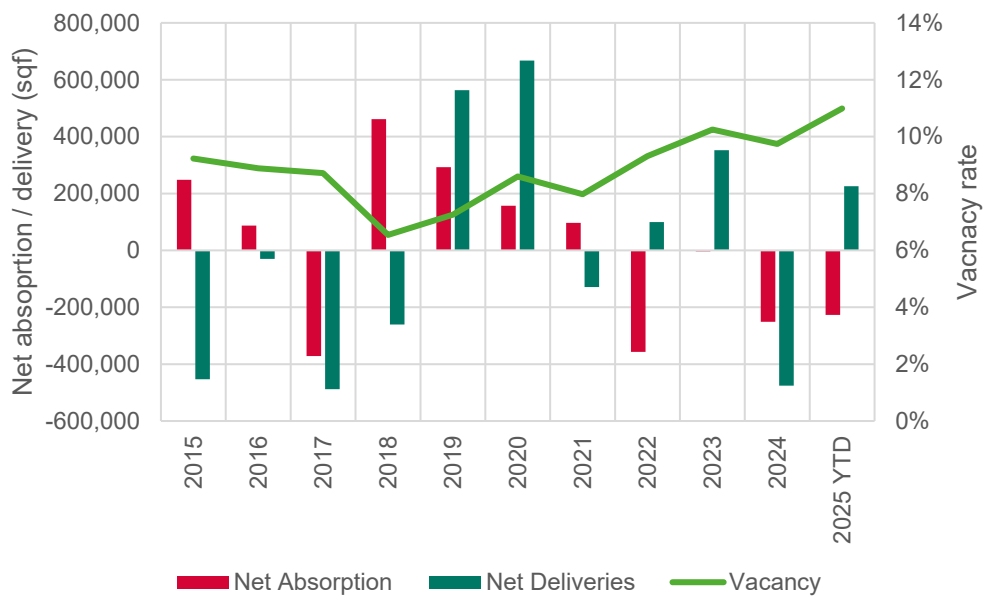
Net Absorption, Deliveries and Vacancy Rates

- 16.19 The following figure shows net absorption (i.e. leases of space minus space moved out of), net deliveries and the office vacancy rate since 2015. Across this period, net absorption and net delivery have been relatively inconsistent year to year.
- 16.20 There were several large losses of floorspace (negative net delivery indicating demolition or conversion) from 2015 – 2018, two years of strong delivery in 2019 and 2020 and then a combination of positive and negative net delivery since then. These recent positive and negative results (i.e., from 2021 onwards) average out to a small positive net delivery of 73,191 sq ft.
- 16.21 There is a clearer trend in net absorption. Apart from 2017, there was positive net absorption (i.e. the overall take-up of office space) from 2015 to 2021. From 2022 onwards, net absorption has been negative every year, indicating a net loss of occupied office space.

16.22 These two factors in combination cause changes in the vacancy rate. From 2015 – 2018, the office vacancy rate across Birmingham decreased, largely due to net negative deliveries and a strong positive net absorption in 2018. Since 2018, the vacancy rate has been increasing relatively consistently, driven by space delivery in 2019 and 2020, and negative net absorption from 2022 onwards.

16.23 When isolating Grade A space only, absorption has been positive for every year on record since 2015, showing demand for the best quality space. For the last 5 years, it has been at a substantial 310,000 sq ft per annum.

Figure 16.4 Net Absorption, Deliveries and Vacancy Rates of Office Floorspace in Birmingham City 2015-2025



Source: IcenI Analysis of CoStar data

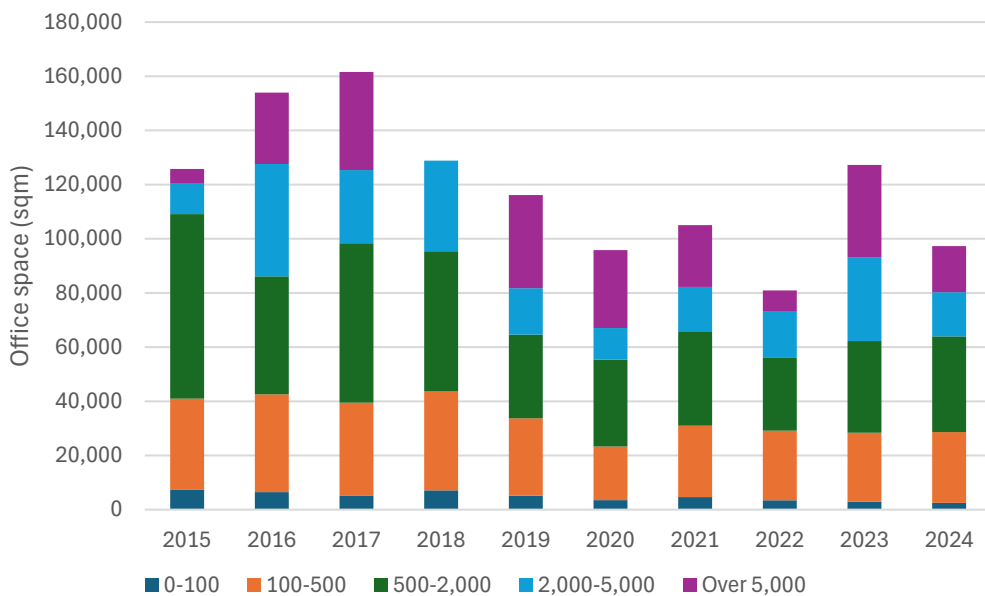
Office Leasing Activity

16.24 Looking back over the last decade, leasing activity peaked in 2017 and then declined each year until 2022 (apart from a small recovery in 2021). There has since been some bounce back, with 2023 having the strongest leasing since 2018 and 2024 down somewhat to sit at similar levels as 2020 and 2021.

16.25 The overall decline in leasing activity since the mid-to-late 2010s has been driven primarily by reduced take-up in the smaller and mid-sized unit categories (0-100 sqm, 100-500 sqm and 500-2,000 sqm), all of which remain well below their 2015-2018 peak levels. Take-up in larger units (2,000-5,000 sqm and over 5,000 sqm) has been more volatile year-to-year. Still, it has generally been more resilient, with several recent years showing levels comparable to, or exceeding, those seen in the pre-pandemic period.

16.26 This suggests that while overall market activity is below where it was in the mid-2010s, there continues to be a demand for larger spaces, with other market intelligence and reports suggesting this demand is strongest for more premium quality and ESG-compliant space.

Figure 16.5 Birmingham LA Leasing Activity by Size Band (Sqm)



Source: Icen Analysis of CoStar data

16.27 Major deals include

- Thermo Fisher Scientific, 105,000 sqft on Broad St in July 2023
- Ernst & Young, 70,000 sqft in Chamberlain Sq in Feb 2025
- KPMG, 74,000 sqft on Snow Hill in Jan 2025

Industrial

- 16.28 At the end of 2024, Colliers⁴² noted that Birmingham's industrial market showed resilience despite broader economic challenges. The vacancy rate has slightly increased due to softened demand and the addition of new supply, but it remains significantly tighter than the national average, positioning the market well for future growth.
- 16.29 Across the West Midlands as a whole, Savills⁴³ noted at the start of 2025 that transactional activity in the West Midlands saw a significant rise in the second half of 2024, pushing the total level of activity for the year to over 5.3 million sq ft, a 53% increase compared to 2023. Interestingly, a large proportion of these requirements have come from international companies looking to establish either their manufacturing headquarters or logistics platforms in the West Midlands.

Key Industrial Market Indicators

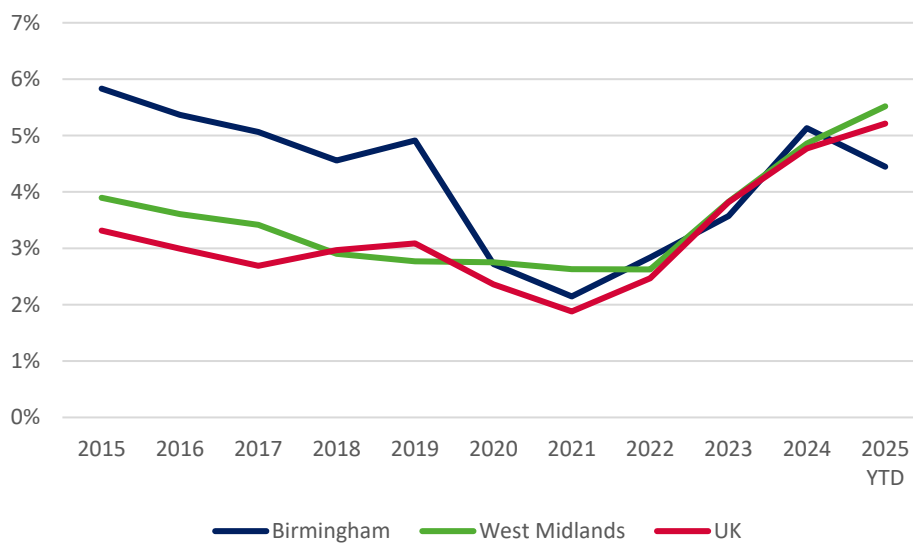
- 16.30 Industrial vacancy rates in Birmingham reached very low levels of 2-3% in 2020 and 2021 during COVID-19, down from around 5% in 2019. Following this, vacancy rates gradually increased to around 5% in 2024 but have dropped slightly and now sit at around 4.4%. 5% is typically the minimum for transactional space, with an equilibrium around 8% to stop rental growth. The city market, therefore, remains compressed.
- 16.31 Industrial vacancy rates in Birmingham have closely mirrored those in the West Midlands and UK more broadly since 2021, with very low values recorded during COVID-19, potentially due to a combination of factors, including high demand from e-commerce, alongside government funding for other sectors that may have struggled thereafter. Post-pandemic, vacancies have seen a gradual increase

⁴² <https://www.colliers.com/en/research/birmingham-al/q3-2024-birmingham-industrial>

⁴³ https://www.savills.co.uk/research_articles/229130/371308-0

(although the West Midlands and the UK have not seen the slight tightening in vacancies in 2025 seen in Birmingham). This closeness in results contrasts with the period from 2015-2019, when Birmingham’s industrial vacancy rate was notably higher than the West Midlands and the UK, whilst not outside the ranges typical of a well-functioning market.

Figure 16.6 Industrial vacancy rate over time



Source: Icen Analysis of CoStar data

16.32 The following table summarises this vacancy time-series into 2025 values as well as 5-year, 10-year and longer-term averages, in line with the above discussion.

Table 16.3 Vacancy Rate

	2025	5-year average	10-year average	All-time average (Since 2009)
Birmingham	4.4%	3.6%	4.7%	5.0%
West Midlands	5.2%	3.6%	3.8%	5.0%
UK	5.5%	3.9%	4.0%	5.5%

Source: Icen Analysis of CoStar data

16.33 In September 2025, average industrial rental prices in Birmingham City are £8.77 per SF, higher than in the West Midlands, but lower than the UK result. Similarly, Birmingham’s 5-year, 10-year, and longer-term average industrial rents sit between the regional average (West Midlands, lower) and the national average (UK, higher).

Table 16.4 Inflation-Adjusted Average Rental Price (£ per sf)

	2025	5-year average	10-year average	All-time average (Since 2009)
Birmingham	£8.77	£8.39	£7.38	£6.64
West Midlands	£8.06	£7.60	£6.85	£6.29
UK	£9.32	£8.86	£8.09	£7.43

Source: IcenI Analysis of CoStar data

16.34 The table below shows the percentage growth in inflation-adjusted average rents in Birmingham and wider comparator areas over time. It can be seen that price growth has been consistently strong in Birmingham.

Table 16.5 Inflation-Adjusted Average Rental Price Growth

	Birmingham	West Midlands	UK
2-year growth (2023-25)	5.9%	3.9%	4.7%
5-year growth (2020-25)	22.0%	17.4%	19.6%
10-year growth (2015-25)	50.4%	44.3%	42.9%

Source: IcenI Analysis of CoStar data

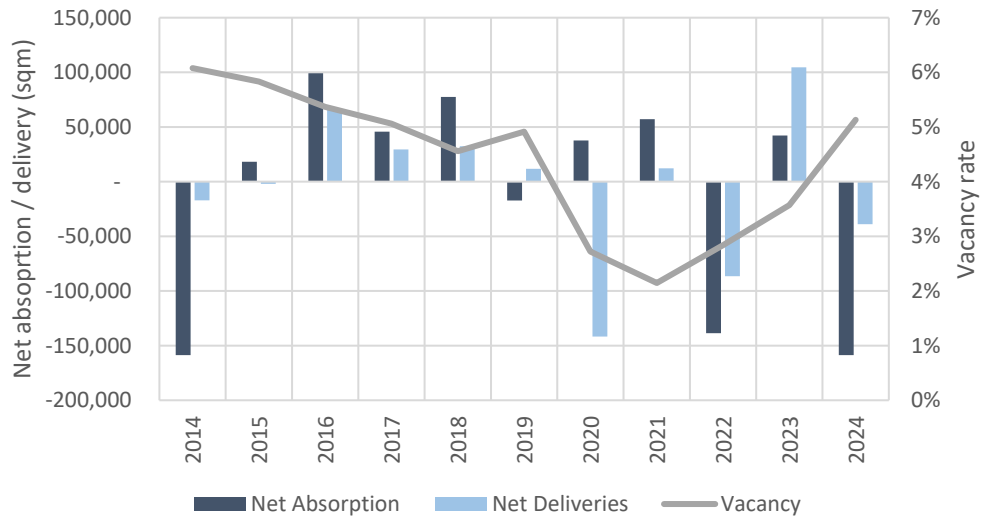
Industrial Net Absorption, Deliveries and Vacancy Rates

16.35 Net Absorption has been inconsistent over the past 10 years. Apart from a very large negative net absorption in 2014, there were generally positive net absorption results from 2015 – 2021 with peaks in 2016 (~85,000 sqm), 2018 (~70,000 sqm) and 2021 (~57,000 sqm).

However, since then, there have been large negative net absorption results in 2022 and 2024.

- 16.36 Net deliveries have also been relatively inconsistent year-to-year over the 10 years. Large negative net deliveries occurred in 2020, 2022, and 2024, while the positive net delivery in 2023 was the largest across the entire period (Peddimore).
- 16.37 In combination, these results amount to a net loss of around 150,000 sqm of floorspace in the five years from 2020 to 2024. By contrast, net delivery results were positive or recorded very small net losses from 2014 to 2019.
- 16.38 As discussed earlier in this section, the vacancy rate decreased from 2014 onwards, reaching very low values in 2020 and 2021. This was the result of positive net absorption consistently larger than net delivery from 2016 – 2019, followed by a very large loss of floorspace (i.e., negative net delivery) in 2020. By contrast, there has been an overall negative net absorption since 2021, leading to an increase in the vacancy rate.
- 16.39 Ideally, property markets operate at a 7.5% vacancy or at least a minimum of 5% to enable choice and growth for business. Birmingham has not exceeded 7% in the last decade and is now around 5%.

Figure 16.7 Net Absorption, Deliveries and Vacancy Rates of Industrial Floorspace in Birmingham City 2014-2024

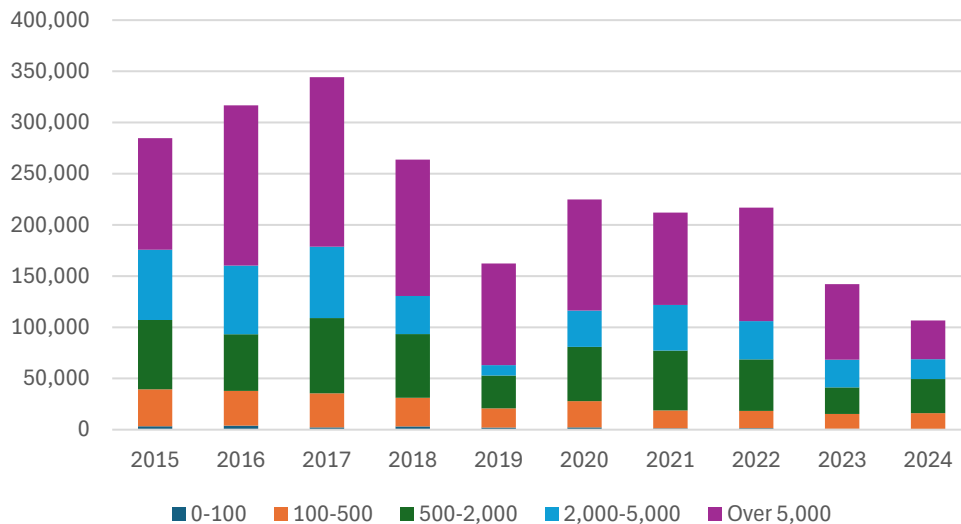


Source: IcenI Analysis of CoStar data

Industrial Leasing Activity

16.40 The figure below shows leasing activity (sqm of floorspace) by year and size band. Leasing activity fell from a high in 2017 to 2019, then rose again in 2020 and remained just over 200,000 in 2021 and 2022. Since then,, leasing activity has declined sharply, reaching notably low levels in 2024. This decline has happened across all size bands, but has been particularly pronounced in larger units, 5,000 sqm or more.

Figure 16.8 Leasing Activity by Year and Size Band



Source: IcenI Analysis of CoStar data

16.41 Select deals are dominated by logistics and include the following, all on the M6 / A38 eastern corridor:

- Top Cloud Logistics, 164,000 sqft in Park Lane Midpoint Park, Minworth, B76 9BL, May 20225
- Fischer Farms, 62,500 sqft on Bromford Lane, Gravelly, B24 8DW, March 2025
- All Beauty, 104,500 sqft on Wood Lane, Hastingood Industrial Park, B24 9QJ, June 2023

Commercial Market Assessment - Summary

- 16.42 Birmingham's office market had a very strong performance in 2024 with very high take-up, but a slower start to 2025
- 16.43 Office rents in Birmingham have grown strongly recently, with a considerable premium for prime space in Central Birmingham.
- 16.44 The office vacancy rate has been growing in recent years and is now 12.9% in Central Birmingham (although lower for prime stock), but only 6.3% in Outer Birmingham.
- 16.45 The office market is generally forecast to continue building momentum in the coming years, driven by fundamentals of strong prime stock demand and a limited pipeline
- 16.46 Industrial vacancy rates have been rising since reaching very low levels in 2020 and 2021, and now sit at around 5%, which is still relatively low for a healthy industrial market
- 16.47 There have been several years recently with large negative industrial net absorption, and leasing has been relatively low in recent years
- 16.48 Industrial rents have been growing in line with broader markets, with Birmingham's industrial rents lying between the averages for the West Midlands and the UK as a whole
- 16.49 Industrial rental growth is expected to continue but at a more moderate pace, with demand strongest for modern, ESG-compliant space. At the same time, older secondary stock is more prone to obsolescence.

17. Economic Outlook

- 17.1 The 2022 HEDNA presented two employment forecasts, which Cambridge Econometrics developed: a baseline forecast (+40,200 jobs) and a growth scenario (+82,200 jobs) forecast.
- 17.2 These forecasts were developed in 2021, with the latest historic employment data available at the time dating to 2019. For this 2025 update to the HEDNA, IcenI have commissioned an updated employment forecast for Birmingham from Cambridge Econometrics, which takes into account more recent employment data to 2023 and projects employment from 2024 onwards.
- 17.3 A growth scenario has been developed by IcenI based on this updated baseline forecast, taking into consideration the latest policy developments, growth ambitions and pipeline projects.
- 17.4 This Chapter analyses the latest employment forecasts and provides commentary regarding how the forecasts have changed compared to those presented in the 2022 HEDNA.

Forecasts

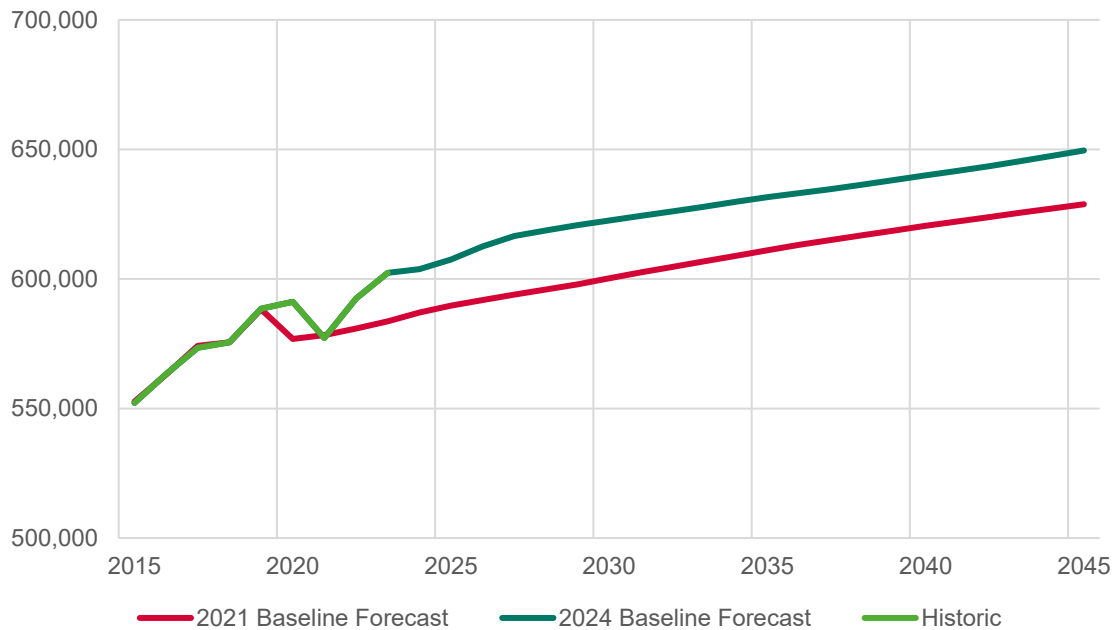
- 17.5 In this section, we have provided the baseline and growth scenario forecasts between 2024 and 2044 using data from Cambridge Econometrics (CE).
- 17.6 The baseline scenario forecasts a growth in jobs of 43,700 between 2024 and 2044. This is a slightly faster rate of growth than the 2022 HEDNA baseline forecast, which projected employment growth of 40,200 over the same period.
- 17.7 It should be noted that due to the erroneous BRES data for the Food and beverage services sector in Birmingham in 2023 (which acts as an

input into the CE forecasts), an adjustment has been applied to the Food and beverage services forecast (noting that the BRES 2025 release corrected the issue).

- 17.8 This has been done by assuming that the 2022 Food and beverage figure is held constant in 2023, and then the forecast growth rate for the sector is applied thereafter.
- 17.9 Whilst this affects the employment forecasts, it does not affect the employment land modelling results in Chapter 16 as the food and beverage sector is not assumed to have operations within E(g)/B2/B8 floorspace.
- 17.10 The chart below provides a comparison of the 2021 CE forecast developed for the 2022 HEDNA and the 2025 forecast developed for this HEDNA Update.
- 17.11 It can be seen that the forecast developed in 2021 projected a fall in employment in 2020, followed by relatively linear growth till 2045.
- 17.12 The forecast developed in 2025 uses historic BRES data up to 2023. As set out in the Economic Baseline analysis, employment continued to grow between 2019 and 2020, albeit at a slightly slower rate than the previous year.
- 17.13 A fall in employment was then seen between 2020 and 2021; employment recovered quickly, exceeding 2019 levels in 2023 and continued to grow between 2022 and 2023.
- 17.14 Employment reached 602,300 in 2023 based on CE actual data, compared to 583,700 forecast by CE in 2021. Between 2019 and 2023, employment grew by 2.3% compared to the 2021 CE forecasted decline of -0.8%.
- 17.15 Whilst the updated forecast starts at a higher level of employment, the rate of growth between 2024 and 2044 in each of the forecasts is

similar, with a compound annual growth rate of 0.35% in the latest forecast compared to 0.33% in the previous 2021 forecast.

Figure 17.1 Employment Forecasts, Birmingham



Source: IcenI analysis of CE forecasts

- 17.16 The table below provides an overview of the sectoral composition of the baseline forecast over the plan period 2024-2044. This takes into account global and national macroeconomic trends, including the effects of AI and automation across a range of sectors.
- 17.17 The largest growth sectors are forecast to be Professional & Scientific Services and Media & IT, which account for 26% and 18% of growth, respectively.
- 17.18 The Manufacturing sector is forecast to see the largest decline in employment, with a loss of 8,300 jobs. However, it should be noted that this does not necessarily indicate poor sectoral performance, but rather efficiency improvements, whereby the number of employees reduces whilst output rises, as fewer workers are required due to advances in technology, automation, and improved processes.

Table 17.1 Baseline employment forecast by broad sector

Sector	2024	2044	Change 2024-44	% Change 2024-44
Professional and Scientific Services	105,900	117,200	11,200	11%
Media and IT	27,400	35,100	7,700	28%
Education	58,700	65,900	7,200	12%
Accommodation and Food Services	38,300	45,500	7,200	19%
Health	94,400	101,100	6,600	7%
Wholesale and Retail Trade	77,100	81,700	4,600	6%
Business Support Services	50,100	54,500	4,400	9%
Public Administration and Defence	36,500	38,100	1,600	4%
Transport, Warehouse and Postal	23,300	24,700	1,400	6%
Creative and Recreation	12,200	13,200	1,000	8%
Construction	26,400	26,800	400	2%
Utilities	4,600	4,700	100	1%
Agriculture and Mining	2,800	2,200	- 600	-21%
Other	14,800	14,100	- 800	-5%
Manufacturing	31,200	22,900	- 8,300	-26%
Total	603,700	647,700	43,700	7%

Source: Icen Analysis of Cambridge Econometrics

NB: Figures may not sum due to rounding

-
- 17.19 The baseline employment forecast is largely driven by a shift share from the national and regional outlook, taking into account changing trends, with some influence of historic trends.
- 17.20 It cannot foresee future policy interventions or growth strategies, and the outlook for stronger-performing local economies in a region can be curtailed by expectations of the region overall (for example, Cambridge in the East of England).
- 17.21 For this reason, as per the previous HEDNA, a growth scenario has been developed which takes into consideration the specific performance of Birmingham, latest policy developments, economic growth ambitions and pipeline projects.
- 17.22 This has been informed by past performance, stakeholder engagement and a review of recent economic strategies, particularly the West Midlands Growth Plan 2025 and the Birmingham City Council Economy and Place Strategy 2025, which set out a number of key growth sectors, as detailed within Chapter 12 of this report.
- 17.23 The key adjustments are:
- **Automotive Supply Chain and other Advanced Engineering:** (notably supported in the West Midlands Growth Plan) selected four broad sectors that best correspond to these technologies: Electronics, Electrical Equipment, Machinery, and Motor Vehicles. As per the previous HEDNA, the projected baseline decline in employment is adjusted to stable employment figures from 2024 onwards; however, given strong productivity growth, it should be emphasised that stable employment corresponds to ambitious GVA growth. This aligns more closely with the Government's Industrial Strategy, which states that advanced manufacturing is one of the eight key growth-driving sectors of the UK economy.
 - **Construction:** The baseline forecast sees modest growth of 400 jobs over the plan period within the construction sector. Given the major regeneration projects planned for Birmingham and ambitious housing delivery targets, the growth scenario adjusts the forecast upwards in line with the lower quartile between the 10- and 20-year trend-based projections for the plan period, an increase in jobs of 2,500.

-
- **Warehousing:** The baseline forecast sees growth in employment of 900 jobs. In the growth scenario, this is uplifted to the lower quartile between the 10- and 20-year trends, which represents a 3,000 increase in employment. Market reviews, as set out in the Commercial Market Assessment, describe Birmingham's industrial market as resilient and well-placed for future growth. They also note that industrial transactions were strong in the second half of 2024, with a large proportion of requirements coming from international firms looking to establish manufacturing HQs or logistics operations from the West Midlands. The remaining capacity at Peddimore alone could contribute over 2,000 jobs.
 - **Professional and Business Services:** Six professional sectors have been adjusted to reflect strong growth ambitions within the city: Real estate, Legal & accounting, Head offices & management consultancies, Architectural & engineering services, Other professional services and Business support services. These have been adjusted to reflect historic performance between the 10 and 20 years past the annual average change. These sectors relate strongly to a number of the growth sectors set out within the BCC Economy and Place Strategy, namely Business, Professional and Financial Services, Medtech and Health and Medical Devices, Diagnostics and Associated Digital Healthcare, Energy Systems and CleanTech. These sectors also have close links with two of the growth sectors set out in the Government's Industrial Strategy: Clean Energy Industries and Professional and Business Services.
 - **Media and IT:** Media adjusted upwards to align with the mid-point between the 10- and 20-year trend-based projections, and IT adjusted upwards to the lower quartile between the baseline and 10-year trend-based projection. The BCC Economy and Place Strategy emphasises the strong growth potential within the Creative, digital, technology and culture sector. The UK's Industrial Strategy also places emphasis on Digital and Technologies as a key growth sector.
 - **Health:** The baseline forecast has been replaced with half of the lower quartile of the baseline and 20-year trend-based projection, given that the 10-year and 20-year projections significantly exceed the baseline forecast.
 - **Arts:** The Creative, digital, technology and culture sector is stated as having strong growth potential within the BCC Economy and Place Strategy and the West Midlands Growth Plan, with significant recent and planned investments including the BBC's new regional headquarters in Digbeth and Steven Knight's Digbeth Loc. Studios. Furthermore, the Creative Industries sector is one of the key growth sectors within the UK Industrial Strategy. The baseline forecast anticipates a minor decline in the arts

sector of 27 jobs. This has been adjusted to the average of the 10- and 20-year trend-based projections, corresponding to an increase of 1,300 jobs.

- 17.24 Overall, the growth scenario increases forecast employment growth from 43,700 in the baseline to 70,000 (an increase of 26,000 jobs or 60%).

Table 17.2 Employment – 2024 vs 2044 by Scenario

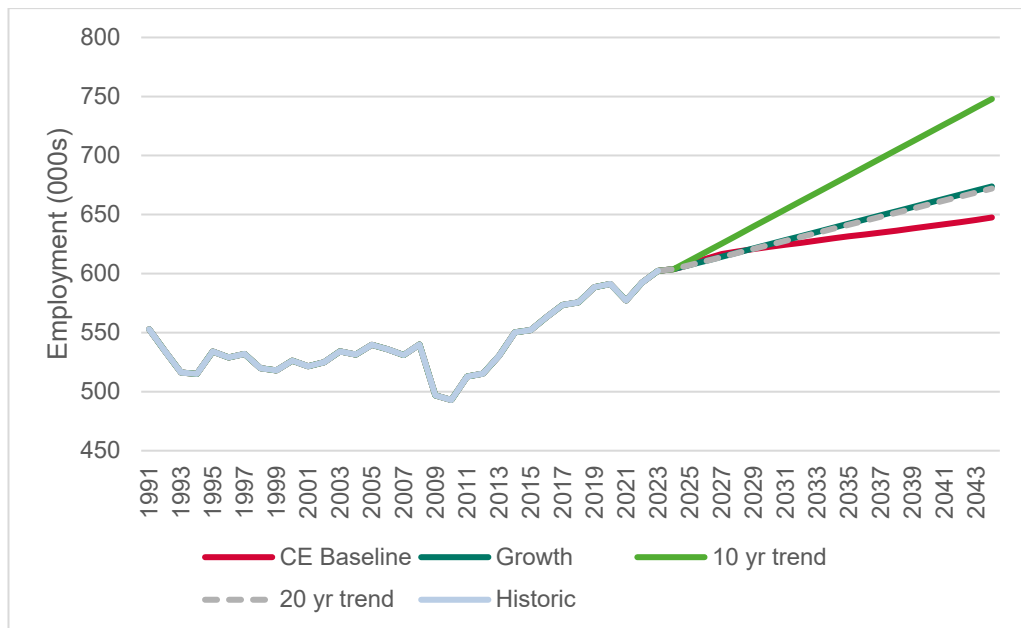
	2024	2044 Baseline	Baseline Change	2044 Growth	Growth Change
Employment	603,800	647,500	43,700	673,800	70,000

Source: Cambridge Econometrics, Icen analysis

NB: Figures may not sum due to rounding

- 17.25 The figure below compares the CE baseline and growth scenarios to 10-year, and 20-year trend-based projections based on historic rates of employment growth,
- 17.26 The growth scenario is broadly aligned with the 20-year trend, which sees total growth in employment of 68,300 between 2024 and 2044—by contrast, extending the more recent 10-year trend forward projects substantially higher growth—an increase of approximately 144,100 jobs—well above both the baseline and growth scenarios. The growth scenario is therefore conservative relative to recent historical trends yet remains ambitious in comparison to the baseline.

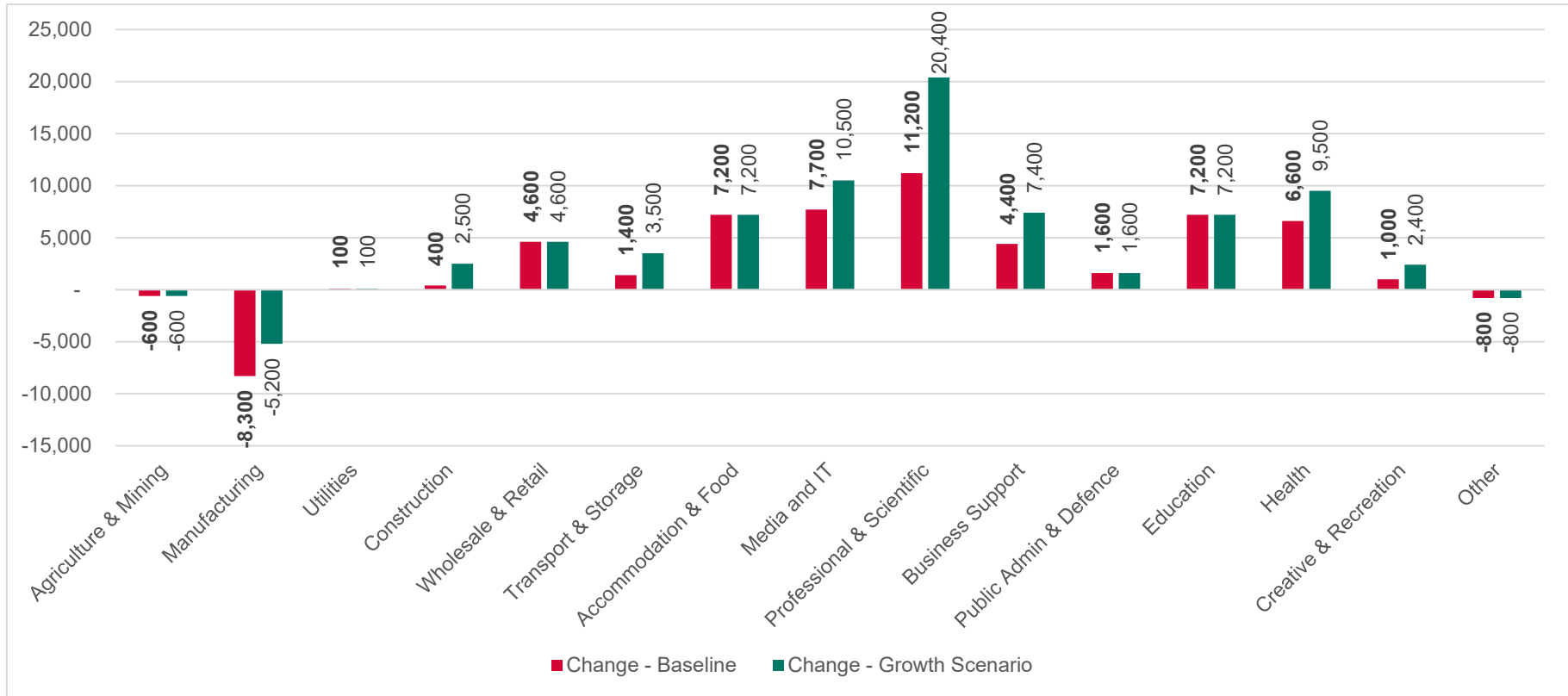
Figure 17.2 Comparison of employment forecasts



Source: Cambridge Econometrics, IcenI analysis

17.27 The figure below provides a comparison of the broad sectoral composition of the baseline and growth forecasts over the 2024-44 plan period.

Figure 17.3 Employment Change by Sector, 2024-44



Source: Cambridge Econometrics, IcenI analysis

Economic Forecasts - Summary

17.28 The key findings for the 2024-2044 employment forecasts are as follows:

- The baseline scenario forecasts a growth in jobs of 43,700 between 2024 and 2044. This is a slightly faster rate of growth than the 2022 HEDNA baseline forecast, which projected employment growth of 40,200 over the same period.
- The forecast developed for the 2022 HEDNA projected a fall in employment in 2020, followed by relatively linear growth till 2045. The updated forecast shows that whilst there was a fall in employment in 2021, employment recovered quickly, exceeding 2019 levels in 2023. The employment level and the growth rate between 2024 and 2044 in each forecast are similar.
- The largest growth sectors are forecast to be Professional & Scientific Services and Media & IT. The Manufacturing sector is forecast to see the largest decline in employment; this does not necessarily indicate poor sectoral performance but rather anticipated improvements in productivity.
- A growth scenario has been developed which makes adjustments to a number of sectors based on the latest policy developments, economic growth ambitions and pipeline projects.
- Overall, the growth scenario increases forecast employment growth from 43,700 in the baseline to 70,000 (an increase of 26,300 jobs or 60%).

18. Employment Land Need

- 18.1 The 2022 HEDNA recommended an employment need range of:
- Offices – 453,900 sqm and 22.7 Ha
 - Industrial – 1,343,500 sqm and 268.7 Ha
- 18.2 The authority provided a broad indication of its supply at the time of writing the 2022 HEDNA. When this was taken into account, there was a slight shortfall in office permissions, but a potential oversupply when all future office supply was included. For the industrial sector, a shortfall of 61.7-86.6 Ha was calculated.
- 18.3 This Chapter provides an update to the employment land needs evidence produced in the 2022 HEDNA.
- 18.4 It considers labour demand (baseline and growth) scenarios provided by Cambridge Econometrics, labour supply, as well as completions trends using LPA and VOA data and a net absorption trend based on CoStar data.

Labour Supply and Demand Models: Baseline and Growth

- 18.5 Using the baseline and growth employment forecasts from CE (see previous section), 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 further in this paper.
- 18.6 It is of note that the labour demand baseline generates 43,700 jobs from 2024 to 2044, and the aspirational growth scenario generates 70,000 jobs. In contrast, the demographic assessment - Scenario 2 labour supply (see chapter 13) generates a range of 65,500 to 95,300 jobs supported, depending on commuting assumptions.

-
- 18.7 Given that the aspirational labour demand scenario broadly parallels the labour supply range, an alternative labour supply-driven scenario has not been developed.
- 18.8 CE provided a 45-sector breakdown of sectors, which we have used to model floorspace needs. The Birmingham ratio of jobs to FTEs (sourced from BRES 2023 data) has been used to convert jobs to FTEs.
- 18.9 As per the 2022 HEDNA, an adjustment for typical levels of homeworking is applied using pre-pandemic data for 2019. Further to this, an adjustment is applied to the office forecasts to develop an office Working from Home (WfH) sensitivity. This aims to better reflect levels of home working post-COVID-19 and assumes that future office needs are reduced by 30% relative to typical office needs.
- 18.10 To convert the residual FTEs to floorspace, ratios are assumed as per the following guidance from the 2015 Homes England Employment Densities Guide:
- 10 sqm offices (12 sqm GEA)
 - 30 sqm R&D⁴⁴ (36 sqm GEA)
 - 42 sqm industrial (blend of light industrial and general industrial)
 - 70 sqm warehousing
- 18.11 These ratios have not changed since the 2022 HEDNA.
- 18.12 The tables below provide the summary floorspace need outputs by 5-year bands for the baseline and growth scenario, respectively.

⁴⁴ This is lower than the 40sqm in the Guide but is considered more realistic in light of the City's urban constraints

Table 18.1 Labour demand baseline floorspace needs 2024-44, sqm

	2024-29	2029-34	2034-39	2039-44	2024-2044
Office	68,700	35,100	34,700	33,800	172,200
Office (WfH Sensitivity)	48,100	24,500	24,300	23,700	120,600
R&D	2,300	1,400	1,100	1,500	6,300
Industrial	-90,900	-76,900	-70,400	-52,900	-291,100
Distribution	18,100	41,200	23,100	23,100	105,500
Total*	-22,400	-9,800	-21,900	-4,600	-58,700

Source: CE / IcenI, *Total uses the WfH sensitivity for office need

Table 18.2 Labour demand growth floorspace needs 2024-44, sqm

	2024-29	2029-34	2034-39	2039-44	2024-2044
Office	70,300	70,300	70,300	70,300	281,200
Office (WfH Sensitivity)	49,200	49,200	49,200	49,200	196,800
R&D	6,300	6,300	6,300	6,300	25,300
Industrial	-36,900	-36,900	-36,900	-36,900	-147,700
Distribution	44,700	44,700	44,700	44,700	178,800
Total*	63,300	63,300	63,300	63,300	253,200

Source: CE / IcenI, *Total uses the WfH sensitivity for office need.

18.13 These floorspace needs have been converted to land needs using plot ratios of:

- 1.4 for offices
- 0.5 for R&D, industrial and distribution

18.14 These ratios have been calculated based on the average ratio between floorspace and land within monitoring data records of completions between 2021/12 and 2024/25. The plot ratio assumptions used in the 2022 HEDNA were 2.0 for offices and 0.5 for R&D, industrial and distribution.

18.15 It is recognised that the 0.5 ratio for industrial is below the typical requirements of 0.4 or 0.35 for the largest units. However, real-world data for Birmingham reflects that the tight urban environment is leading to a higher building-to-yard area ratio than elsewhere. There are examples of plot ratios of 40% or lower in Birmingham, notably at Peddimore, a large greenfield site. However, this is the exception, with the majority of Birmingham’s land opportunities being brownfield sites that can leverage existing infrastructure, reduce landscaping requirements and maximise efficiency.

18.16 The tables below provide the summary employment land need outputs by 5-year bands for the baseline and growth scenario, respectively.

Table 18.3 Labour demand baseline land needs 2024-44, ha

	2024-29	2029-34	2034-39	2039-44	2024-2044
Office	4.9	2.5	2.5	2.4	12.3
Office (WfH Sensitivity)	3.4	1.8	1.7	1.7	8.6
R&D	0.5	0.3	0.2	0.3	1.3
Industrial	-18.2	-15.4	-14.1	-10.6	-58.2
Distribution	3.6	8.2	4.6	4.6	21.1
Total*	-10.7	-5.1	-7.5	-4.0	-27.3

*Source: CE / IcenI, *Total uses the WfH sensitivity for office need*

Table 18.4 Labour demand growth land needs 2024-44, ha

	2024-29	2029-34	2034-39	2039-44	2024-2044
Office	5.0	5.0	5.0	5.0	20.1
Office (WfH Sensitivity)	3.5	3.5	3.5	3.5	14.1
R&D	1.3	1.3	1.3	1.3	5.1
Industrial	-7.4	-7.4	-7.4	-7.4	-29.5
Distribution	8.9	8.9	8.9	8.9	35.8
Total*	6.3	6.3	6.3	6.3	25.3

*Source: CE / IcenI, *Total uses the WfH sensitivity for office need.*

18.17 The baseline model forecasts an employment land need of -27.3 ha over the plan period, whereas the growth scenario forecasts a need of 25.3 ha. The most significant difference is in the industrial sector, which shows a negative need in both scenarios but is significantly less negative in the growth scenario. The second-largest difference is in distribution, with the growth scenario forecasting a need for 14.7 ha more than the baseline.

Completions Trend

18.18 The authority has provided a range of data in relation to completions monitoring as set out in the table below. Monitoring of losses generally does not take place; however, the VOA data can serve as a useful guide to the net trend after accounting for both losses and gains.

18.19 Historic completions, based on the Council's monitoring data, have been considered and projected forward to indicate future floorspace needs. Both gross and net historic completions have been considered:

- **Gross completions** (all employment land/floorspace completions, or gains) are useful as they inherently take into account all demand, including replacement demand (on-site and off-site redevelopment and redeployment). However, using gross completions can overestimate demand, as some historic gross completions may have occurred on plots with the same previous use (i.e., redevelopment for the same use but with newer stock). Such redevelopments may continue in the future and do not need 'new' land provision.
- **Net completions** deduct losses from all gross completions to identify total stock change. Depending on the types of losses that have occurred, net completions changes can significantly underestimate needs. Detailed data on losses is required to understand how net completions need to be augmented to take account of losses that need to be replaced – replacement demand.

18.20 The key trends since 2019 are:

Office:

- Strong gains in new build offices in 2021/22 and 2022/23, followed by two years of limited new builds. An all-time high in conversions in 2020/21, followed by relatively strong conversions in 2022/23 and 2023/24.
- Conversions of offices to other uses peaking in 2021/22, with a decline in these losses since then.
- Over the 2011-2025 period, overall, a gain in net office space, based on aggregating new build and conversion gains, after discounting conversion losses. However, if the VOA trend is used as a net floorspace trend, it suggests an overall loss in office floorspace over this time period.

Industrial:

- Particularly strong gross gains in 2023/24 driven by substantial development at Peddimore. Strong gains in 2024/25 driven primarily by NSG Group's manufacturing site in Kings Norton and development at the northern half of the former Birmingham Battery Site in Selly Oak.
- Two years of particularly strong losses in 2019/20 and 2021/22.
- An increased level of losses via conversions to other uses, especially in 2022/23 and 2023/24. The conversion of Priory House, Gooch Street, to residential in 2022/23 was the largest recorded conversion loss over the period since 2011/12.
- Over the 2011-2025 period overall, a relatively moderate gain in net industrial space based on new build and conversions gain net of losses and conversion losses. However, if the VOA trend is used as a net floorspace trend, it suggests an overall loss in industrial floorspace over this time period.

Table 18.5 Completions monitoring 2011/12-2024/25 (Sqm)

	Offices:				Industrial:				
	New build completions	Conversion completions (gains)	Conversion completions (losses)	VOA trend (net)	New build completions	Conversion completions (gains)	Conversion completions (losses)	Demolition completions (losses)	VOA trend (net)
2011/12	20,743	912	-2,122	28,000	23,660	0	520	3,677	-73,000
2012/13	36,003	720	-5,601	22,000	18,270	0	50	122,152	-2,000
2013/14	6,851	463	-1,579	2,000	98,388	91	942	9,724	5,000
2014/15	3,596	575	-4,895	3,000	14,325	0	1,282	41,766	-58,000
2015/16	8,667	30	-16,284	-3,000	77,882	0	1,567	42,676	-17,000
2016/17	8,559	0	-29,197	-35,000	90,129	0	1,434	27,113	17,000
2017/18	3,815	183	-27,603	-31,000	44,620	0	2,339	108,651	-36,000
2018/19	32,867	188	-21,898	6,000	47,165	0	1,207	40,401	14,000
2019/20	84,225	326	-18,245	-3,000	28,035	0	2,990	176,829	-172,000
2020/21	14,785	15,131	-18,504	-53,000	11,522	0	1,982	36,657	-69,000
2021/22	53,846	160	-23,446	-36,000	33,242	0	2,674	137,868	-58,000
2022/23	51,224	2,886	-18,092	28,000	13,139	0	9,763	2,300	-95,000
2023/24	705	8,500	-13,468	N/A*	273,682	0	5,960	20,524	N/A*
2024/25	38	57	-10,379	N/A*	73,264	0	0	1613	N/A*
Total	325,924	30,131	-211,313	-72,000	847,323	91	32,710	771,951	-544,000
10-year average**	25,873	2,746	-19,712	-12,200	69,268	-	2,992	59,463	-46,900

Source: LPA / IcenI / VOA, *Most recent VOA data available 2022/23

** (2015/16-2024/25 for Monitoring, 2013/14-2022/23 for VOA)

18.21 The annual averages for gross (completions), net (completions minus losses and conversions) and net (VOA) change have been projected forward below to generate a trend model for Birmingham’s future floorspace and land needs.

Table 18.6 Completions trend forecast 2024-2044

	Offices:			Industrial:		
	New build + Conversion Gains	Net Trend (Monitoring Data)	VOA trend (Net)	New build	Net Trend (Monitoring Data)	VOA trend (net)
Floorspace (Sqm)	572,400	178,200	-244,000	1,385,400	136,300	-938,000
Land (Ha)	40.9	12.7	- 17.4	277.1	27.3	-187.6

Source: LPA / Icen / VOA

18.22 A sensitivity has also been run that **excludes** the Peddimore development, a 216,000 sqm completion in 2024, by far the largest ever recorded in Birmingham and one that would most likely not be able to be replicated. As a result, this outlier is having a notable effect on the trend figures and average data, without which it would have been considered as set out below. This reduces the new build forecast by over 30% of the base trend.

Table 18.7 Completions trend forecast 2024-2044, sensitivity (Peddimore excluded from new build trend)

	Industrial New build
Floorspace (Sqm)	953,200
Land (Ha)	190.1

Source: LPA / Icen

Strategic Sites Sensitivity

- 18.23 The West Midlands Strategic Employment Sites Study 2024 (WMSESS)⁴⁵ identifies a regional need for strategic manufacturing and logistics sites through 2045. These sites contain strategic units (+9,300 sq.m / 100,000 sq.ft) and are typically over 25ha.
- 18.24 The need for strategic sites was based on a range defined by a completion trend (setting the lower bound) and the MDST Central Scenario (providing the upper bound). The completions trend accounted for all strategic units (+9,300 sq.m / 100,000 sq.ft) completed across the West Midlands during the 2011/12 to 2021/22 period.
- 18.25 A residual need was then calculated by taking account of all strategic site commitments as of April 2022, including land in Birmingham at Peddimore, Washwood Heath and Longbridge. The residual need was then apportioned across 10 opportunity areas.
- 18.26 Although no additional opportunity areas for strategic sites were identified within the Birmingham City boundary, given the lack of land, the implications of the WMSESS should be considered, given the interrelationships between the city's need for large units and sites and the wider area, and whether some of the need is built into the opportunity area recommendations.
- 18.27 Effectively, the strategic element of demand represents a floating regional need - one that is distributed across the West Midlands rather than tied to individual local authority boundaries.

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https://www.birmingham.gov.uk/downloads/file/29999/west_midlands_strategic_employment_sites_study_2024

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- 18.28 As such, while a strategic unit may have been completed within Birmingham historically, this does not imply that similar future development should be projected or rolled forward within the city.
- 18.29 The requirement for these large-scale sites is already captured within the WMSESS 2024 assessment. The historic take-up in Birmingham has been accounted for within the regional apportionment mechanism. However, it is important to note that the model assumes that 35% of past delivery of large units will continue to be provided at the local level (see further adjustment below).
- 18.30 This approach within the WMSESS method was taken across the whole region. However, it is recognised that Birmingham's circumstances may differ, given the city's scale, which leads to locally specific industrial and warehousing needs.
- 18.31 Accordingly, this sensitivity scenario removes strategic units from the local completions trend to ensure the assessment reflects only locally driven employment needs and avoids duplication of the regional strategic provision. Some completions, such as at Peddimore, are recorded post-WMSESS work but remain built into the regional need model.
- 18.32 The table below calculates the local industrial new build gross completions trend, removing strategic units (+9,300 sq.m). The table below compares local industrial gross completions with all industrial (including large units), where the 10-year average falls from 69,300 sq.m to 21,719 sq.m when strategic unit completions are removed. This shows the influence of large units, including at Peddimore and Minworth, as well as across the city. A further scenario has been run that excludes Peddimore as a one-off outlier in the bottom row of the table.

Table 18.8 Local Industrial New Build Completions vs All Industrial

	Local Industrial	All Industrial
2015/16	20,048	77,882
2016/17	24,525	90,129
2017/18	10,980	44,620
2018/19	13,878	47,165
2019/20	5,360	28,035
2020/21	11,522	11,522
2021/22	22,034	33,242
2022/23	13,139	13,139
2023/24	33,611	273,682
2024/25	62,091	73,264
Total	217,188	847,323
10-year average	21,719	69,268
10-year average exc Peddimore	21,719	47,661

Source: IcenI analysis of Authority Monitoring Data

- 18.33 The WMSESS 2024 acknowledged that not all strategic units (+9,300 sq.m / 100,000 sq.ft) are located on strategic sites (being those located on the strategic road network or on sites over 25ha) and therefore a downwards adjustment should be made to the 'needs' model to reflect a focus on strategic sites model only, which was applied at -35% based on assessment work.
- 18.34 Conversely, the study recognised that not all units on strategic sites were strategic in size and required an upwards adjustment to the strategic sites need to capture this (+10%). The two adjustments move in opposite directions, and overall, a -25% downward adjustment was applied to the strategic unit completions model to reflect the need for strategic sites.

- 18.35 To account for this and reflect local needs, the Birmingham local industrial trend has been rolled forward for the 20-year forecast period. Then an upwards adjustment of 25% of the strategic component has been made to the local industrial need, to reflect that some larger units will be provided for on non-strategic sites / local industrial sites (and not on strategic sites such as Peddimore, Longbridge or Washwood Heath).
- 18.36 The table below indicates that there is a local industrial need of 112.8 – 134.4ha, compared to an all-industrial need of 190.1-277.1ha. The difference between the two would, in theory, be addressed through the identified opportunity areas in the WMSESS, assuming they come forward.

Table 18.9 Local industrial needs, local units only (2024-44)

	Local Trend Forecast (units under 9,300 sqm)	Including 25% of Strategic Sites Uplift	Including 25% of Strategic Sites Uplift, except Peddimore
Trend Forecast (2024-44) (sq.m)	434,376	672,122	564,087
Ha	86.9	134.4	112.8

Source: Icen Projects

Past Take-Up (Net Absorption)

- 18.37 A third supply-based calculation looks at past take-up of space occupied (rather than land delivered). This has been measured using CoStar data on net absorption - this is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move-ins – Move-outs) equating to the change in occupied space.
- 18.38 This differs from the net completions-based projections in that it predicts future floorspace requirements directly based on demand for floorspace rather than past completions of floorspace (which is a proxy for floorspace demand).

18.39 CoStar provides data on net absorption for Birmingham’s office and industrial markets. Historic net absorption rates for the 2015-2024 period have been projected forward to estimate employment floor space requirements for 2024-44 – see Table below.

Table 18.10 Employment Floorspace Requirement by Net Absorption Projection (Birmingham, 2024-44)

Types	Floorspace	Land (ha)
Office	66,600	4.8
Industrial/Warehousing	-29,200	-5.8

Source: Icen Projects based on CoStar Data

- 18.40 Icen recognise that absorption (as well as other models, including deliveries) can be suppressed by a lack of space for businesses to lease or build new units.
- 18.41 Market equilibrium is usually considered as a 5-10% vacancy range (or availability) with suppression occurring below 5%, but rents are more stable at 7-8% vacancy/availability. Birmingham’s industrial market has largely been below 5% over the last decade, although both vacancy and availability have been rising in recent years and are sitting at 5-6% in early 2026.
- 18.42 There are models to calculate ‘suppressed demand’ which have been developed by Savills⁴⁶ and considered by Icen in some instances (including the regional West Midlands Strategic Employment Sites Study).
- 18.43 This tends to be applied at a FEMA / property market area (PMA) level rather than an individual authority, recognising that occupier locational requirements tend to span statistical geographies. As a result, this has not been used for reviewing Birmingham’s specific need, which already

⁴⁶ <https://pdf.savills.com/documents/levelling-up-the-logic-of-logistics-bpf-report-2.pdf>

exceeds its land supply as per the 2022 HEDNA, as concluded in this chapter.

VOA Floorspace Trend

- 18.44 The Valuation Office Agency (VOA) provides data on total rates – payable floorspace for the office and industrial sectors (industrial and warehouse combined under VOA). Table 16.2 shows the average annual change in floorspace over the ten years from March 2014 to March 2023.

Table 18.11 Average annual change in floorspace (Birmingham, 2014-2023)

Type	Average change in floorspace 2014-2023 (sqm)
Office	- 12,200
Industrial	- 46,900

Source: Icen Projects based on VOA Data

- 18.45 The historic changes in floorspace for the 2013-2023 period have been projected forward to estimate employment floorspace requirements for 2024-44 – see Table 15.3.

Table 18.12 Projected floorspace and land requirements using VOA data (Birmingham, 2024-2044)

Types	Floorspace (sqm)	Land (ha)
Office	-244,000	-17.4
Industrial/ Warehousing	-938,000	-187.6

Source: Icen Projects based on VOA Data

Drawing the Evidence Together

- 18.46 This chapter includes a range of detailed modelling scenarios to consider the future employment land needs for Birmingham.

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- 18.47 The table below summarises the total employment land need 2024-44 for each broad-use class across the various models discussed above in this chapter.
- 18.48 The completions, excluding Peddimore, have been rolled forward, given the scale of influence this outlier has on the trend data.

Table 18.13 Range of floorspace needs, 2024-44, sqm

Types	Labour Demand Baseline	Labour Demand Growth	Completions (gross, monitoring, exc Peddimore)	Completions Sensitivity – Local Sensitivity – Local (uplifted for 25% of large units, exc. Peddimore)	Completions (net, monitoring)	Net Absorption Trend	VOA Floorspace Trend
Office	120,600	196,800	572,400	572,400	178,200	66,600	-244,000
R&D	6,300	25,300					
Industrial	-291,100	-147,700	953,200	564,100	136,300	-29,200	-938,000
Distribution	105,500	178,800					
Total	-58,700	253,200	1,525,600	1,136,500	314,500	37,400	-1,182,000

Source: CE/Iceni/VOA/Authority

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- 18.49 The outcomes of the modelling and recommended future requirements are considered below.
- 18.50 **Offices:** The range of floorspace needs for offices is between -244,000 sqm and 572,400 sqm.
- 18.51 Gross completions forecast the greatest floorspace need, exceeding even the growth model, reflecting the past delivery of new floorspace. This aligns with the 2022 HEDNA, where the gross completions trend also produced the highest office need figure (474,520 sqm). The trend has increased with recent high deliveries.
- 18.52 The VOA trend produces a significant negative floorspace need, given a large quantum of losses in 2021 and 2022 – it is unlikely that losses would continue at this rate into the future, and this trend does not align with market signals.
- 18.53 The net completions (deducting losses) and labour demand models are broadly similar. This reflects a good proxy for the net change in office space growth in the future, depending on losses.
- 18.54 The 2022 HEDNA concluded that, given the strength of past delivery, but some uncertainty in the levels of demand for offices in the future compared to the past, the requirement is likely to lie between the growth model and gross completions trend figures.
- 18.55 It is reasonable to continue to take this approach, planning for the midpoint between the labour demand growth (including R&D) and the gross completions, being 397,250 sqm, but recognising that the higher trend of completions at 572,400 sqm is also realistic. This is the total land that new office space is expected to take, but some will come from recycled stock.

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- 18.56 It was recommended within the 2022 HEDNA that the authority should monitor office market performance in the near term to confirm its position, given the uncertainty following the Covid-19 pandemic.
- 18.57 As set out within the Commercial Market Assessment, Savills report the office market to have seen growth in headline rents of 23% since 2019, and rents are forecasted to continue to grow over the next five years in the context of in-demand prime supply, constrained development pipeline and a rise in market requirements.
- 18.58 This suggests that demand for office stock remains strong at present and points towards strong future demand for office space in the City. However, demand for secondary space is likely to remain weak and further losses may occur.
- 18.59 **R&D:** As per the 2022 HEDNA, it is Icení's understanding that the authority has generally included R&D space in its office monitoring. On that basis, it would be appropriate to include R&D requirements in the overall office figure above, rather than separating them.
- 18.60 **Industrial:** The range of floorspace needs for industrial is between - 938,000 sqm and +953,200 sqm (or higher at 1,385,400 sqm when including Peddimore in the trend).
- 18.61 The baseline labour demand model is a negative sum for industrial-type floorspace when aggregated. As noted previously, labour demand is not considered an appropriate indicator for these floorspace types.
- 18.62 As per the 2022 HEDNA, the VOA trend is negative, suggesting that older premises that do not meet modern business needs are being lost, whilst strong demand for new modern premises exists to support employment and productivity growth, as well as satisfy the replacement demand for older premises.
- 18.63 The 2022 HEDNA recommended that the gross completions trend (269 ha in 2022) figure be planned for which is considered appropriate again. This figure is now 277 ha, but once Peddimore is removed, the

requirement falls from 277 to 190 ha. Much of this future demand is expected to come from existing sites, but not necessarily all of it. This can be seen in the data: the net trend is only slightly positive, compared to the significant gross trend, indicating losses and recycling alongside new development.

18.64 It is also not considered realistic that Birmingham can meet all of the needs for large-scale units, such as those at Minworth and Peddimore, given the lack of future large-scale sites and land.

18.65 As such, the city should consider focusing on its local need (564,100 sqm or 112.8 ha), including a discount on the large-scale units component relative to the overall need (957,800 sqm), as some of the latter will be provided in the wider region.

18.66 The table below summarises the preferred needs, taking into account the above. These are net needs before adjustment, which is considered hereafter.

Table 18.14 Recommended employment land net needs 2024-44

	Office sqm	Office Ha	Local Industrial & distribution Sqm	Local Industrial & distribution Ha
2024-44	397,250	28.4	564,100	112.8

Source: Icenl

18.67 As per the 2022 HEDNA, it is recommended that a margin for flexibility is applied that recognises that:

- Forecasting is not an exact science
- Locational and site size requirements vary
- Potential for delay/slippage in sites coming forward

18.68 This is included as 5 years of gross completions for industrial / distribution and 2 years for offices, as shown below:

Table 18.15 Margin for flexibility (sqm)

	Offices	Industrial & Distribution Local Need*	Industrial & Distribution All Need**
Sqm	50,860	108,594	238,300
Ha	2.5	21.7	47.7

Source: Iceni

*(small units only), **(exc Peddimore)

18.69 It is also important to consider whether a replacement demand adjustment is required. Given the positive approach to provision for both office and industrial space, there is no need in this instance to make further provision for replacement demand, as gross completions models effectively incorporate all demand and assume ongoing losses and stock recycling.

18.70 The 2022 HEDNA included a top-up for low vacancy in the industrial market. Although vacancy remains low, it is unclear whether it is required in the current market, which has softened and seen strong deliveries.

18.71 Drawing together net needs and flexible margin, the overall needs for employment are set out below.

Table 18.16 Employment land needs 2024-2044

	Offices:			Industrial:		
	Net Need	Gross Need inc.	Net Local Need	Gross Local Need	Net All* Need	Gross All* Need inc.
Sq	397,250	448,110	564,100	672,700	953,200	1,191,500
Ha	28.4	30.9	112.8	134.5	190.6	238.3

Source: Iceni

*trend exc. Peddimore

18.72 These figures compare to the 2022 HEDNA findings:

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- Offices – 453,900 sqm and 22.7 Ha, comparable floorspace need but greater land take based on revised plot ratios.
 - Industrial – 1,343,500 sqm and 268.7 Ha, the ‘all’ need falling in 2025 once Peddimore is excluded (but would be over 20% higher when margin included).

Demand and Supply Balance and Recommendations

- 18.73 The authority has indicated its current supply to inform a balancing exercise. This is based on the 2025 employment land availability assessment. Significant industrial elements include:
- Peddimore, 49 ha remaining
 - Washwood Heath, HS2 19.6 ha
 - Bordesley Park / Wheels Site 16ha (uncertain status)
- 18.74 The Peddimore and Washwood Heath sites are assumed to primarily support the delivery of strategic units rather than local units.
- 18.75 The table below brings together the demand and supply.
- 18.76 For offices, there is a significant technical oversupply. Some of the pipeline may fail to materialise, whilst there is also a tension with the need to facilitate above-forecast gains in professional services and related sectors.
- 18.77 For the local industrial need, the Peddimore, Longbridge and Washwood Heath sites are excluded from the supply side and balance.

Table 18.17 Employment land needs balance (office) 2024-44 -sqm

Gross Need	Permissions/ Under Construction	Other (allocation)	Balance (all supply)
448,110	934,420	270,000	+756,300

Source: Icenii/ Authority

Tables 18.18 and 18.19 Employment land needs balance (industrial)
2024-44

Local industrial & distribution (Ha) (recommended):

Gross Need	Permissions/ Under Construction	Other (allocation)	Balance (all supply)
134.5	31.8	25.5	-77.2

All industrial & distribution (Ha)*:

Gross All Unit Need	Permissions/ Under Construction	Other (allocation)	Balance (all supply)
238.3	90.3	48.5	-99.5

Source: Icenii/ Authority (NB Call for Sites responses excluded from supply) *
exc Peddimore in need trend

- 18.78 For the 'all' industrial, the need has reduced compared to 2022 (Peddimore excluded), whilst supply has also reduced, so the shortfall of nearly 100 ha shown here compares with 86.6 ha in 2022. Even under the preferred local needs model, the shortfall is a significant 77 ha. This excludes around 4.2 ha of potential supply through the call for sites in 2022/23, but includes 16 ha at the former Wheels sites, which may no longer be achievable for this use class.
- 18.79 Additionally, the assessment of the Core Employment Areas in 2022 suggested that future redevelopment and intensification is likely to be an ongoing source of supply.

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- 18.80 It is recommended that the **local** needs model be used for Plan making in Birmingham as it assumes that some strategic need is met outside of the city.
- 18.81 The WMSESS work recommended that some of the future strategic need be provided for in opportunity areas outside of the city in the wider region, including in Lichfield / Tamworth, Solihull and North Warwickshire.
- 18.82 The deliverability of sites in these locations will be considered in due course through local plans in those authorities. It cannot be wholly relied upon for Birmingham, but equally, it is not considered realistic that Birmingham can meet all its own needs for large sites.
- 18.83 It is recognised that the West Midlands Spatial Development Strategy will provide an opportunity to consider joint needs across the wider area beyond Birmingham and potentially be a mechanism for providing some of Birmingham's employment needs.
- 18.84 The 2022 HEDNA provided recommendations on the split between the types of sites and units that are likely to be required going forward, including an even split between larger, medium and smaller sites.
- 18.85 This advice is considered to remain broadly sound, because even if new strategic sites are progressed in the wider region, Birmingham will still need to try and provide large sites beyond Peddimore and Washwood Heath to meet the ongoing locally arising need for large units. However, achieving strategic sites of over 25ha is not considered realistic or necessary in the city, whilst 10 ha+ for the largest site areas would be more appropriate.

Employment Land Need - Summary

- 18.86 This Chapter has provided an update to the employment land needs evidence produced in the 2022 HEDNA. Analysis considers labour

demand (baseline and growth) scenarios provided by Cambridge Econometrics, labour supply, as well as completions trends using LPA and VOA data and a net absorption trend based on CoStar data.

- 18.87 The models produce a range of floorspace needs as follows:
- Office: -244,000 sqm and 772,400 sqm
 - Industrial and Warehousing: 938,000 sqm and 1,385,400 sqm
- 18.88 It is recommended that the Authority plan for the midpoint between the labour demand growth (including R&D) and the gross completions for office space and for the gross completions figure for industrial and warehousing space, recognising the locally specific element of 564,100 sqm, which includes allowance for some larger units.
- 18.89 Once a margin for flexibility is included, this produces a gross need for 463,300 sqm (32.0 ha) of office space and 672,681 sqm (134.5 ha) of industrial and warehousing space (local).
- 18.90 The office market is comparable to the 2022 position. Still, the all-industrial need has increased due to the rising trend of large completions, whilst the locally specific element reflects a trend excluding the largest sites, some of which may be located in the wider region in the future.
- 18.91 Taking into account the demand and supply balance, for the 'all' industrial market, the need has reduced compared to 2022 (once Peddimore is removed from the trend). Still, supply also decreased, with a large shortfall appearing of nearly 100 ha.
- 18.92 The WMSESS work recommended that some of the future strategic need be provided for in opportunity areas outside of the city in the wider region, including in Lichfield / Tamworth, Solihull, Bromsgrove, South Staffs and North Warwickshire.
- 18.93 The deliverability of sites in these locations will be considered in due course through local plans in those authorities. It cannot be wholly

relied upon for Birmingham, but equally, it is not considered realistic that Birmingham can meet all its own needs for large sites.

- 18.94 Focusing only on local need, and excluding supply at Peddimore, Longbridge and Washwood Heath, the shortfall remains at 77.2 ha (including the Wheels site).
- 18.95 Future redevelopment and intensification are likely to be ongoing sources of supply, whilst the progression of the West Midlands Spatial Development Strategy will also be an opportunity to consider how both local and strategic needs can be met beyond the city boundary.

A1. PBSA Supply

Reference	Address	Status	Bedspaces
2023/06855/PA	Cambrian Hall Land bounded by Parade (B4135), Lyon Queensway (A4400), the former Paradise Circus Car Park and City Gardens and Brindley Drive, Birmingham.	Approve subject to S106.	131
2023/07784/PA	70-73 Cecil Street and 86 Cliveland Street, Newtown	Approved	317
2023/08709/PA	Land to the west of Pershore Street	Approved	301
2024/02669/PA	34-36 Horse Fair, Southside	TBD	182
2024/02725/PA	Maple House, 150 Corporation Street	Approved	383
2024/02897/PA	Land corner of Tennant Street and Granville Street	Approve subject to S106	216
2024/03375/PA	35 and 50 Cliveland Street	Approve	279
2024/04265/PA	1 Lancaster Circus, Queensway	TBD	1,968
2024/06104/PA	Site of the former Axis Building, Holliday Street	Approved	270
2024/06155/PA	Indoor Market 50 Edgbaston Street	Appeal TBD	1,544
2025/02559/PA	Land at the corner of Swallow Street and Hill Street, Birmingham	TBD	263
2025/02616/PA	Premier Inn Essington Street, Birmingham	TBD	546
2025/02816/PA	Land at 93-108 High Street, Digbeth, Birmingham	TBD	TBC