

DCLG RELEASE 2014-BASED HOUSEHOLD PROJECTIONS

THE 2014-BASED HOUSEHOLD PROJECTIONS FOR ENGLAND WERE PUBLISHED BY THE DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (DCLG) ON 12 JULY 2016. PROJECTING THE NUMBER OF HOUSEHOLDS IN ENGLAND AND EACH LOCAL AUTHORITY DISTRICT OVER THE 25-YEAR PERIOD 2014 TO 2039, THESE THEREFORE PROVIDE AN UPDATED 'STARTING POINT ESTIMATE' FOR DETERMINING OBJECTIVELY ASSESSED HOUSING NEED.

Nationally, the 2014-based series project a slower rate of household growth than the previous 2012-based series. Over the 25-year period the number of households in England is projected to grow by 23.1% (an additional 5.26 million households) compared to growth of 23.5% (an additional 5.24 million households) projected by the previous 2012-based series. By 2035 the 2014-based series project there to be 27.3 million households in England – 99,000 thousand more than projected by the 2012-based series.

The 2014-based household projections indicate a need for more housing in England than previously projected. However, the picture across England varies, at a regional level, the 2014-based household projections

indicate higher absolute need in London, East Midlands, West Midlands and the South West. All other regions are projected to see a lower absolute increase in household growth according to the 2014-based projections. In percentage terms, all regions except London are projected to see lower growth according to the 2014-based projections compared to the previous 2012-based series.

As can be seen from the below table, all 326 English local authorities (with the exception of Barrow-in-Furness and Isles of Scilly) are projected to see absolute growth in the number of households. However, housing need is projected to be higher by 2035 in just 160 local authorities (49%).

	2012-Based Series		2014-Based Series		Difference	
	25-year growth (households)	% growth	25-year growth (households)	% growth	25-year growth (households)	% points
England	5,243,507	23.5%	5,257,123	23.1%	13,616	-0.4%
London	1,327,648	39.9%	1,389,838	40.3%	62,190	0.4%
South East	926,443	25.7%	925,233	25.2%	-1,210	-0.6%
East	657,365	26.8%	655,949	26.2%	-1,416	-0.6%
North West	458,407	15.1%	442,488	14.4%	-15,919	-0.7%
South West	501,317	21.9%	503,549	21.6%	2,232	-0.3%
West Midlands	446,859	19.3%	450,681	19.2%	3,822	-0.1%
East Midlands	391,068	20.5%	396,331	20.4%	5,263	-1%
Yorkshire & The Humber	390,253	17.4%	353,915	15.6%	-36,338	-1.8%
North East	144,147	12.7%	139,139	12.1%	-5,008	-0.6%

The Drivers of Household Growth

Projected Population

The increase in projected household growth is primarily due to an increase in the projected population. The 2014-based household projections are underpinned by the 2014-based Sub National Population Projections (SNPP) published last month (25 May 2016) which project England's population to grow 16.5% by 2039. The faster rate of household growth (23.1%) compared to population growth indicates that household formation is also a driver of change, albeit to a much lesser extent than population.

Household Formation

Household formation behaviour under the 2014-based series accounts for only 3% of the projected household growth, similar to the 2012-based series (4%) which was considered to suppress household formation in comparison to the 2008-based series where household formation accounted for 16% of the growth.

Figure 1 shows that the 2014-based household formation rates (the likelihood that a person will become a notional head of household) for England follow the same projected path of change as the 2008-based series but the gap doesn't close.

Household Size

It is also clear through analysis of average household size (figure 2) that the latest 2014-based household projections follow a similar path of household formation to the 2012-based series. The 2014-based series project that by 2033 the average size of a household in England will be 2.24 persons, similar to 2.23 persons per household projected by the 2012-based projections. However, the 2008-based series projected that by 2033 the average household size would be 2.16 persons – significantly lower.

Further analysis of household formation assumptions underpinning the 2014-based series will be undertaken in due course. However, the indication is that the 2014-based assumptions resemble the 2012-based assumptions which were widely acknowledged as suppressing household formation, particularly for younger people.

The trend towards increased household size - and falling rates of household formation by young people - has mirrored the deteriorating affordability of housing. Since 2012, the affordability of housing has worsened which implies that supply is falling further behind demand and the housing crisis is deepening. To plan housing need on the basis of these suppressed trends is not prudent - a view which Planning Inspectors have taken in recent Local Plan Examinations.

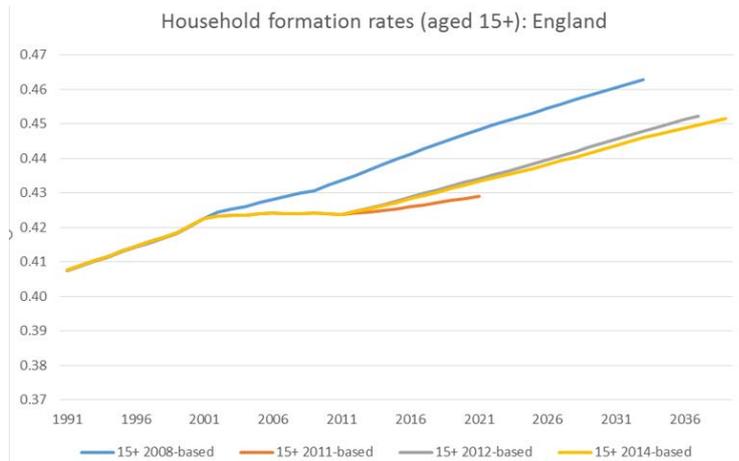


Figure 1

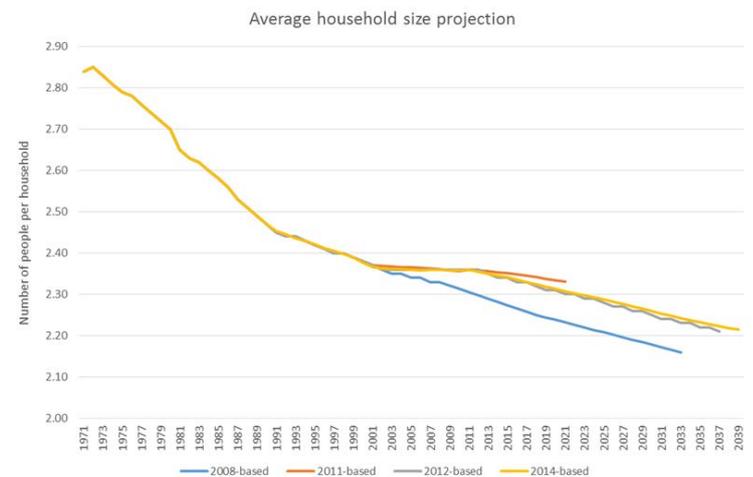


Figure 2

Therefore whilst this latest release indicates a need for more housing across England than the previous 2012-based series they supersede, the true level of housing need in many English local authorities will inevitably be higher than that suggested by the 2014-based household projections.



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