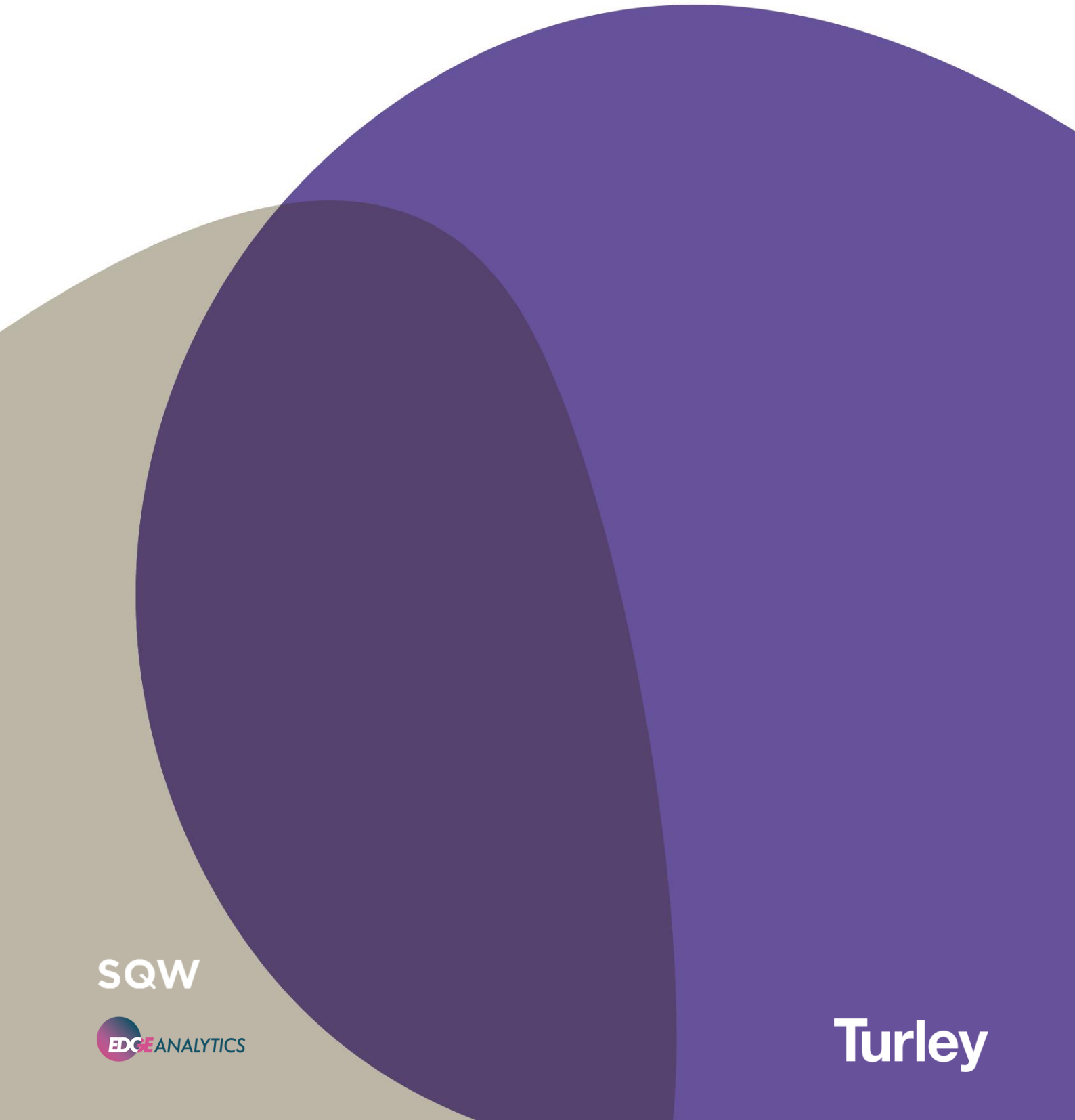
Economic and Housing Growth Assessment

City and County of Swansea

July 2024



SQW

EDGE ANALYTICS

Turley

Contents

Client
Swansea Council

Our reference
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Executive Summary

1. Turley, SQW and Edge Analytics have been commissioned by the authorities of Neath Port Talbot (NPT) and Swansea to undertake this assessment of housing and economic growth for their administrative areas. A common methodology is being followed in the assessment process but in recognition of the requirement for each Council to independently review their Local Development Plans (LDPs) two separate reports have been produced. **This report presents the findings for Swansea.**

2. The assessment includes:

   - A consideration of strategic functional housing and economic relationships impacting Swansea. This includes a consideration of the geographical extent of functional economic market areas, with more localised housing market areas separately defined in the Council's Local Housing Market Assessment (LHMA);

   - An up-to-date baseline analysis of demographic, housing and economic datasets as well as review of commercial market evidence;

   - The development of forecast scenarios of reasonable employment growth accounting for current economic conditions and identified planned and potential investment;

   - A calculation of the amount and make-up of employment land that could be required to accommodate business investment and forecast employment growth; and

   - An assessment of future household growth and levels of housing need accounting for demographic trends and the scale of labour force change required to support the presented forecasts of job growth.

3. The assessment has been undertaken in the context of the Development Plans Manual ('the Manual') issued by the Welsh Government (WG). This emphasises the importance of balancing housing and job growth to reduce the need for commuting. It also clearly distinguishes between the '*unconstrained need*' for housing and the plan requirement, which will be selected by the Council after it takes account of other '*supply factors*' including viability and land availability.

4. The evidence assembled has, in accordance with the Manual, drawn upon a range of secondary datasets available at the time of writing. These include demographic projections, such as the WG official projections, economic datasets, an externally sourced employment forecast, commercial floorspace statistics and housing market indicators. The work has also involved a process of engagement and primary data collection, which has included a business survey as well as separate targeted engagement with selected businesses and stakeholders. The Council also drew upon an initial final draft of this study in its consultation on growth options for its replacement LDP, known as LDP2, with high-level consideration being given to relevant responses.

National policy context

5. Planning Policy Wales (PPW) confirms the importance of up-to-date development plans in a plan-led system, stating that these must be prepared in accordance with national planning policies. It specifically states that these plans should be based on evidence which is tested through the Examination procedure.

6. In evidencing the need for housing, PPW is clear to recognise that:

"Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Certain elements of the projections, such as births and deaths, will remain relatively constant throughout the plan period. However, other elements, such as migration and household formation rates, have the ability to influence outcomes significantly. Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options"

7. In assessing the need for employment land, PPW also confirms that any review should include:

"…an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/floorspace. This should be calculated for offices, industrial and warehouse uses separately"

8. Future Wales provides the national spatial strategy and emphasises the importance of regional geographies – Swansea being part of the National Growth Area covering South West Wales – which will form the basis of future Strategic Development Plans (SDPs). It highlights that these strategic plans will need to '*reflect functional areas, to address issues such as regional housing markets, travel to work patterns and economic opportunity areas'*.

9. The requirements set by national policy have been taken into account in the preparation and presentation of the evidence in this report, and the conclusions outlined below.

Spatial relationships and functional geographies

10. In order to appreciate the functional spatial relationships between Swansea and other adjacent authorities, and those across South West Wales, travel to work areas (TTWAs), commuting flows, migration and house price geographies have been analysed. This has served to affirm that against all of these factors Swansea demonstrates important spatial linkages with other areas, whilst also revealing a degree of self-containment in its operation.

11. In looking at factors influencing the geographical extent of a strategic housing market, it is widely considered that areas in which at least 70% of moves are contained represent more self-contained markets. This can arguably be said of Swansea, given that 68% of the individuals moving out of a home during the year before the 2021

Census remained within the administrative area, although there are also strong links with elsewhere. Circa 5% of movers ended up in NPT, for example, an area where house prices in the most proximate parts were comparable to those in the city of Swansea if not the western part of the county.

12. Analysis of commuting patterns emphasises the importance of this functional relationship with NPT, aided by strong road and rail connections as well as a clustering of large employment centres along the coast. The two authorities plus a small part of Powys share a TTWA, according to the Office for National Statistics (ONS), and while this was based on the increasingly dated 2011 Census more recent data – both from the 2021 Census and the Annual Population Survey – reaffirms the strength of this relationship. This highlights the importance and value of future regional planning and the preparation of the future SDP.

A changing population, economy and housing market

13. Housing delivery in Swansea has fallen considerably short of the level planned since 2010 with only 485 homes delivered annually on average, compared to a target for 1,040 each year. Delivery more recently is lower still, at only 397 dwellings per annum over the last three years, and this has come despite the LDP having allocated sites to help achieve its ambitions.

14. While housing delivery has fallen short of the level planned, this does not appear to have had a detrimental effect on affordability as this has actually *improved* since 2010, due to earnings growing at a faster rate than house prices. This suggests that lower demand for housing could be contributing to the reduced rate of delivery in Swansea.

15. Low rates of housing delivery are though likely to have contributed to the lack of growth in the population over this period, with the last Census suggesting that the population of Swansea has fallen over the previous ten years, by a modest amount. This starkly contrasts with the prior decade (2001-11) in which the population grew by some 7%, with this having been a determining factor in the setting of the adopted LDP's housing delivery expectations. Where the latest ONS population estimate for 2022 suggests a return to growth the overall impact has been an increasingly ageing population.

16. The analysis identifies, however, that housing growth falling short of the level planned has not stopped residents from forming increasingly small households, continuing a trend observed prior to 2011. That said, the average household did contain slightly more people in 2021 than was anticipated by the most recent, 2018-based projections developed by the WG and more markedly from the older 2008-based projections, thereby implying that the fall in the size of households has not kept pace with that experienced prior to the current plan period.

17. The proportion of adult residents who were economically active also appears to have reduced since 2011, driven by younger cohorts and in particular younger males. This has not, however, led to increased levels of unemployment with 2022 representing a historic low.

18. Historically a major industrial centre, significant restructuring in recent decades has seen Swansea transition towards a service-oriented economy, anchored by its important higher education sector, significant concentration of public sector activities (including public service headquarters functions) and its role as the principal regional centre for South West Wales. While productivity is low relative to the rest of the UK, there has been a modest narrowing of the gap in recent years.

19. Job numbers have increased since 2010, with the consequence that the 'jobs density' (the number of jobs per working age resident) has also increased. However, the rate of jobs growth has been somewhat slower than in the rest of Wales and the UK.

20. Most businesses in Swansea are micro enterprises, although there is a somewhat greater orientation than elsewhere in Wales and the UK to larger firms within the overall business stock. Among firms tracked for indicators of higher levels of innovation and growth activity, there is a relatively high proportion of information and communications businesses and those in professional, scientific and technical services, suggesting scope for future opportunities in this area.

21. The overall supply of offices, industrial and warehousing premises appears to have reduced during the current period, with losses offsetting new provision, although further interrogation suggests that this is primarily true of offices – and to a much lesser extent warehouses – with the supply of industrial space having slightly increased. Swansea does still have around 356 office spaces, according to CoStar, which tend to be relatively large for South West Wales and are of comparable quality based on its proprietary rating system, although over half of the county's offices were rated at no more than two stars out of five. Its industrial spaces and warehouses are in contrast slightly smaller than the wider average, and are generally of a lower quality than is typical in South West Wales. Availability rates have generally been above, or in line with, the national average.

Future job growth

22. Having reviewed recent economic performance, SQW have proceeded to consider the potential for further economic growth in Swansea over the emerging plan period (2023-38). Reference is initially made to a baseline scenario from Cambridge Econometrics, in which **525 jobs per annum** could be created.

23. Consideration is then given to current available information of emerging investments, and stated ambitions, which SQW believe have the potential to generate additional jobs beyond this baseline. They estimate that circa **683 jobs** could be created annually in such an investment-led growth scenario.

Future need for employment land

24. In accordance with the Manual, the assessment has considered the employment space that could be needed to accommodate future job growth, complementing an approach based on '*labour demand forecasting*' with further analysis based on past completions in line with guidance from the WG.

25. This suggests that **between 11.0 and 25.2ha** of employment land could be needed in Swansea, based on standard assumptions with allowances for losses, market choice and flexibility. Provision towards the lower end of this range would enable a continuation of recent take-up, with some losses replaced, while the upper end would support the growth scenario and replace all losses.

26. This can also be broken down by property type, with each of the scenarios suggesting a need for land suited to offices (8.9 – 21.4ha) albeit the scale of this need would reduce to as little as 2.4ha if higher density offices were developed. Each scenario also suggests a positive, if markedly smaller, need for warehousing land (0.6 – 4.5ha). In contrast, only the past take-up scenario produces a positive requirement for industrial space, implying that up to 1.9ha could be needed, with the other scenarios suggesting that there could be an *oversupply* of 5.1ha.

27. The Council is advised to use these scenarios as reference points in developing its approach to employment land provision, but it does have the option of providing more employment land than they suggest – based on a series of indicative assumptions – as this would simply provide greater choice and flexibility to businesses. It could also be viewed as a policy intervention to improve the quality of employment space available in Swansea, by enabling the delivery of more modern premises to replace older stock or meeting specific requirements.

Future need for housing

28. A range of *unconstrained* scenarios have been presented in this report to explore the level of housing need that could arise in Swansea over the new plan period, responding to the Manual by considering demographics, past trends and policy-based factors as well as the relationship with the local economy.

29. The latest official projections from the WG have been introduced, these being based to 2018 and including 'high' and 'low' variants alongside a principal projection. Further scenarios have been modelled by Edge Analytics to both account for the subsequent revision of population estimates – now available to 2022 – and extrapolate trends over a longer historic period. All but two of these scenarios suggest a need for **between 439 and 588 dwellings per annum**, with past delivery in the current plan period (485dpa) also sitting within this range. All but one of the scenarios within it would be likely to support the baseline job growth envisaged by Cambridge Econometrics.

30. While these scenarios form an important part of the evidence, the WG does also recognise the potential for other factors to have an impact on housing need.

31. The Council could choose to address one consequence of past under-supply, which has seen younger adults living in increasingly large households with the official projections assuming that this will continue. It would likely need to provide additional homes to change this situation, with this report having presented further modelling to show the number of homes needed to support a partial return to the more positive trend anticipated by earlier projections. This would affect all of the scenarios presented in this report, suggesting that between 416 and 801 homes could be needed annually.

32. The Council could also look to support the higher level of job growth suggested by SQW, based on growth ambitions and known investments. This could require the provision of 593 dwellings per annum, to further grow the labour force. Circa 634 homes per annum could be needed to do so while also enabling an improvement in household membership rates, as discussed above, with this coincidentally aligning exactly with the principal 2018-based projection when an equivalent adjustment is made.

33. The Council presented four growth options taken from an initial final draft version of this report when it consulted on the vision, objectives and options for LDP2 in April 2024. The highest growth option presented by the Council was the employment-led growth scenario[1]. The high-level review of the consultation responses identified that there was a consistent concern raised (mostly from representatives of the development industry) that this growth option was insufficient and it would be reasonable to test a higher level of growth. It is noted that the analysis in this report did consider levels of demographic growth which exceeded the employment-led growth scenario, specifically in the form of the higher variant of the 2018-based WG projections. The analysis in this report suggested that this demographic scenario would, however, only support a comparable level of job growth with this explained by the differing age profiles of the population, where the WG projections are based on earlier iterations of informing demographic data. As explained throughout this report it is recommended, given prevailing economic uncertainties, that potential drivers of employment growth are closely monitored to ensure that the growth scenario continues to reflect the latest evidence and reasonable economic ambitions.

34. In accordance with the Manual, in translating this evidence of unconstrained need evidence into a housing requirement for the emerging LDP2, the Council will need to also take account of other deliverability factors such as viability, environmental impact and land availability.

Policy implications

35. This report has presented a range of objective evidence, and it is important to acknowledge that its analysis is predicated upon input modelling assumptions and their extrapolation over the long-term as well as judgements around future behaviours. Such assumptions are necessary in the building of the evidence base and in ensuring the transparency of findings, but they are inherently uncertain – especially in relation to both the local and wider economy – such that it is strongly recommended to keep the quantified elements of this report under review.

36. As outlined above, in concluding on the need for both employment land and housing, it is also the case that in accordance with the Manual this study has focused on objective needs. It has not sought to consider this in the context of available supply or other factors.

[1] The other growth options presented were the baseline employment led growth scenario, the WG principal projection, and the longer term demographic projection from this report. The growth options included the adjustment to address the consequence of past under supply regarding younger adults living in larger households.

37. The Council will undertake this exercise in its translation of the evidence into policy, acknowledging that PPW clearly states, for example, that *'the housing requirement that has been identified by the planning authority must be realistic and deliverable'.*

38. In establishing housing and employment land requirements, it is similarly recognised that PPW, in advising on strategic placemaking and the development of a spatial strategy and site search sequence, confirms that:

"A balance should be achieved between the number of homes provided and expected job opportunities. As well as ensuring all services needed for the expectant level of growth are provided, an important consideration will be minimising the need to travel, reducing reliance on the private car and increasing walking, cycling and use of public transport"

39. These policy-based considerations will form an important context for the Council in the development of policies within LDP2, with the evidence presented in this report only one component of concluded judgements made.

1. Introduction

1.1 Turley, SQW and Edge Analytics have been commissioned by the local authorities of Neath Port Talbot (NPT) and Swansea to undertake an assessment of housing and economic growth for their administrative areas.

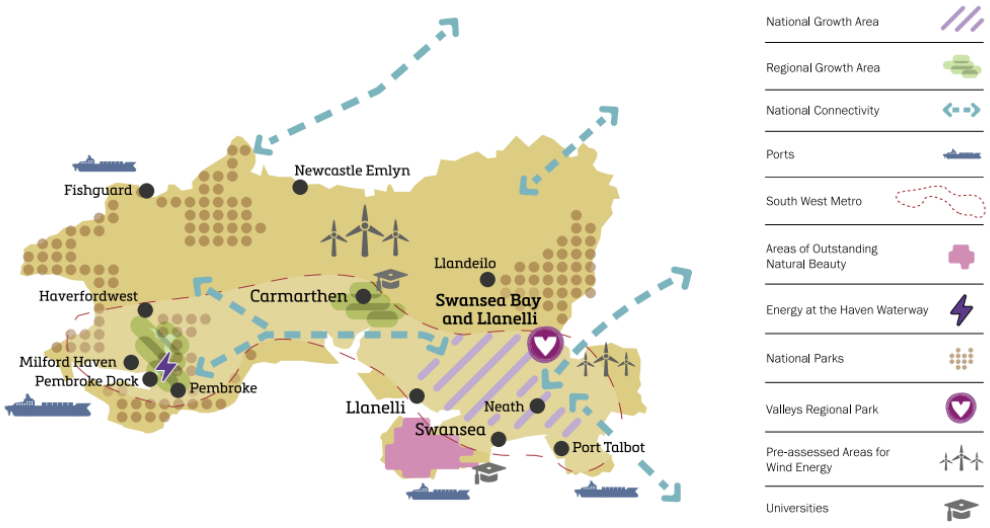
1.2 This assessment includes:

- A consideration of strategic functional housing and economic relationships impacting each area. This includes consideration of the geographical extent of strategic functional economic and housing market areas, with more localised housing market areas (HMAs) separately defined in respective Local Housing Market Assessments (LHMA);
- An up-to-date baseline analysis of demographic, housing and economic datasets as well as a review of commercial market evidence;
- The development of forecast scenarios of reasonable employment growth accounting for current economic conditions as well as planned and potential investment;
- A calculation of the amount and make-up of employment land likely to be required to accommodate business investment and forecast employment growth; and
- An assessment of future household growth and levels of housing need accounting for demographic trends and the scale of labour force change required to support the presented forecasts of job growth.

1.3 A common methodology is being followed in the assessment process, as detailed below, but given the requirement for each Council to independently review their Local Development Plans (LDPs) two separate reports have been produced. This report presents the analysis for Swansea.

1.4 The primary purpose of this assessment is to provide an evidence base to inform the preparation of a new Local Development Plan for both authorities, however the work will also serve to inform the preparation of background evidence, policies and proposals for the first South West Wales Strategic Development Plan (SDP). The South West Wales SDP area includes Carmarthenshire and Pembrokeshire, alongside the two commissioning authorities. This geography is shown in Figure 1.1, which replicates the South West Wales Regional Strategy Diagram from Future Wales. In recognition of this, the analysis presented throughout the report benchmarks Swansea against South West Wales as a geographic area. Where relevant, consideration is also given to the functional linkages with authorities adjoining this geography, including Bridgend to the east for example.

Figure 1.1: South West Wales Regional Spatial Strategy Diagram



Source: Future Wales

1.5 As referenced above, each Council is separately preparing an updated LHMA using the new Tool developed by the Welsh Government (WG) again to inform their respective LDPs. The demographic projections presented in this report have fed into the LHMA estimates of housing need, and this report similarly draws from the LHMA's detailed review of the drivers of the housing market and its findings regarding the need for different types, tenures and sizes of housing, in order to avoid unnecessary duplication.

1.6 The Councils have also worked with Carmarthenshire and Pembrokeshire on a study that sought to provide a refined spatial interpretation of the National Growth Area (NGA) shown at Figure 1.1 above. It is recognised that the policy definition of the NGA will be progressed through the future SDP, and to an extent in the meantime through individual LDPs, but acknowledgement is made where appropriate to the implications of the NGA and this separate study.

Study methodology

1.7 The study has been prepared in compliance with the third edition of the Development Plans Manual ('the Manual') and specifically those parts of its Chapter 5 that relate to assessing housing and economic growth. This emphasises that:

"While there is not always a direct correlation between jobs and homes, they need to be considered collectively when assessing growth levels and developing a sustainable strategy; the aim being to achieve a balance between homes and jobs thereby reducing the need for commuting"[2]

1.8 To understand current and future needs with regards to both employment and housing, in accordance with the Manual, the assessment draws upon a range of

[2] Welsh Government (March 2020) Development Plans Manual, Edition 3, p102

secondary datasets available at the time of writing. These include demographic, economic, commercial floorspace and housing statistics.

1.9 Where the assessment is required to develop a forward-looking perspective of growth, the following have been used to provide a foundation in the development of a range of likely scenarios:

- Official demographic projections of population and household growth produced by the WG; and
- Economic forecasts obtained from all three of the widely recognised economic forecasting houses in the UK, namely Experian, Oxford Economics and Cambridge Econometrics. These forecasts were obtained in May 2022 and are understood to have been produced in the months prior[3].

1.10 A key element of the assessment is the development of an understanding of the relationship between future employment and housing growth, in accordance with the Manual. Edge Analytics have modelled this relationship by using the POPGROUP suite of software, which they manage on behalf of England's Local Government Association. This software has been used to produce similar evidence for over 100 authorities and is also used by the WG in developing its own population and household projections.

Engagement and consultation

1.11 The report's methodology, including information on the above, was shared with adjoining authorities for comment during the research process.

1.12 In order to complement the analysis of secondary datasets, the study has also involved a process of engagement and primary data collection, including a survey of businesses located throughout Swansea. Information obtained through this process of engagement has been integrated throughout the analysis and informs the conclusions that are reached.

1.13 The Council drew upon the emerging findings of this study when it consulted on the Vision, Objectives and Options for Growth for the Swansea Local Development Plan 2023-2038 (known as LDP2), which was carried out from April until June 2024. The Council consulted on four growth options based on the emerging findings, though it should be noted that this report itself was not made available as part of the consultation due to its draft emerging status at that time. In finalising this report, consideration was given to insights provided through relevant consultation responses. Given the nature of the responses, it was not considered that any fundamental refinements were necessary and the underlying input assumptions and modelled outputs remain consistent with those used to inform the consultation. The report commentary has been reviewed in light of the consultation responses and it is considered that this report will help the Council fully respond to the consultation feedback and ultimately to formulate both the Pre-Deposit and Deposit Plans.

[3] The forecasts from Cambridge Econometrics and Experian were both released in March 2022 and Oxford Economics' forecast is understood to have been produced in April 2022

1.14 It is important to recognise that the work carried out and presented in this report has been undertaken during a sustained period of economic uncertainty and challenge. This necessitates that careful monitoring of identified growth levels is carried out over time and during the course of development plan preparation. Where appropriate this may mean that scenarios are updated and revised to account for new informing data and local economic objectives. Updates will be used where undertaken to inform the formulation of policy.

Report structure

1.15 The remainder of this report is structured as follows:

- **Section 2** – Policy Context
- **Section 3** – Study Geography and Functional Market Areas
- **Section 4** – A Changing Population and Housing Stock
- **Section 5** – Recent Economic Trends
- **Section 6** – An Assessment of Likely Economic Growth
- **Section 7** – Related Need for Employment Land
- **Section 8** – Related Need for Housing
- **Section 9** – Summary and Conclusions

2. Policy Context

2.1 This section provides an overview of the existing policy context, primarily focusing on the national level albeit with a concise summary also of the current LDP for Swansea. Specific references to aspects of national policy as well as sub-regional policies and strategies are separately made throughout the document where they provide context to the evidence presented and the conclusions reached.

National planning policy

2.2 Planning Policy Wales[4] (PPW) and the National Development Framework[5] (Future Wales) set out how the planning system at a national, regional and local level can assist in delivering sustainable development and achieving sustainable places through SDPs and LDPs.

Planning Policy Wales

2.3 PPW sets out the land use planning policies of the WG. It is supplemented by a series of Technical Advice Notes (TANs), WG Circulars, and policy clarification letters, which together with PPW provide the national planning policy framework for Wales.

2.4 PPW states that its primary objective is to ensure that the planning system contributes towards the delivery of sustainable development and improves the social, economic, environmental and cultural well-being of Wales, as required by the Planning (Wales) Act 2015, the Well-being of Future Generations (Wales) Act 2015 and other key legislation and resultant duties such as the Socio-Economic Duty.

2.5 It confirms the importance of up-to-date development plans in a plan-led system, stating that these must be prepared in accordance with national planning policies. It specifically states that these plans should be based on evidence which is tested through the Examination procedure.

2.6 With specific reference to the subject of this report, as well as the separately prepared LHMA, PPW confirms that:

"As part of the development plan process planning authorities need to understand their local housing market and the factors influencing housing requirements in their area over the plan period"[6]

2.7 It also proceeds to confirm that:

"In preparing and co-ordinating development plans and local housing strategies a collaborative approach should be adopted, involving housing and planning representatives in the public and private sectors and communities"[7]

[4] Welsh Government (2024) Planning Policy Wales, Edition 12

[5] Welsh Government (2021) Future Wales – The National Plan 2040

[6] Welsh Government (2024) Planning Policy Wales, Edition 12, paragraph 4.2.3

[7] *Ibid*, paragraph 4.2.3

2.8 PPW also states that *'the housing requirement that has been identified by the planning authority must be realistic and deliverable'*, and that:

"These requirements must be based on evidence and clearly express the number of market and affordable homes the planning authority considers will be required in their area over the plan period"[8]

2.9 In justifying the establishment of a housing requirement, it confirms that:

"The latest Welsh Government local authority level Household Projections for Wales, alongside the latest Local Housing Market Assessment (LHMA) and the Well-being plan for a plan area, will form a fundamental part of the evidence base for development plans"[9]

2.10 It states that these:

"…should be considered together with other key evidence in relation to issues such as what the plan is seeking to achieve, links between homes and jobs, the need for affordable housing, Welsh language considerations and the deliverability of the plan, in order to identify an appropriate strategy for the delivery of housing in the plan area"[10] (emphasis added)

2.11 In the context of understanding future needs, PPW is clear to recognise that:

"Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Certain elements of the projections, such as births and deaths, will remain relatively constant throughout the plan period. However, other elements, such as migration and household formation rates, have the ability to influence outcomes significantly. Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options"[11] (emphasis added)

2.12 As emphasised further in the concluding section of this report, its analysis and conclusions provide the Council with an evidential understanding of the relationship between homes and jobs, taking the official projections as a starting point, for it to consider alongside the other identified aspects of its evidence base in the development of a reasonable policy approach.

2.13 Where this report also separately considers the potential future need for employment land, PPW notably also confirms that *'the planning system should ensure that the growth of output and employment in Wales as a whole is not constrained by a shortage of land for economic uses'*[12].

[8] *Ibid*, paragraphs 4.2.4 and 4.2.5

[9] *Ibid*, paragraph 4.2.6

[10] *Ibid*, paragraph 4.2.6

[11] *Ibid*, paragraph 4.2.7

[12] *Ibid*, paragraph 5.4.1

2.14 With reference to evidencing the need for employment, it states that any '*review*' should include:

"…an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/floorspace. This should be calculated for offices, industrial and warehouse uses separately"[13]

2.15 The alignment of housing and jobs is also reinforced within section 5 of PPW, where it states as one of several aims that planning authorities should *'align jobs and services with housing and sustainable transport infrastructure, to reduce the need for travel, and dependency on travel by car'*[14].

2.16 The above aspects of plan-making are set within the context of the overall 'placemaking' principles described in PPW. This includes the principle that *'the location of housing, employment and leisure and other facilities are planned to help reduce the need to travel'*[15]. This is also reflected within the Strategic Placemaking section and the development of a spatial strategy and site search sequence, which confirms that:

"A balance should be achieved between the number of homes provided and expected job opportunities. As well as ensuring all services needed for the expectant level of growth are provided, an important consideration will be minimising the need to travel, reducing reliance on the private car and increasing walking, cycling and use of public transport"[16]

Future Wales

2.17 Future Wales is the national development plan for Wales. Published in February 2021, it forms part of the statutory development plan for local authorities in Wales.

2.18 A series of underlying outcomes are established, which are introduced as overarching ambitions based on national planning principles and national sustainable placemaking outcomes set in PPW. They therefore represent a vision or statement as to where the WG wants Wales to be in 20 years. These 11 outcomes can be summarised as '*A Wales where people live:*

- …and work in connected, inclusive and healthy places
- …in vibrant rural places with access to homes, jobs and services
- …in distinctive regions that tackle health and socio-economic inequality through sustainable growth
- …in places with a thriving Welsh Language

[13] *Ibid*, paragraph 5.4.8

[14] *Ibid*, paragraph 5.4.13

[15] *Ibid*, p15

[16] *Ibid*, paragraph 3.42

- …and work in towns and cities which are a focus and springboard for sustainable growth
- …in places where prosperity, innovation and culture are promoted
- …in places where travel is sustainable
- …in places with world-class digital infrastructure
- …in places that sustainably manage their natural resources and reduce pollution
- …in places with biodiverse, resilient and connected ecosystems
- …in places which are decarbonised and climate-resilient

2.19 The above outcomes collectively are important to the scope of this evidence-based report, albeit the emphasis placed on the creation of connected places is particularly important when considering the relationship between the future growth in jobs and homes reflecting on the place-making outcomes summarised above in PPW.

2.20 Further consideration is given in section 3 to the spatial policy context established through Future Wales but with reference to the evidencing of growth and related needs it is noted that Policy 28 of Future Wales presents Housing Growth Projections for the Swansea Bay and Llanelli National Growth. These reflect the Estimates of Additional Housing Need in Wales (2019-based), which were prepared using the 2018-based household projections.

2.21 These projections suggest a need for 25,600 additional homes across South West Wales by 2039. It proceeds to confirm that these estimates *'provide part of the evidence and context on which Housing Requirements for Strategic Development Plans can be based and should be considered at the regional scale'*[17].

Swansea Local Development Plan

2.22 Swansea's current LDP was adopted in 2019. The document sets out the Council's vision and objectives, together with a series of policies and proposals which together sets the framework for the development and use of land in the county over the plan period from 2010 to 2025. It presents a positive approach to managing and promoting growth, and aims to deliver the supporting infrastructure required to underpin the transformative change that the city was anticipated to experience being at the heart of the Swansea Bay Region.

2.23 The LDP established a requirement for 15,600 homes, equating to an average of around 1,040 homes per annum over the plan period. This was acknowledged as being considerably higher than the levels which had been achieved historically, where it was observed housing delivery had averaged around 680 per annum over the previous ten years and only 565 per annum over the last five years.

[17] Welsh Government (2021) Future Wales – The National Plan 2040, p146

2.24 The evidential justification for the housing requirement was predicated on the level of growth anticipated by the then latest WG (2011) projections using a 10 year average level of migration, this being the highest of the WG published variant projections. The LDP referenced that a more up-to-date assessment was also undertaken in 2017 which considered a new set of WG projections (2017) and an up-to-date assessment of the economic growth potential of the area.

2.25 The LDP also sought to make provision for the creation of 13,600 new jobs over the plan period, intending to do so by maximising job growth and productivity. Aligned with this level of job growth the LDP identified a requirement for 19ha of employment land throughout the county, plus 'Areas of Search' for a waste facility. It was clear to identify that this level of growth was not viewed as a ceiling or maximum, with provision made for an appropriate level of flexibility and over provision. This included provision for new employment floorspace within the Strategic Development Areas (SDAs) to ensure that they came forward in a sustainable manner.

3. Study Geography and Functional Market Areas

3.1 As set out in section 1 this assessment has been prepared to inform the new LDP that is being produced for Swansea. It therefore focuses on the administrative area of Swansea in its presentation of analysis and related conclusions.

3.2 The work has been jointly commissioned with NPT, using a shared methodology, and reference is therefore also made where appropriate to the findings of its own assessment which is being completed in parallel albeit to a slightly different timetable.

3.3 Section 1 also introduced that the assessment is intended to be used to help build an evidential foundation for the future South West Wales SDP. This geographic area encompassing Swansea, NPT, Carmarthenshire and Pembrokeshire therefore also forms an important reference point for the study.

3.4 This section considers evidence on the functional relationships between Swansea and the other authorities within this wider geography, as well as other proximate and adjacent authorities within this plan-making context. It looks at the study area in its wider strategic/ policy context and then functional linkages including commuting, travel to work areas, migration and house prices. It uses this analysis to conclude on the extent to which Swansea represents a distinct and self-contained housing market and functional economic market area geography. This is important in providing a spatial context to the subsequent sections where there is an appreciation that future scenarios of growth, with regards both population and housing, will have a more direct impact on those adjoining areas with the strongest evidenced relationships.

The study area in its wider strategic / policy context

3.5 Swansea lies at the heart of the Swansea Bay City Region which includes the local authorities of Carmarthenshire, NPT, Pembrokeshire and Swansea. The Swansea Central area is at the heart of the City Region.

3.6 The LDP identifies a number of broad locations for growth across Swansea. This includes the Greater North West Zone which includes former industrial communities such as Gorseinon and Pontarddulais, the North Zone which incorporates residential urban areas around the fringes of Central Swansea, the East Zone comprising of the urban area east of the River Tawe and north of Clydach, Central Zone mainly comprising of the Swansea Central Area, the West Zone and the Gower and Gower Fringe Zones which include a number of small and large villages located in rural and semi-rural landscapes.

3.7 Overall, the LDP identifies the urban areas of Swansea as the primary focus for growth, reinforcing its position as the main centre within Swansea Bay City Region.

3.8 Future Wales, as introduced in the preceding sections, provides a national spatial strategy. This spatial strategy is identified as the overarching framework for deciding where to locate nationally significant developments. It disaggregates Wales into regions, with South West Wales one of these regions and shown at Figure 3.1.

Figure 3.1: South West Wales

Source: Future Wales

3.9 This diagram highlights the inter-connections within the region but also with surrounding regions, including important connections to the South East (Cardiff) and through into Mid-Wales and the English Midlands.

3.10 Outside of national policy the importance of appreciating these wider functional relationships is also clear where there are a number of economic and spatial strategies which cover larger footprints than just Swansea. These include but are not limited to the South West Wales Regional Economic Delivery Plan (REDP) and the South West Wales Energy Strategy.

3.11 The REDP replaces the Swansea Bay City Region Economic Regeneration Strategy and complements the WG's Regional Economic Framework (REF). It recognises that South West Wales has a diverse economy and a unique set of natural and cultural assets underpinned by the quality of its coastal and rural environment, industrial heritage and capacity and university presence and sets out an ambitious 'route map' for the development of the region's economy over the next ten years, recognising the benefits of inter-linkages between the various economic assets.

3.12 Reflecting the region's population distribution and historic industrial development, the REDP recognises that the largest concentration of employment in South West Wales is in the east of the region, around Swansea Bay. It identifies several employment hubs and key assets, including the Port Talbot Steelworks, Swansea City Centre, SA1, Swansea University Bay Campus, Port Talbot Waterfront Enterprise Zone and a number of larger business park and industrial estates. These evidently draw labour from within Swansea and NPT but also beyond. Further consideration is given to informing economic strategies and these centres of employment in subsequent sections of this report.

3.13 Like the REDP, the South West Wales Energy Strategy recognises the functional nature of networks and the need to consider these strategically across the region. The Strategy identifies a vision to:

"…harness the region's low carbon energy potential across its on and offshore locations, to deliver a prosperous and equitable net zero carbon economy which enhances the well-being of future generations and the region's ecosystems, at a pace which delivers against regional and national emissions reduction targets by 2035 and 2050"

3.14 It identifies the potential for jobs to be created within manufacturing, construction, operation and maintenance of plant and equipment before translating its vision into a series of actions, which includes, for example the ambition to see a 10% reduction in private vehicle mileage by 2035.

Understanding relationships with surrounding areas

3.15 This section now turns to identifying the relationships between Swansea and surrounding areas.

3.16 Future Wales prescribes the advancement of SDPs for each of the regions. PPW also confirms that these *'Strategic Plans should be prepared on a regional basis and should reflect functional areas, to address issues such as regional housing markets, travel to work patterns and economic opportunity areas'*[18].

3.17 PPW also recognises, in the context of strategic placemaking and specifically the topic of spatial strategy and site search sequencing, the importance of similar geographic and spatial drivers in plan-making. Specifically, it considers that in evidencing the identification of suitable areas and sites for development, evidence should not be confined by local authority boundaries but instead should be undertaken for housing market areas.

3.18 In the absence of guidance in the Manual, and in the context of this study evidencing housing and employment growth in Swansea, consideration has been given to key relevant drivers on this basis, including commuting (travel to work), migration (population) and house prices (market signals).

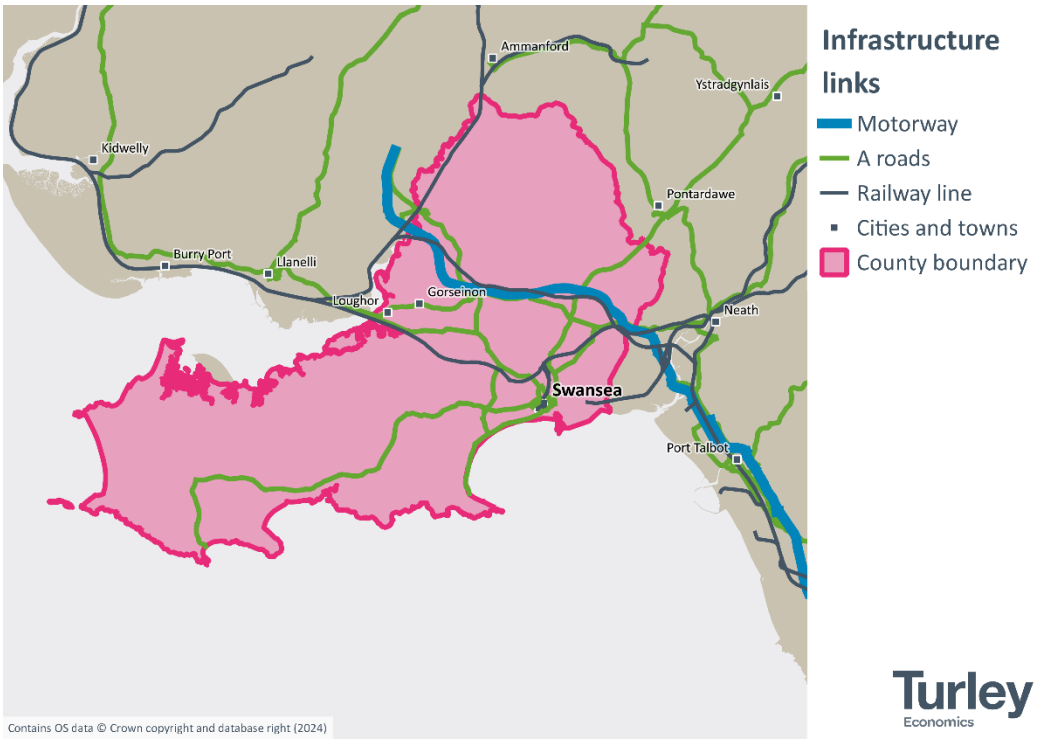
Travel to work patterns

3.19 Travel to work patterns are specifically referenced within the above policy and guidance as an important consideration in the understanding of market geographies for economic development and also arguably housing, noting the relationship between jobs and homes stressed in the guidance.

3.20 Swansea is served by a range of strategic infrastructure links, including the M4 motorway – which runs through the county – and several A roads such as the A483 which links it to NPT.

[18] Welsh Government (2021) Planning Policy Wales, Edition 11, paragraph 4.2.16

Figure 3.2: Key Infrastructure Links



3.21 These infrastructure links allow residents of Swansea to commute to various destinations, albeit data collated over the last decade by WG – through the Annual Population Survey (APS) – indicates that an average of 83% of working residents stay in the city or county for work, or would have done during the COVID-19 pandemic had restrictions not been in place[19]. The latest Census, held at the height of the pandemic in March 2021, similarly indicated that 84% of employed residents worked in Swansea at that point albeit this was clearly influenced by restrictions and included 38% who were mainly working from home, with the Census asking for respondents' actual place of work rather than their *normal* workplace like the APS.

3.22 While a clear majority of residents work in Swansea, a number do commute to work elsewhere, most often to NPT according to the latest Census. The WG data offers less of a breakdown and does not report all destinations, but it reaffirms that NPT – and indeed Carmarthenshire – have been the leading places of work for residents of Swansea over the past decade, aside from the city and county itself[20].

[19] Welsh Government (2023) Commuting patterns by Welsh local authority and measure, 2013 to 2022

[20] *Ibid*. An average of 5,890 people per annum are reported to have travelled to work in Carmarthenshire over the last reported decade (2013-22) with 5,640 travelling to work in NPT each year

Table 3.1: Main commuting flows from Swansea (2021)

	Number	%
Working residents of Swansea	100,601	100%
Worked from home[21]	38,122	38%
Travelled to work elsewhere in Swansea	46,058	46%
Travelled to work in NPT	7,162	7%
Travelled to work in Carmarthenshire	4,072	4%
Travelled to work in Bridgend	1,403	1%
Travelled to work in Cardiff	770	1%

Source: Census 2021

3.23 Swansea also attracts people from elsewhere to fill its jobs, with approximately one third of those working in the area – excluding anyone working from home – not living in the city or county. Around one in six lived in NPT, while a further 11% travelled in from Carmarthenshire.

Table 3.2: Main commuting flows to Swansea (2021)

	Number	%
Individuals at workplaces in Swansea	58,647	100%
Residents of Swansea	38,122	65%
Residents of NPT	9,302	16%
Residents of Carmarthenshire	6,726	11%
Residents of Bridgend	1,442	2%
Residents of Rhondda Cynon Taf	614	1%

Source: Census 2021

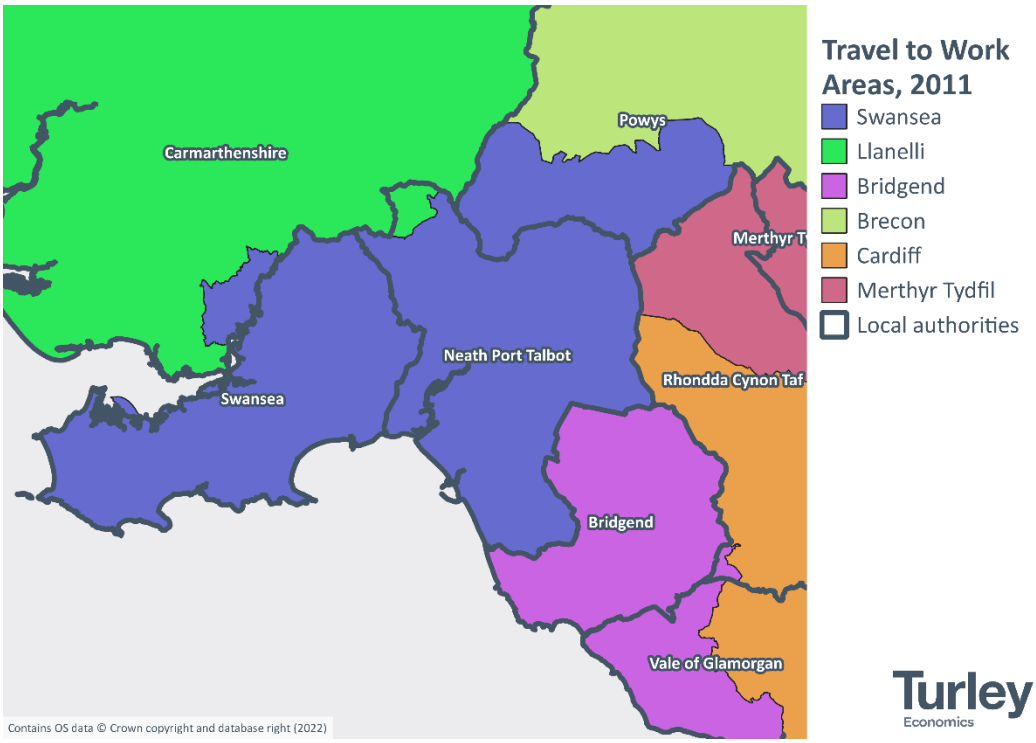
3.24 The Office for National Statistics (ONS) used data from the 2011 Census to update its own defined TTWAs in 2016, seeking to '*approximate labour market areas*' and '*reflect self-contained areas in which most people both live and work*'. It aimed to define reasonably populated areas, not bound to local authority geographies, in which at least 75% of residents work and at least 75% of workers live. Areas with a working population in excess of 25,000 people were, however, allowed to contain as little as two thirds of their residents and workforce as part of a trade-off between workforce size and the level of self-containment[22].

[21] Includes no fixed place of work

[22] ONS (2016) TTWA analysis in Great Britain

3.25 This process led to the identification of a Swansea TTWA which, as shown by Figure 3.3, captured the entirety of the city and county and extended to cover almost all of NPT as well as parts of Powys and Carmarthenshire.

Figure 3.3: ONS Travel to Work Areas (2011)



Source: ONS

Migration

3.26 Migration patterns provide an indication of both the extent to which housing markets are self-contained, and the strength of relationships with neighbouring areas.

3.27 Whilst the Manual, as noted above, does not specifically reference migration flows as a direct indicator, it does refer to housing markets and guidance in England has consistently recognised the relationship between where people move and a housing market area geography. Current national Planning Practice Guidance (PPG) for England suggests in the context of plan-making for instance that authorities should seek to identify '*the extent to which…a relatively high proportion of short household moves are contained (due to connections to families, jobs and schools)*'[23]. It offers no guidance on how '*short household moves*' should be defined or isolated. The preceding guidance provided an indicative quantified threshold for judging containment suggesting authorities '*identify the areas within which a relatively high proportion of household moves (typically 70%) are contained. This excludes long distance moves…*'[24].

3.28 The Census remains the only official dataset which can be used to calculate the self-containment of moves. It suggests that circa 68% of the individuals who moved from

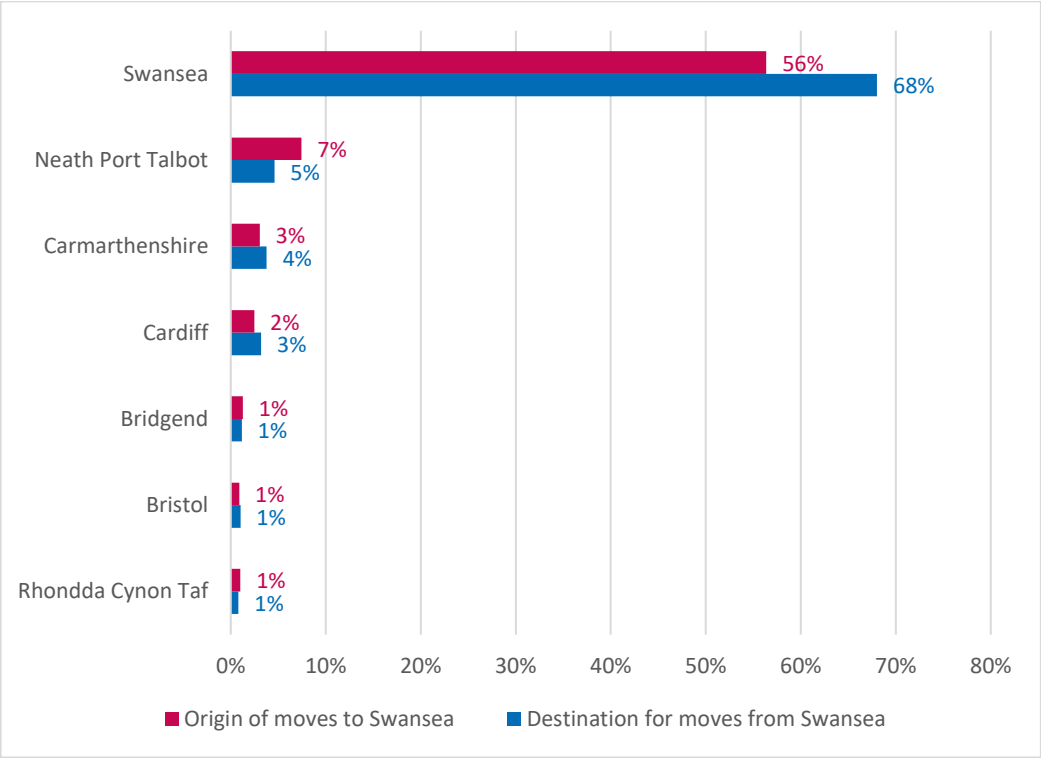
[23] PPG Reference ID 61-018-20190315

[24] PPG Reference ID 2a-011-20140306

an address in Swansea during the year before the latest Census, in March 2021, remained somewhere in the city or county. Around 5% moved to NPT and 4% moved to Carmarthenshire.

3.29 Measured another way, approximately 56% of all moves *to* addresses in Swansea during this year prior to the 2021 Census originated in Swansea. Circa 7% previously lived in NPT and 3% moved from Carmarthenshire.

Figure 3.4: Key Migration Flows (2020-21)



Source: Census 2021

House prices

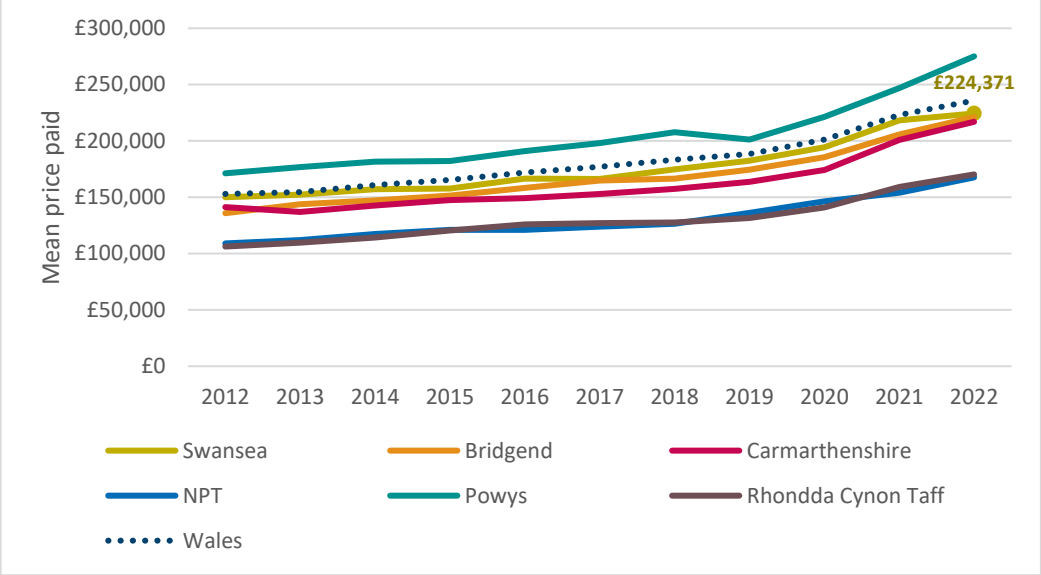
3.30 Analysis of house prices, using data released by the ONS, can reveal spatial distinctions in terms of the balance between housing supply and demand. This responds to the steer provided by the Manual to explore geographical synergies between places, with house prices again an important recognised market signal in understanding housing market geographies.

3.31 At the authority level, it is apparent that house prices in Swansea are considerably higher than in NPT, or than in the majority of the surrounding areas with the exception of Powys[25]. An average of £224,371 was paid in 2022 – the last complete year reported – with this being around 18% lower than Powys, which had the highest prices in the region, but 34% higher than NPT which had the lowest. Figure 3.5 shows that this trend is long established, with average prices almost always being higher than in other neighbouring authorities with the exception of Powys. It is, however, of note that the

[25] ONS (2023) Mean house prices for administrative geographies: HPSSA dataset 12

rate of growth over the last decade – at 50% in Swansea – has been lower than recorded elsewhere, with others seeing growth of 54-63%.

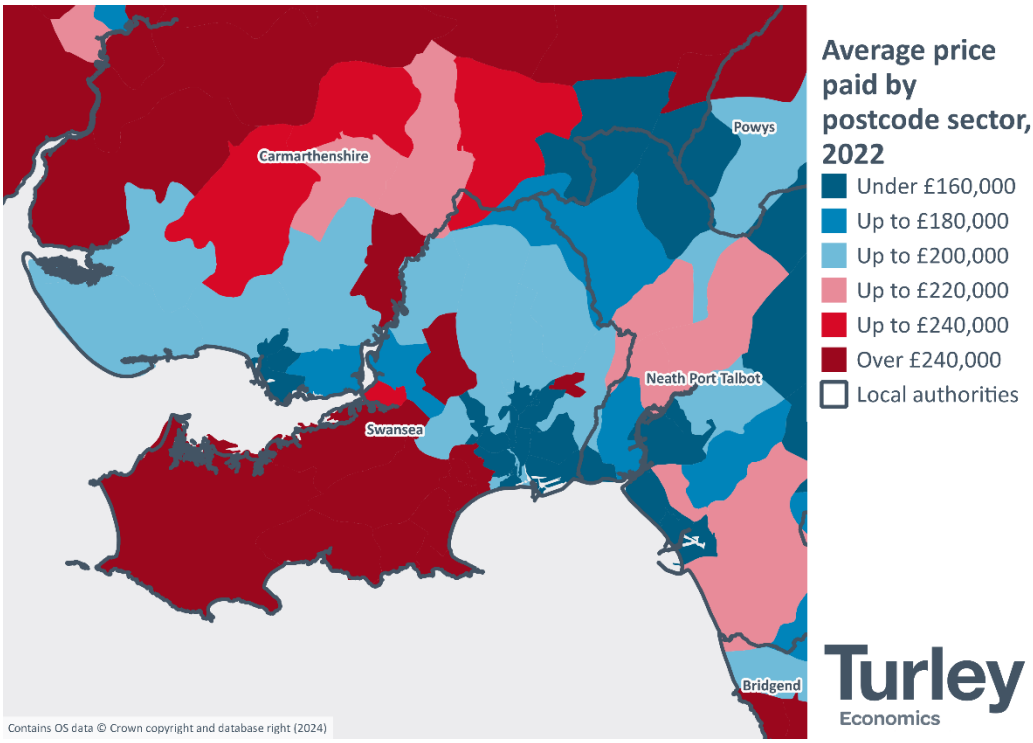
Figure 3.5: Average Price Paid Compared to Neighbouring Authorities (2012-22)



Source: ONS

3.32 Distinctions are though apparent below the local authority level, when using Land Registry data to establish the average price paid in different postcode sectors in 2022. Prices are evidently highest in the western part of the county, serving to inflate the average for Swansea as a whole despite the eastern part showing commonality with neighbouring NPT.

Figure 3.6: Average Price Paid by Postcode Sector[26] (2022)



Source: Land Registry; Turley analysis

Summary and implications: defining functional geographies

3.33 Based on the above, consideration has been given to the geographical extent of functional housing market and economic areas relating to Swansea.

Housing market area

3.34 The containment of moves is an important indicator of the self-contained nature of a strategic housing market area geography, with a threshold of 70% often cited based on historic guidance for England. Swansea in isolation does not quite exceed this benchmark, with 68% of all individuals moving from an address in Swansea remaining somewhere within the city or county during the year prior to the 2021 Census. A lower proportion of all moves to addresses in Swansea in this year, circa 56%, originated in Swansea. The strongest relationship was with NPT, with circa 7% of moves into Swansea originating in NPT and 5% of moves originating in Swansea with NPT as their destination. The level of self-containment noted above could be suggested as indicating that the City and County operates as a housing market area, albeit it is clear as is explored further below that there are strong relationships with surrounding areas in particular NPT.

3.35 House prices are another important signal of housing market performance and operation. It is apparent that at an authority level house prices in Swansea are comparatively distinct from surrounding areas, being considerably higher than in NPT,

[26] Categories defined relative to the average price of circa £205,000 across the six authorities as a whole, rounded down to the nearest £10,000

or than in the majority of the surrounding areas with the exception of Powys. At a more localised level it is the case though that areas bordering NPT are more closely comparable in terms of average prices, with areas in the western part of the County serving to inflate the average for the authority as a whole and showing greater comparison with more rural parts of Carmarthenshire.

3.36 These market relationships are likely to at least partially reflect commonalities in housing stock and the geographic proximity of settlements to administrative boundaries. While commuting and travel to work flows are considered in more detail below, with reference to functional economic market geographies, it is clear that there are flows of labour in and out of Swansea with this in turn reinforcing the importance of inter-relationships in the operation of the housing market to the east and west in particular, even where the administrative area is viewed as a distinct housing market geography.

3.37 It should be noted that separate sub-market areas have been identified within the LHMA.

Functional economic market area

3.38 It is evident from Figure 3.3 that the geographical footprint of the TTWA that contains Swansea – intended to capture 75% of all commuting flows – extends beyond the administrative boundary and fits relatively closely to the combined authority area with NPT.

3.39 This geographical definition is unsurprising when looking at the latest available commuting data, which clearly shows the strongest flows being between Swansea and NPT, with the flow favouring Swansea (i.e. a net out-commute from NPT). The commuting relationships reflect the scale of employment opportunities in Swansea, with the city centre having seen substantial new development, in turn attracting investment and new jobs for both residents and those that live outside the authority. Comparatively recent development along Fabian Way includes Swansea University Bay Campus, the Bay Studios development and the Amazon distribution centre, which would all reasonably be expected to have wider labour-market catchments given their proximity to the administrative boundary with NPT.

3.40 In the context of the above it is reasonable to suggest that in determining a functional economic market area, NPT and Swansea could be broadly considered collectively. Each area does though still offer the opportunity for residents to live and work within their boundaries, where over 80% of the working population of Swansea either work from home or travel to a workplace within the administrative area.

3.41 Beyond the relationships recognised specifically with NPT, with reference to commuting, the above analysis shows a lesser, albeit still important relationship with Carmarthenshire. This reinforces the economic rationale of the geographical construct of South West Wales, from a Swansea centric position.

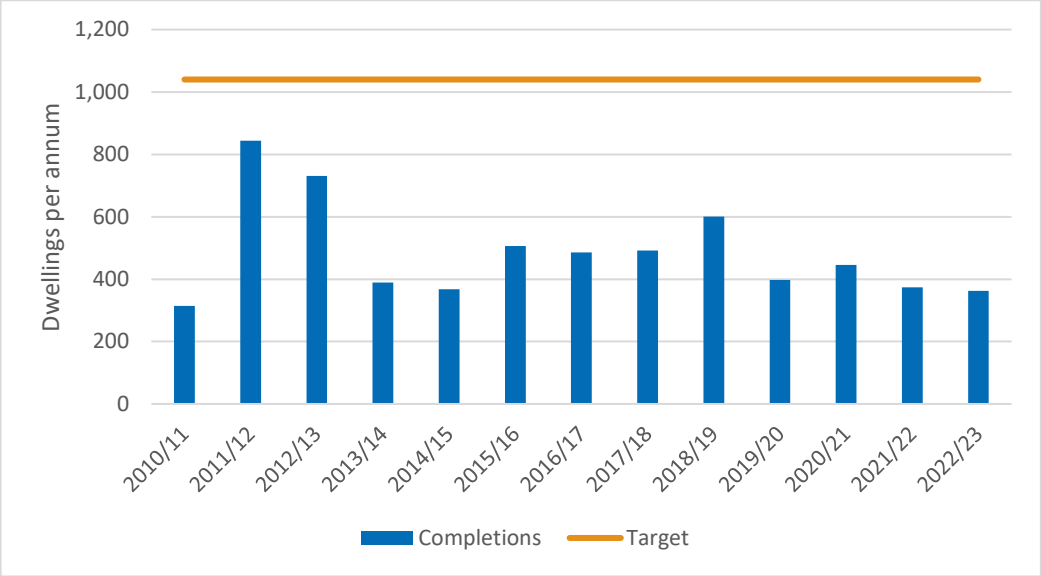
4. A Changing Population and Housing Stock

4.1 The future need for both housing and employment growth will be driven in part by the changing size and profile of the population, which is in turn influenced by the available housing stock. Recent trends are therefore established in this section.

Growth in the housing stock, but not of the scale planned

4.2 The adopted LDP aims to provide an average of 1,040 dwellings per annum over the period from 2010 to 2025, but the Council's monitoring – available to 2023 – indicates that this has not been met. It has recorded the completion of 485 dwellings per annum on average since 2010, less than half the adopted target. The average over the past five years is slightly lower at 436 dwellings per annum, and the average over the last three years lower still at 397 dwellings per annum.

Figure 4.1: Housing Completions in Swansea (2010-22)



Source: Council monitoring; Turley analysis

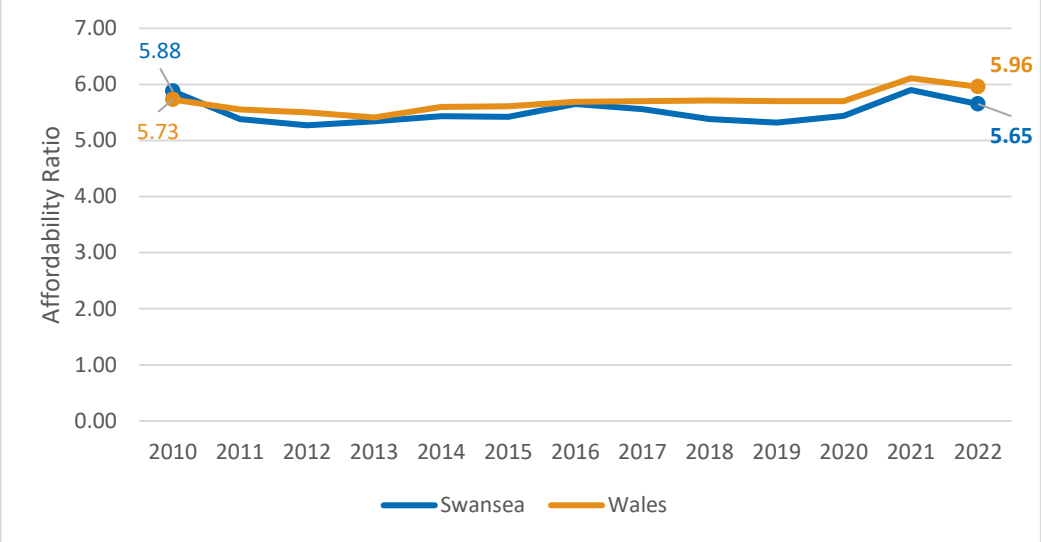
4.3 Looking further back it is noted that from the Council's monitoring stronger levels of housing delivery were achieved with the average between 2001 and 2010 being 807 dwellings a year. This included peak years of delivery in 2007/08 and 2008/09 where over 1,000 dwellings were completed in each year.

Improving relationship between house prices and earnings

4.4 While housing delivery has fallen short of the level planned, this does not appear to have had a negative effect on the affordability of homes that are available. Indeed, the ratio between entry-level house prices and earnings has actually *improved* since 2010, with prices then equivalent to circa 5.88 years' earnings compared to 5.65 years in

2022[27]. This improvement has not been seen throughout Wales but affordability has not significantly worsened.

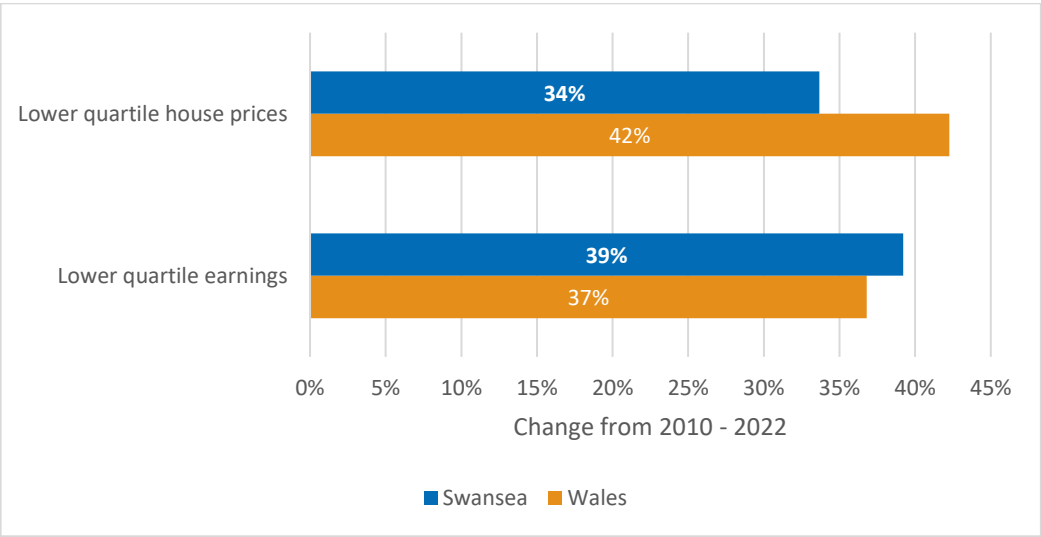
Figure 4.2: Ratio between Lower Quartile House Prices and Earnings (2010-22)



Source: ONS

4.5 It is important to acknowledge that the improvement seen over the period in Swansea has been largely driven by a 39% rise in lower quartile earnings, which has more than offset the 34% rise in the cost of purchasing an entry-level home[28]. House prices rose by considerably more (42%) across Wales, but earnings grew at a slower rate of 37%.

Figure 4.3: Change in Lower Quartile House Prices and Earnings (2010-22)



Source: ONS

[27] ONS (2023) House price to workplace-based earnings ratio, Tables 2c and 6c

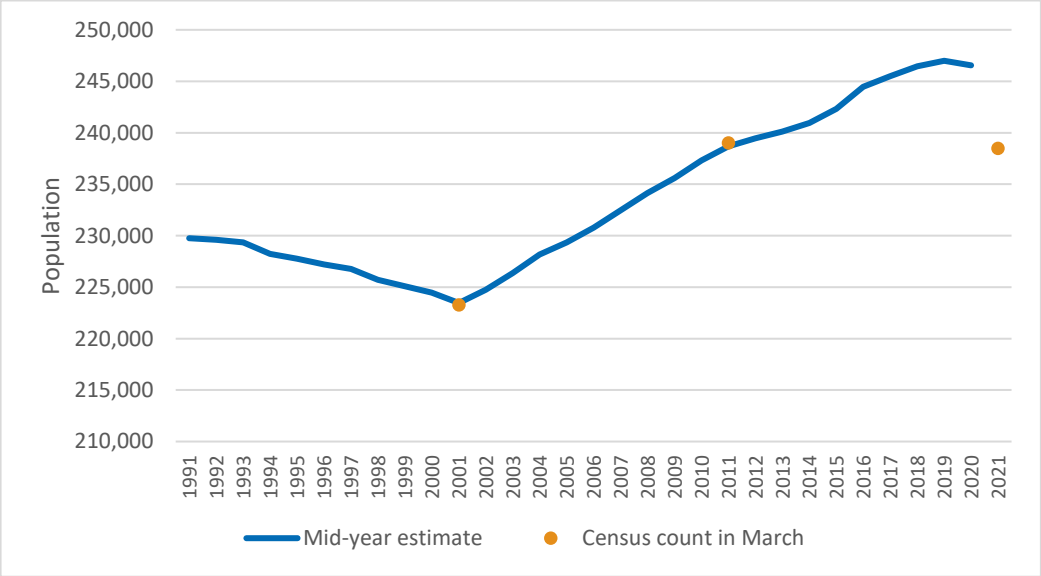
[28] ONS (2023) House price to workplace-based earnings ratio, Tables 6a and 6b

An unexpected fall in the population

4.6 While housing delivery falling short of the level planned does not appear to have made homes less affordable in Swansea, it could explain why the population has not grown.

4.7 The Census provides an ostensibly reliable count of the population every ten years, which the ONS supplements with annual estimates during the intervening periods. It estimated, using the best information available, that the population of Swansea grew by some 3% between 2011 and 2020, to reach around 246,563 people by the midpoint of the latter year. The 2021 Census suggested, however, that there were only 238,500 people living in Swansea at the time it was undertaken in March 2021, uniquely timed in the midst of the COVID-19 pandemic. This was around 3% fewer than the ONS had estimated in the middle of the previous year, and essentially implied that the population of Swansea had marginally *reduced* between the Censuses of 2011 and 2021. This starkly contrasts with the prior decade (2001-11) in which the population grew by some 7%.

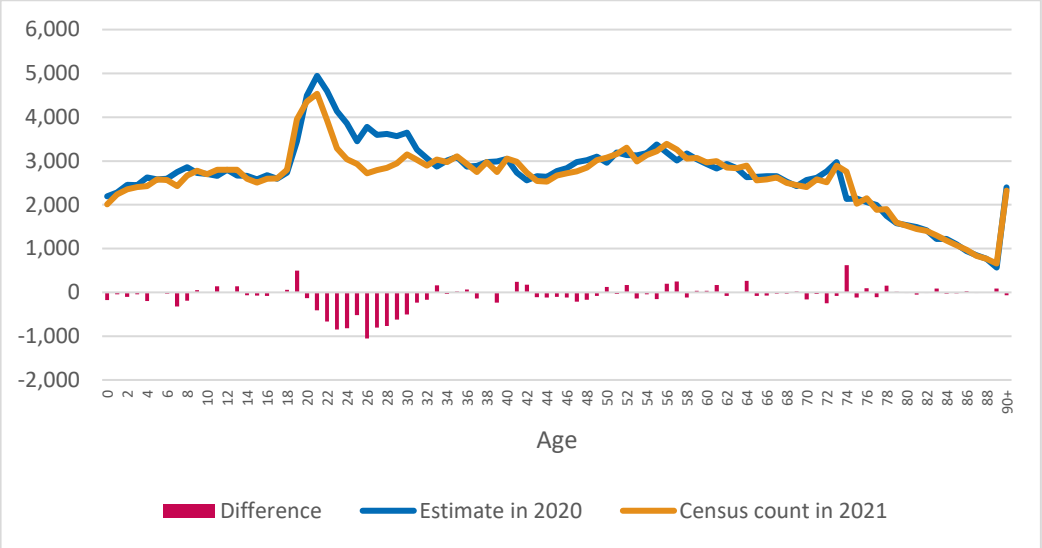
Figure 4.4: Comparing Census to Historic Population Estimates (1991-2021)



Source: ONS; Turley analysis

4.8 The greatest disparity between the last estimate produced before the Census, and that count, can be seen in the younger age cohorts. The Census suggested that there were roughly a sixth (17%) fewer residents aged 20 to 29 than had been estimated in the previous year, whereas the difference across all other age groups – while relatively pronounced in places – was only 1%.

Figure 4.5: Comparing 2021 Census to Prior Estimate by Age (2020)



Source: ONS; Turley analysis

4.9 The ONS took account of the Census count in producing a mid-year estimate for 2021, later reconciling historic estimates with this lower figure and proceeding to estimate that **circa 241,282 people** were living in Swansea in mid-2022.

4.10 This latest estimate can be compared to the equivalent figure from 2011, to show that the population of Swansea has rapidly aged over this period. The number of residents aged 65 years or above increased by some 15% to account for more than a fifth (21%) of all residents in 2022, approaching the figure for Wales (22%) which had also risen from 18% in 2011. The number of residents aged under 65 contrastingly reduced by 2%, with the population of traditional working age (16-64) shrinking by slightly more. This group is, however, still slightly larger – in proportionate terms – than it is across Wales.

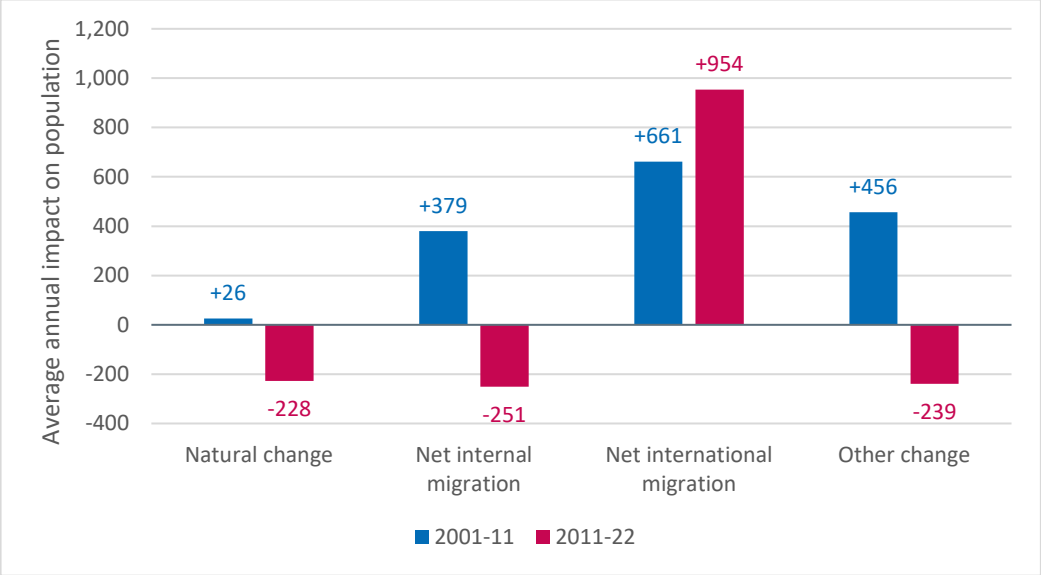
Table 4.1: Change in Age Profile of Swansea (2011-22)

	Wales, 2011	Swansea					Wales, 2022
		%	2011	Change	2022	%	
15 and under	18%	17%	**41,322**	0%	**41,235**	17%	18%
16 to 29	18%	21%	**49,170**	-8%	**45,393**	19%	16%
30 to 44	19%	19%	**44,840**	0%	**45,051**	19%	18%
45 to 64	27%	25%	**60,326**	-1%	**59,913**	25%	26%
65 and over	18%	18%	**43,033**	+15%	**49,690**	21%	22%
Total	100%	**100%**	**238,691**	+1%	**241,282**	**100%**	100%
16 to 64	63%	65%	**154,336**	-3%	**150,357**	62%	61%

Source: ONS; Turley analysis

4.11 Population growth since 2011 appears to have been predominantly driven by net international migration, which is estimated to have increased in scale compared to the prior decade as shown at Figure 4.6. There is though a strong possibility that this has been overestimated, with this known to have occurred for the overall population and the ONS consequently applying a correction labelled as "unattributable population change" (UPC) which sits within the "other change" category shown below. When deducting this from the estimated net international migration seen since 2011, the outcome is not dissimilar to the estimates for the prior decade (715/661pa) with the latter potentially even being an undercount, given that a *positive* adjustment had to be made by the ONS when the findings of the 2011 Census became available. There is much less uncertainty around the other components of change labelled below, where these are easier for the ONS to estimate, giving confidence that natural change is having an increasingly negative effect on the population of Swansea – with deaths increasingly outnumbering births – and that there has been a net outflow of people to other parts of the UK contrasting with the net *inflow* seen previously.

Figure 4.6: Components of Population Change in Swansea (2001-22)

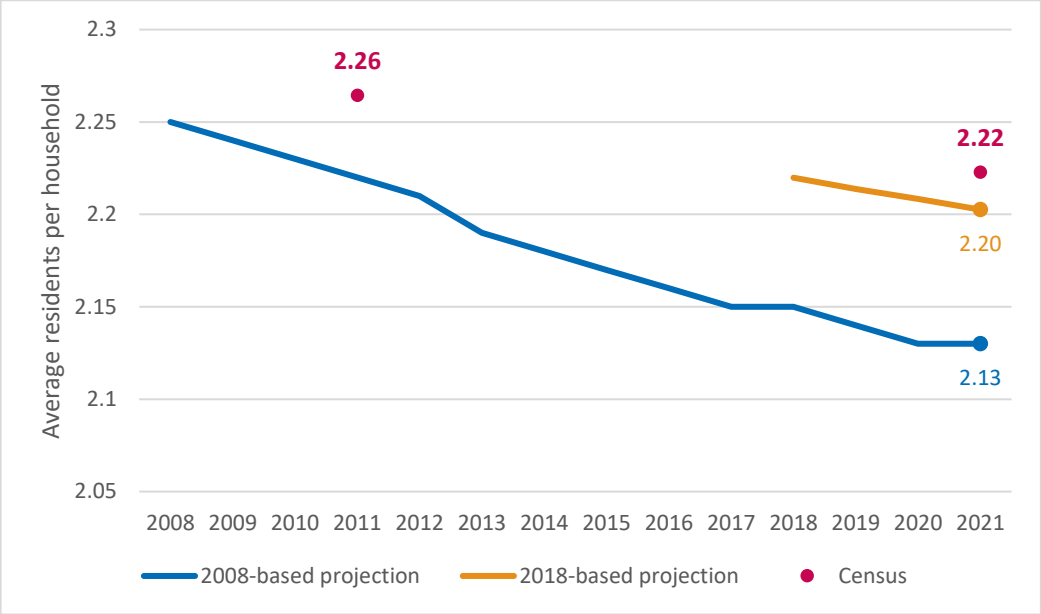


Source: ONS; Turley analysis

Increasingly small households

4.12 Housing growth falling short of the level planned does not appear to have stopped residents from forming increasingly small households, continuing a trend observed prior to 2011. That said, the average household did contain slightly more people in 2021 than was anticipated by the most recent, 2018-based projections developed by the WG. It was also larger than anticipated by older 2008-based projections, which reflected trends prior to the current plan period in which housing supply has fallen short of the level planned.

Figure 4.7: Average Household Size in Swansea



Source: Census 2011; Census 2021; Welsh Government; Turley analysis

An apparent fall in economic participation

4.13 The proportion of adult residents – aged 16 or above – who were economically active also appears to have reduced between 2011 and 2021, from 57% to 54%. This appears to have been driven by males, particularly in younger age cohorts, with their female counterparts also less likely to be economically active but having seen a more modest reduction since 2011.

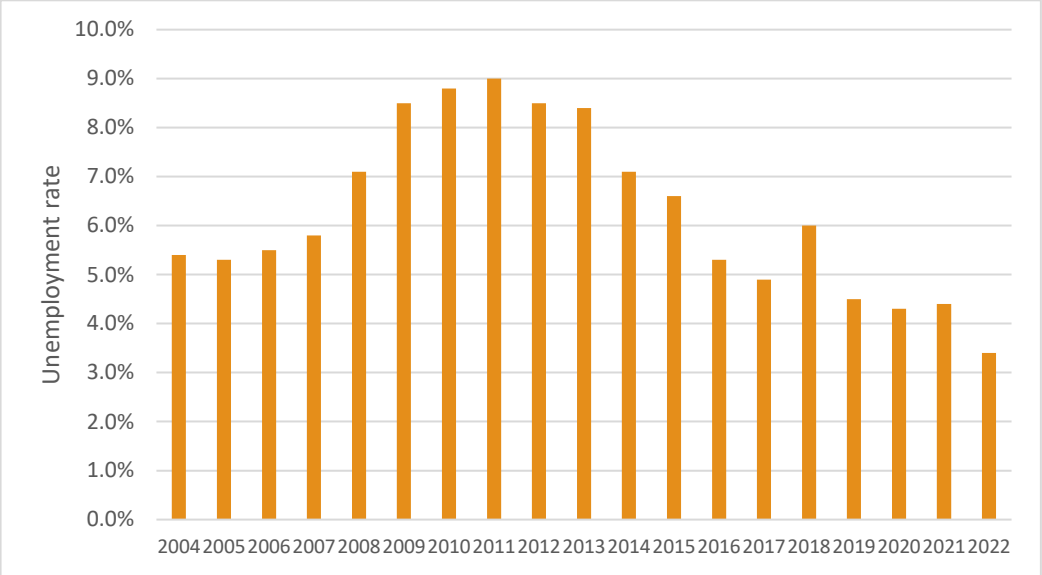
Table 4.2: Change in Economic Activity Rates (2011-21)

	Total population		Males		Females	
	2011	2021	2011	2021	2011	2021
16 to 24	55%	46%	54%	44%	57%	50%
25 to 34	81%	79%	85%	83%	76%	76%
35 to 49	82%	81%	86%	84%	78%	77%
50 to 64	62%	67%	68%	72%	56%	63%
65 and over	8%	9%	10%	12%	6%	7%
All ages	**57%**	**54%**	**61%**	**58%**	**52%**	**51%**

Source: Census 2011; Census 2021

4.14 Unemployment does though appear to have also reduced, standing close to the lowest level on record in 2021 and falling even further – to only 3.4% – in the subsequent year[29].

Figure 4.8: Unemployment in Swansea (2004-22)



Source: ONS

Summary and implications

4.15 This section has provided an overview of the population, housing stock and labour force of Swansea, where all interrelate and influence the future need for housing and employment growth.

4.16 It has shown that housing delivery in Swansea has fallen considerably short of the level planned since 2010, with provision of only 485 dwellings per annum on average, this being less than half of the planned provision for 1,040 dwellings per annum. Delivery more recently is lower still, with an average of only 397 dwellings per annum seen over the last three years. These low rates of delivery must be considered in the context of an adopted LDP which sought to provide a significant supply of land allocated for housing to achieve its ambitions.

4.17 Despite this markedly low level of provision affordability has improved since 2010, with growth in earnings having outpaced the rate of increase in house prices. Indeed, it is of note that whilst lower quartile prices have increased in Swansea they have not increased at the rate seen across Wales. This indicates that lower demand for housing could be contributing to the reduced rate of delivery in Swansea.

4.18 Low rates of housing delivery will also have contributed to a lack of growth in the population over this period. Indeed, the last Census suggests that the population of Swansea has fallen over the previous ten years, by a modest amount. This starkly

[29] ONS (2023) Model-based estimates of unemployment

contrasts with the prior decade (2001-11) in which the population grew by some 7%, with this having been a determining factor in the setting of the adopted LDP's housing delivery expectations. Where the latest ONS population estimate for 2022 suggests a return to growth the overall impact has been an increasingly ageing population.

4.19 The analysis identifies, however, that housing growth falling short of the level planned has not stopped residents from forming increasingly small households, continuing a trend observed prior to 2011. That said, the average household did contain slightly more people in 2021 than was anticipated by the most recent, 2018-based projections developed by the WG and more markedly from the older 2008-based projections, thereby implying that the fall in the size of households has not kept pace with that experienced prior to the current plan period.

4.20 The proportion of adult residents who were economically active also appears to have reduced since 2011, driven by younger cohorts and in particular younger males. This has not, however, led to increased levels of unemployment with 2022 representing a historic low.

5. Recent Economic Trends

5.1 This chapter provides an up-to-date analysis of Swansea's economy. It considers recent trends in output; the scale, type and sectoral composition of employment; the nature of the local business base (including key companies and indicators of business dynamism); and major recent and anticipated investments.

Overview of the economic geography

5.2 Historically a major manufacturing location, Swansea has developed a largely service-based economy in recent decades, linked with its large university presence and supported by the regeneration of the city centre and the Lower Swansea Valley. The city's built-up area extends south to the Mumbles and north to Clydach but its influence extends across a much larger footprint, with the wider urban area extending into much of NPT.

5.3 Beyond the city itself, the local authority area includes the smaller towns of **Gorseinon**, **Pontarddulais** and **Gowerton**. The remainder of the county is substantially rural, consisting of the **Gower** pensinsula, an important visitor destination most of which is designated as an Area of Outstanding Natural Beauty; and to the north, the Lliw uplands.

5.4 In strategic **infrastructure** terms, Swansea is served by the M4 running east-west, the A4067 Swansea Valley road linking to Pontardawe in NPT and, just outside the local authority, the A465 to the Heads of the Valleys via the Vale of Neath. Rail services link Swansea with Cardiff, London and West Wales via the South Wales Main Line, and with Shrewsbury via the Heart of Wales Line. The area is also expected to benefit from the improved connectivity planned though the Swansea Bay and South West Wales Metro, principally through frequency enhancements on the existing network over the next decade[30]. Reflecting Swansea's mostly urban nature, digital connectivity is good, with some 98% of premises in the county able to access superfast broadband and 83% able to access ultrafast download speeds. Circa 51% of premises also have full-fibre, a figure which has risen sharply in recent years[31].

Economic output

Total output

5.5 Swansea's total economic output (measured in gross value added or GVA) was around £5.774 billion at current prices in 2022[32]. Over the long term, growth has been

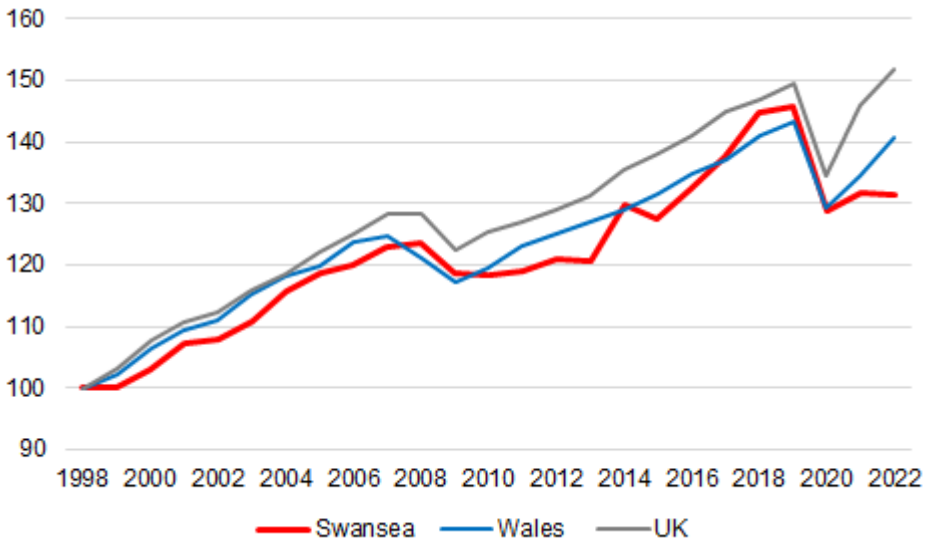
[30] Transport for Wales (https://tfw.wales/projects/metro/swansea-bay-metro)

[31] Ofcom (February 2024) Connected Nations Report 2023 (h https://www.ofcom.org.uk/research-and-data/multi-sector-research/infrastructure-research/connected-nations-2023/interactive-report). Compared with superfast, ultrafast and full-fibre accessibility at 96% and 63% and 54% of premises respectively across Wales as a whole. Data relate to September 2023

[32] ONS (2022) Regional gross value added (balanced) by industry: local authorities by ITL1 region: TLL Wales, current prices

somewhat slower in Swansea than in the UK overall, and since the sharp fall linked with the pandemic in 2020, output has apparently been slow to recover.

Figure 5.1: Index of GVA growth (1998=100)



Source: ONS, Regional gross value added (balanced), by industry, chained volume measures in 2019 money value

5.6 Looking more closely at a comparison of annual growth rates over time, there has been relatively strong growth in the second half of the 2010s, followed by a greater and longer slump following the pandemic than elsewhere (the percentage fall in total GVA between 2019 and 2022 was greater in Swansea than in any other Welsh local authority).

Table 5.2: Output growth (CAGR of gross value added), 1999-2022[33]

	1999-2009	2009-14	2014-19	2019-22	1999-2022
Swansea	1.7%	1.8%	2.4%	-3.4%	1.2
Wales	1.4%	1.9%	2.1%	-0.6%	1.4
UK	1.7%	2.0%	2.0%	0.5%	1.7

Source: ONS, Regional gross value added (balanced) by industry, chained volume measures in 2019 money value

5.7 About 88% of total GVA in 2022 was accounted for by the services sector. Within this, the strongest growth in output between 2014 and 2022 was in information and communications and professional, scientific and technical services. Despite Swansea's long industrial heritage, manufacturing only accounted for 4% of total GVA in 2022

[33] Note that although data is available for 2020 (as illustrated in Fig. 5.1), we have not presented it in this table, given the extent of the fall in output in 2020 as a result of Covid-19 public health restrictions.

(compared with 15% and 10% in Wales and the UK respectively), with a steady decline in output over time.

Productivity

5.8 Productivity (measured as GVA per filled job) was £48,220 in 2021, 83% of the UK average, and broadly in line with Wales as a whole[34]. Relative to the rest of the UK, Swansea's productivity has improved modestly over time[35].

Employment

Historic jobs growth

5.9 Employment numbers have grown over the long term in Swansea. The 1980s and early 1990s saw some sharp contractions and stagnation in employment. This was followed by strong jobs growth, which was interrupted by the financial crisis but resumed in the years leading up to the pandemic[36].

5.10 Looking at the more recent past, we can compare total jobs in Swansea and the rest of the UK using official published timeseries. The most commonly used measure of 'total jobs' is the Jobs Density dataset published by the ONS, which includes employee jobs (about 87% of the total), self-employed workers and some other smaller categories[37]. According to the Jobs Density dataset, there were around 121,000 jobs in Swansea in 2022. Separately, the independent forecasting house Cambridge Econometrics estimated 122,800 jobs in 2022[38].

5.11 Figure 5.2 illustrates change in total job numbers over the twenty years to 2022, using both estimates. This shows growth in job numbers as the economy recovered from the 2009/10 recession, up until the pandemic in 2020. Despite a sharp fall at that point, there was a rapid recovery in job numbers subsequently (in contrast to the apparently longer slump in output referenced above). Over the shorter term, between 2010 and 2022 (i.e. from the start of the current plan period to the year of the latest official data), there was an average of 500 additional jobs per annum according to the ONS Jobs Density dataset and 533 according to the Cambridge Econometrics estimates.

[34] ONS (June 2023) Current price (smoothed) GVA (B) per filled job by local authority district.

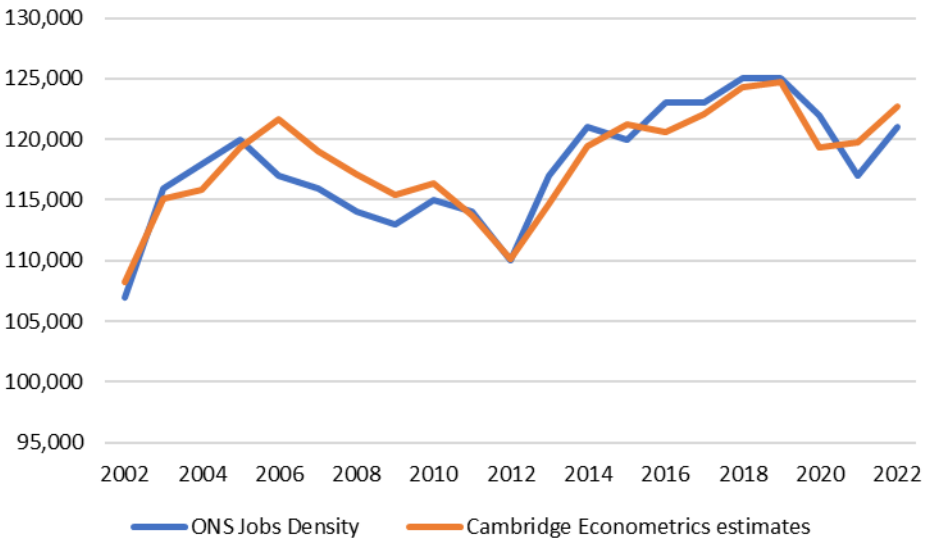
[35] The data shows recent improvement in relative productivity (from 80% of the UK average in 2015 to 83% in 2021), although short-term changes in productivity data at local level should be treated with caution.

[36] Official current employment timeseries data are not available prior to 2001, however, this summary is based on Cambridge Econometrics estimates, which date from 1981.

[37] Agricultural workers, people in the armed forces and some government-supported trainees. See ONS (2001) *Jobs Densities for Local Areas*

[38] Cambridge Econometrics estimates, 2023. Independent estimates derived from analysis of the Labour Force Survey

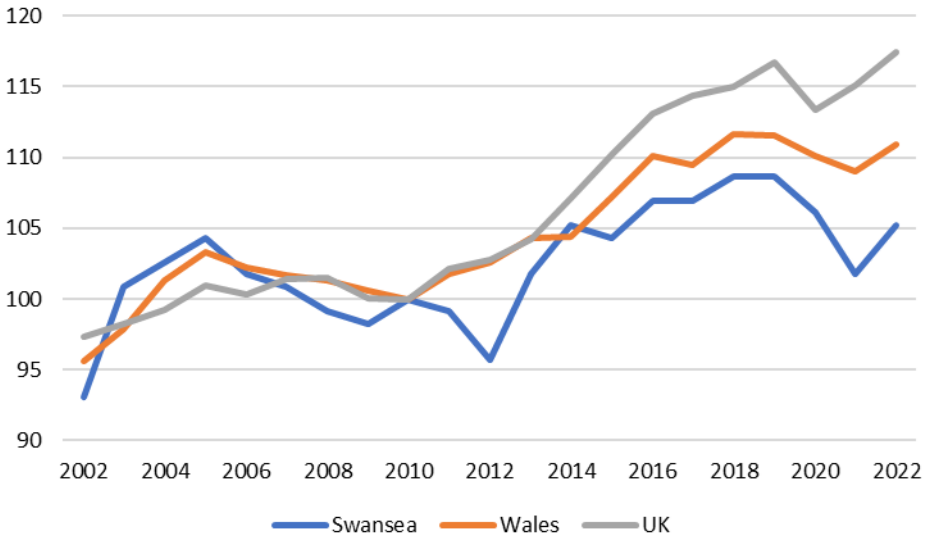
Figure 5.2: Total jobs in Swansea, 2002-22



Source: ONS; Cambridge Econometrics

5.12 The Jobs Density dataset also enables comparison with the rest of Wales and the UK. Since 2010, total jobs growth has been slightly slower in Swansea than in the national comparators. The data also indicates a somewhat sharper fall in the pandemic.

Figure 5.3: Index of total jobs (2010 = 100)



Source: ONS, Jobs Density

5.13 Swansea's 'jobs density' (the number of jobs per person aged between 16 and 64) was 0.82 in 2022, higher than the Welsh average (0.78), although lower than the average for the UK overall (0.87). The jobs density has increased over time (from 0.72 in 2012), with overall jobs growth. However, Swansea's jobs density remains relatively low for a large regional centre: in 2022, Cardiff had a jobs density of 1.02, for example.

Sectoral analysis

5.14 Granular sectoral analysis is provided by the Business Register and Employment Survey (BRES). This estimates employment, which excludes some categories of worker[39] (so the number of employee jobs is always lower than the 'total jobs' on the Jobs Density dataset). However, it provides a more detailed sectoral view of the economy. Table 5.3 sets out Swansea's current sectoral employment profile.

Table 5.4: Employee jobs by main sector group (2022)

Industry	Swansea		Share of all jobs		
	Jobs	LQ[40]	Swansea	Wales	GB
Agriculture, forestry & fishing	700	0.4	0.6	2.8	1.5
Mining & quarrying	25	0.0	0.0	0.2	0.2
Manufacturing	5,000	0.6	4.5	10.4	7.4
Electricity, gas, steam & air con	300	0.8	0.3	0.4	0.4
Water supply, sewerage, etc.	1,000	1.3	0.9	1.0	0.7
Construction	5,000	0.9	4.5	5.1	5.0
Wholesale & retail; motor vehicles	16,000	1.0	14.5	13.2	13.9
Transportation & storage	4,000	0.7	3.6	4.2	5.0
Accommodation & food service	9,000	1.0	8.2	8.7	7.9
Information & communications	2,000	0.4	1.8	2.2	4.4
Financial & insurance	4,000	1.1	3.6	2.8	3.3
Real estate activities	1,750	0.8	1.6	1.5	2.0
Professional, scientific & technical	5,000	0.5	4.5	5.1	9.1
Admin & support service activities	9,000	0.9	8.2	6.5	8.8
Public admin & defence	13,000	2.6	11.8	7.7	4.5
Education	11,000	1.2	10.0	8.6	8.3
Human health & social work	18,000	1.2	16.4	14.7	13.2
Arts, entertainment & recreation	3,000	1.1	2.7	2.6	2.4
Other service activities	2,000	0.9	1.8	2.1	2.0
Total, all industries	**109,775**				

Source: ONS, Business Register and Employment Survey

[39] Self-employed people not registered for VAT and/ or PAYE, as well as Armed Forces personnel and people on Government-supported training schemes

[40] The **'location quotient' (LQ)** is a measure of relative industry concentration. An LQ of greater than 1 means that the industry accounts for a greater share of total jobs in Swansea than it does in Great Britain as a whole. An LQ of less than 1 means that it accounts for a smaller share

5.15 In absolute terms, the largest employment sector is **human health and social work**, accounting for over 16% of all employee jobs. Health and social work is also relatively 'over-represented' compared with the rest of the country, reflecting the regional health institutions in the city, such as Morriston and Singleton hospitals. **Public administration and defence** accounts for a further 13,000 jobs and is highly concentrated in Swansea, with well over twice the national average share of employment. As well as Swansea's local 'demand -responsive' public administration functions, the city has an important UK civil service presence through the DVLA at Morriston (which includes a substantial number of senior management and technology jobs) and the Land Registry at Swansea Enterprise Park. It also contains a hub for the WG at Penllergaer Business Park. Swansea also has a relatively high concentration of employment in **education**, including Swansea University and University of Wales Trinity St David, both of which have invested in the city in recent years and continue to do so (and are discussed further in relation to innovation assets below). Combined, health and social work, public administration and education account for around 42,000 jobs (or 38% of the total), with **administration and support services** (which embraces a wide range of activities, including employment agencies) accounting for a further 9,000.

5.16 The second largest sector by employee jobs is **wholesale and retail**, within which Swansea's role as a regional retail centre adds to local demand. **Manufacturing**, although relatively under-represented, still accounts for around 5,000 jobs, with the largest sub-sector (manufacture of basic metals) accounting for 500 jobs. The remaining service industries show a slight over-representation in finance and insurance, but under-representation in information and communications, real estate and professional and scientific services.

5.17 BRES data also allows us to look in more detail at **recent sectoral change**. Between 2010 and 2022, the overall sectoral balance was largely stable[41]:

- Public administration services grew, reinforcing a sector of the economy in which Swansea already has a significant presence, and despite the impact of retrenchment in public spending over much of the period.

- There was a mixed picture in mainly private sector service activities. Professional, scientific and technical services grew quite strongly, offset by a contraction over the period in information and communications (although note in contrast the apparently strong recent GVA growth in information and communications highlighted earlier). The large administration and support service sector was essentially static over the period.

- Arts, entertainment and recreation, and accommodation and food service both lost ground during the pandemic. However, they have recovered since, with a net increase over the period. Transport and distribution also grew strongly.

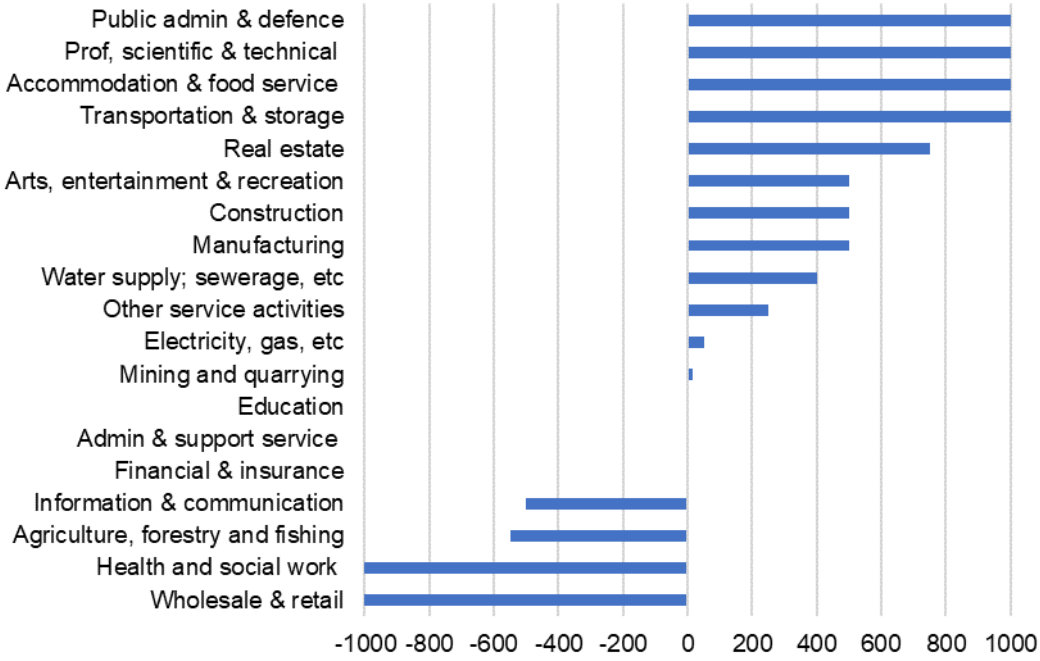
- Wholesale and retail saw a net loss of employment, reflecting national structural change. Perhaps surprisingly, the large health and social work sector also lost

[41] 2009 is the earliest year for comparison on the BRES timeseries. Note that the BRES methodology changed in 2015, so there is a break in the timeseries, although the effect of this on the Swansea data is minimal.

employment, despite the positive long-term outlook for growth in the face of rising demand.

- Manufacturing has been resilient, with a net employment gain over the period, following on from substantial contraction in previous years.

Figure 5.4: Change in employment by sector (net jobs), 2010-22



Source: ONS, BRES

Concentrations of employment

5.18 Swansea city centre is a major concentration of employment, with around 17,000 jobs (using the BRES employment measure) located within the city centre mid-level super output area. A further 5,000 jobs are based in the adjacent SA1 area and along Fabian Way. Combined, the city centre and SA1 account for around 20% of all jobs in the local authority area.

5.19 Beyond the city centre, the second largest concentration of employment is at Swansea Enterprise Park in the Lower Swansea Valley, which supports around 17,000 jobs. Other large employment locations include the DVLA headquarters at Morriston; Morriston Hospital north of the M4, the area around Swansea University's Singleton campus, and Swansea West Business Park. Beyond the main urban area of the city, employment concentrations are smaller and more localised.

Business base

Overall business stock

5.20 In 2023, there were around 8,400 businesses in Swansea[42]. Around 80% of businesses were 'micro' enterprises, employing fewer than nine people – a slightly lower share of the overall business stock than in Wales or the UK as a whole.

Table 5.5: Business stock by employee size, 2023

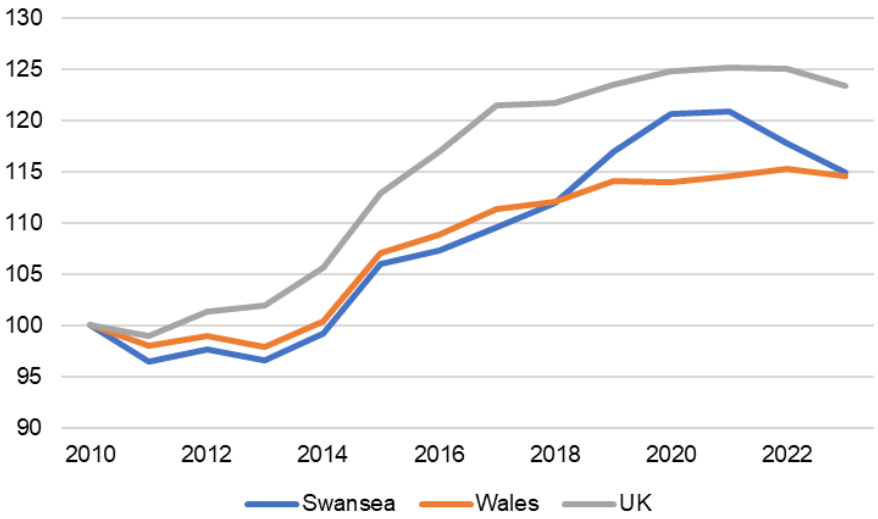
	Swansea		Comparators (%)	
	Number	% of total	Wales	UK
Micro (0 to 9)	6,730	80.1	83.3	84.3
Small (10-49)	1,375	16.4	13.7	12.7
Medium-sized (50 to 249)	255	3.0	2.6	2.6
Large (250+)	40	0.5	0.4	0.4
Total	**8,400**	**100**	**100**	**100**

Source: ONS, UK Business Count

Business stock growth and density

5.21 Since 2010, the growth of Swansea's business stock has largely tracked that of Wales as a whole, although growth has been at a slower rate than in the rest of the UK. Following a contraction after the financial crisis, business numbers grew quite strongly during the 2010s, albeit with an apparent tailing off following the pandemic.

Figure 5.5: Index of total business stock growth (2010=100)



Source: ONS, UK Business Count

[42] Measured as 'local units' (an individual unit of activity, such as a factory) associated with an enterprise, according to the UK Business Count. This includes public sector units (such as local authorities, central government bodies and public corporations); excluding these, the there were 7,995 private sector businesses in Swansea in 2023.

5.22 Given the size structure of the overall business stock (in every geography), most of the increase is accounted for by micro enterprises. As elsewhere, there was stronger growth in micro businesses than in medium or larger enterprises, with the Swansea data noting a slight decline in the number of larger firms[43].

Table 5.6: Compound annual growth rate of enterprise stock, 2010-23

	Swansea	Wales	UK
Micro (0 to 9)	1.2	1.1	1.8
Small (10-49)	0.9	0.8	0.9
Medium-sized (50-249)	0.0	0.5	0.7
Large (250+)	-0.9	0.0	0.5
All businesses	**1.1**	**1.1**	**1.6**

Source: ONS; UK Business Count

5.23 'Enterprise density' is relatively low in Swansea. In 2021, there were 597 enterprises to every 10,000 residents aged between 16 and 64, compared with 683 and 764 in Wales and the UK respectively. To some extent, this is typical of an urban economy – cities tend to have lower enterprise densities than rural areas[44] – although the enterprise density has risen substantially over time, from around 476 enterprises per 10,000 working age people in 2010. Self-employment rates are also lower than in Wales and the UK[45] .

New businesses and survival rates

5.24 In the four years to 2022, there was an average of 1,020 new business starts per year in Swansea[46]. Start-up rates are relatively high: over the four-year period, business starts equated to 13.4% of the total active business stock, compared with 11.9% and 11.8% in Wales and the UK respectively.

5.25 Survival rates show a mixed picture. 42.5% of businesses starting in 2017 were still active five years later, which compares favourably with the Wales and UK data (37.3% and 39.6% respectively). However, survival rates for firms starting in 2018 and 2019 were worse in Swansea than the national comparators – although it should be noted that we do not yet have three, four and five year survival rates for businesses that started post-Covid.

Large employers

5.26 As indicated above, Swansea has several large public sector employers, including the local authority, Swansea Bay University Health Board and the Welsh and UK

[43] Note that numbers within the UK Business Count are rounded, so small changes within small sample sizes can be exaggerated in the data. Note also that an apparent 'decline' in the number of large firms might be linked with changes in business strategy (e.g., outsourcing some functions to contractors or reducing headcount), rather than the loss of the firm to the local economy.

[44] Note that both Cardiff and Newport also have lower enterprise densities than the Wales and UK averages (643 and 564 in 2021 respectively).

[45] The self-employment rate was 7.1% in Swansea in 2022, compared with 8.5% in Wales and 9.3% in the UK.

[46] ONS, Business Demography Dataset

Governments (including the DVLA and Land Registry, as well as public service functions that are mostly responsive to local demand). Some of Swansea's public sector assets are nationally significant: for example, the DVLA is designated within Government as a Centre of Digital Excellence, including a pool of some 500 information technology staff. In addition, University of Wales Trinity St David and Swansea University are very significant local employers. In the private sector, other notable employers include SEI Interconnect (a cable and wire manufacturer owned by Sumitomo), FEI Foods in food processing, and the CyDev medical devices firm, as well as businesses supporting local and regional demand.

High growth and innovation

5.27 The ONS identifies 'high growth' businesses as those that demonstrate average annualised growth greater than 20% per annum, over a three-year period, measured through employment[47]. Between 2019 and 2022, the number of businesses in Swansea identified as 'high growth' through this measure varied between 25 and 35 (i.e., between 0.33% and 0.46% of the total business stock). This rate of high growth businesses within the overall stock is comparable with the Welsh average, although somewhat lower than that for the UK as a whole.

5.28 Separately, the business data service Beauhurst tracks businesses that meet a series of growth or innovation thresholds (for example, turnover growth, investment secured or public sector fundraising through Innovate UK or similar bodies). In 2021, Beauhurst tracked 102 firms in Swansea. These are sectorally diverse, although oriented towards professional and technology services: 26 of the tracked businesses are principally within the professional, scientific and technical services sector, and a further 22 are in information and communications.

5.29 More broadly, Swansea's two **universities** are important innovation assets, with an important role both in generating a pool of talent that can help to retain and attract investment and in supporting the development of new and emerging businesses. Within the universities, key strengths include:

- Computing science and informatics, within which Swansea University is one of the UK's 'top 20' institutions by research strength. Key assets within the University include the Computational Foundry, which also supports industry collaboration, and the CHERISH-DE digital economy lab.

- Health and life sciences, including Swansea's medical school and the Institute for Life Sciences, which has developed since 2007 as a centre for medical research and a base for growing and innovative businesses.

- Engineering, including Swansea's SPECIFIC innovation and knowledge centre focused on the development of building technologies for decarbonisation.

[47] Growth is also often measured using turnover, although the ONS Business Demography dataset uses employment as the metric.

5.30 It should be noted that the Bay Campus part of Swansea University's footprint is located in NPT, although the University is an integrated operation, with wider regional impacts.

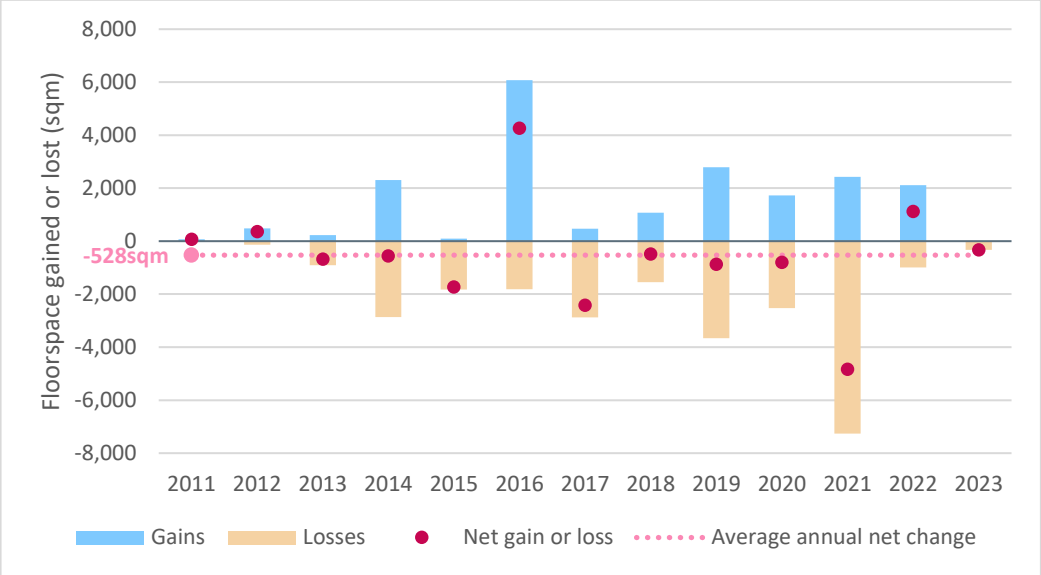
5.31 There is a substantial emphasis in local strategy on the links between these strengths and the development of wider professional services via institutions such as the ILS and University of Wales Trinity St David's new Innovation Matrix facility.

Premises

Recent completions

5.32 The Council has shared monitoring data which indicates that circa 19,876sqm of employment space – in Use Classes B1, B2 and B8 – has been completed throughout Swansea between 2011 and 2023. This has though been offset by the reported *loss* of some 26,734sqm of space, such that there appears to have been a net loss of circa 6,858sqm or 528sqm per annum[48]. There have nonetheless been years within this period that have seen more completions than losses, including relatively recently in 2022.

Figure 5.6: Completion and Loss of Employment Space in Swansea (2011-23)



Source: Council monitoring; Turley analysis

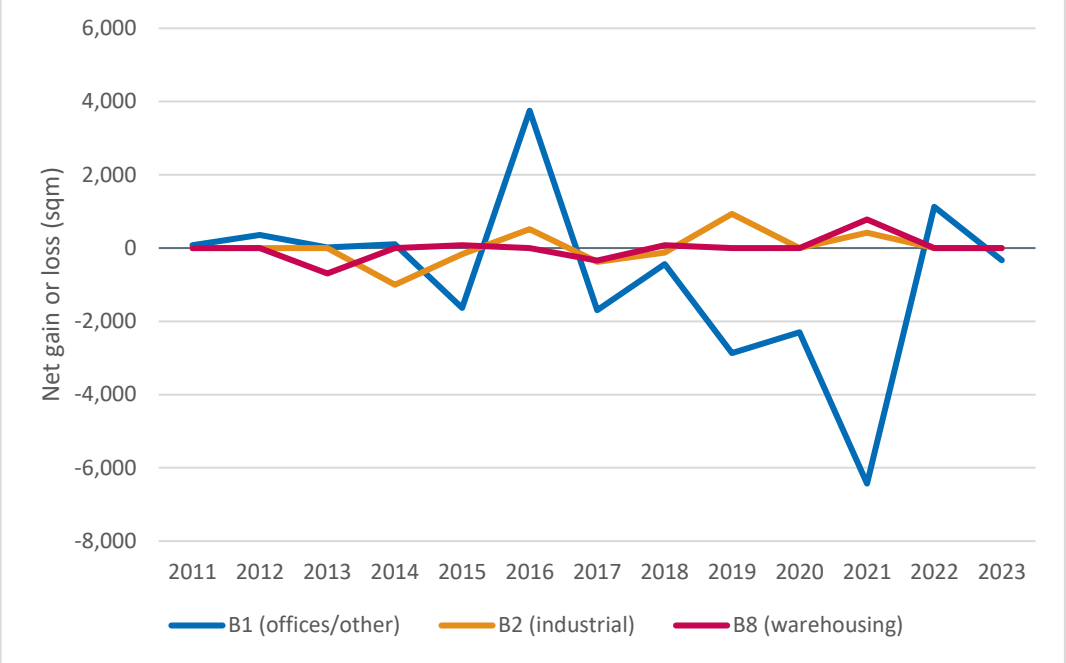
5.33 Most of this data is also broken down by Use Class, revealing that office space has most often been lost particularly in the years up to and including 2021[49]. The net loss of

[48] Circa 89 employment spaces are reported to have been lost in this time, each averaging around 300sqm in size. The year 2021 saw the most space cumulatively lost and also saw the joint-second most individual losses (13) with the average size of the lost space also relatively large, at circa 558sqm. This is likely to have been driven by the two largest losses on record, at the Oldway Centre (3,372sqm) and Orchard House (1,594sqm). Only 2014 saw more spaces lost, with 14, but these tended to be relatively small averaging only 205sqm

[49] The average lost office space was circa 301sqm in size, but 21 of the 77 spaces were smaller than 100sqm and over half (45) amounted to less than 200sqm. The largest office spaces to be lost were the aforementioned Oldway Centre and Orchard House, plus 122-126 Walter Road in 2020 (1,538sqm)

warehousing space, in Use Class B8, has been much more modest while there has actually been a small net *gain* of industrial space in Use Class B2[50].

Figure 5.7: Net Change in Employment Floorspace by Use Class (2011-23)



Source: Council monitoring; Turley analysis

Current properties

5.34 CoStar, the commercial property database, provides an indication of the number and size of offices, industrial premises within Swansea and South West Wales. This information is understood to have been researched and verified by the industry's largest professional research team, which collates and independently verifies data from over 9,500 commercial property agents throughout the UK and also takes account of third-party data from providers such as the Land Registry and the Valuation Office Agency. It also assigns a rating to each property, using a proprietary system that was developed to address the lack of a consistent and centrally managed system for classifying commercial properties[51].

5.35 CoStar data suggests that there are currently a total of 356 office spaces in Swansea, each with an average net internal area (NIA) of 105 sqm. This is around 20% larger than the average office space in South West Wales (82 sqm). The average rating given by CoStar to offices in each area is more aligned, in each case being 2.4 stars out of five, although Swansea does have slightly fewer offices being given the lowest score of two stars or less (54/56%) and it also has a fractionally larger share of higher quality spaces,

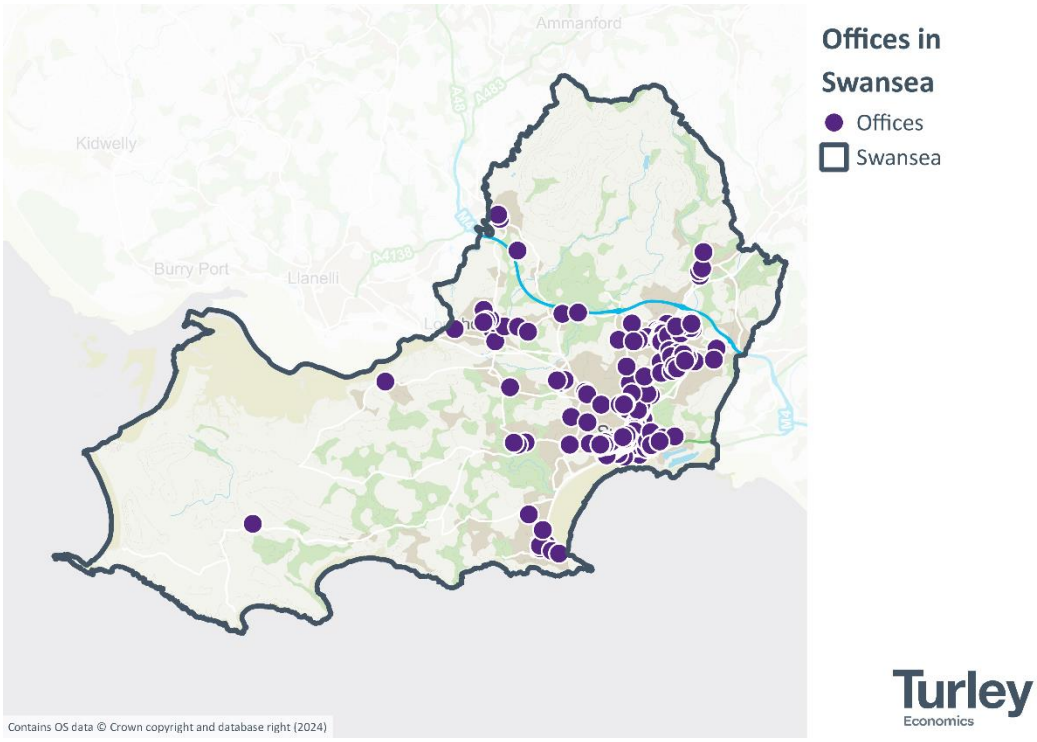
[50] Only 14 industrial premises or warehouses have reportedly been lost, with each one averaging only 256sqm in size. The largest industrial loss was in 2014, when circa 436sqm of space was lost from a building to the rear of 47B Westbury Street. The largest B8 loss occurred a year prior, when 693sqm was lost at Livermores on Neath Road

[51] https://www.costar.com/sites/costar.com.na/files/2023-09/costar_buildingratingsystem-definition.pdf

given four stars[52] (2/1%). CoStar gave five stars to no offices in either Swansea or South West Wales.

5.36 Figure 5.8 indicates that these offices are predominantly clustered in the city centre and out to its north-east towards the M4 (for example in the Enterprise Park and Swansea Vale). There are though also clusters in district centres such as Gorseinon.

Figure 5.8: Location of Office Premises in Swansea (January 2024)



Source: CoStar; Turley analysis

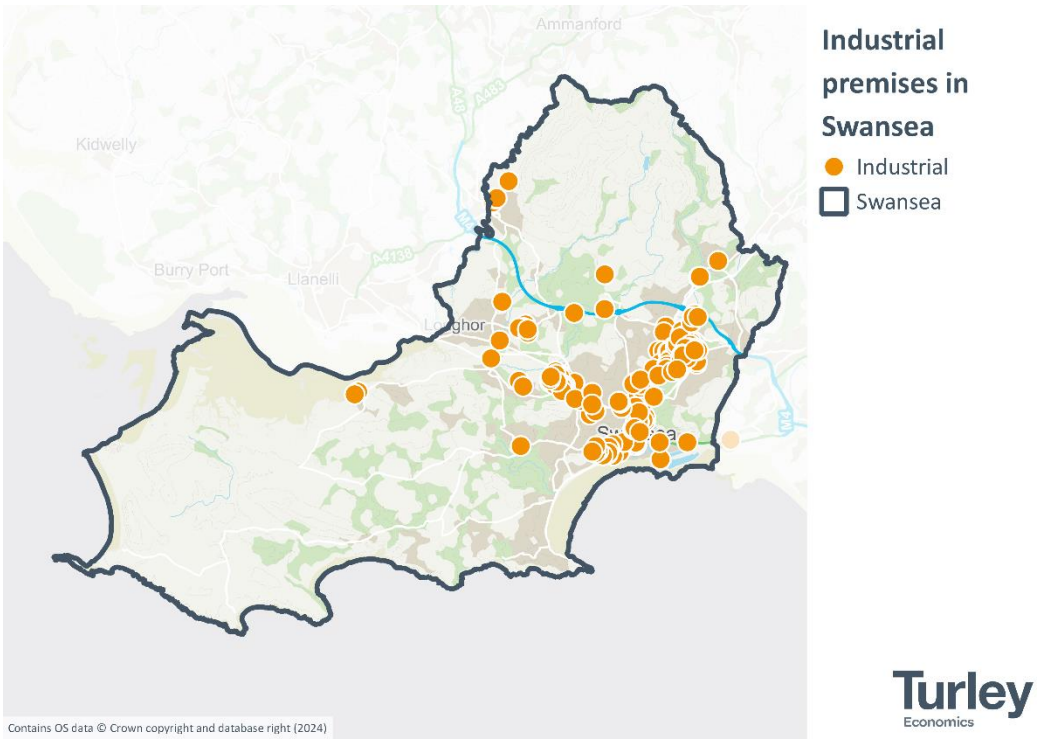
5.37 There are reportedly **314 industrial spaces throughout Swansea**, with an average NIA of 241 sqm that is **some 15% smaller than the average for South West Wales** (287 sqm). These totals unavoidably include warehouses, there being 113 such units in Swansea each offering an average of 280 sqm, slightly more than in South West Wales as a whole (252 sqm).

5.38 The average industrial space in Swansea was graded 2.4 stars out of five by CoStar, falling slightly below the average for South West Wales (2.5). This reflects a slightly higher share of premises in Swansea being given only two stars or fewer (42/37%) as well as fewer being given four stars (0.5/1.3%). As with offices, no industrial premises in Swansea or South West Wales were given a ranking of five stars by CoStar.

5.39 Figure 5.9 shows that industrial spaces are generally situated in the urban area of Swansea and its environs, again with a cluster along the corridor towards the M4, but also in other established business parks across the city.

[52] Classed as very high quality buildings that maintain market leadership through the strength of their initial construction, continual above average maintenance and desirability for tenants and investors over time

Figure 5.9: Location of Industrial Premises in Swansea (January 2024)



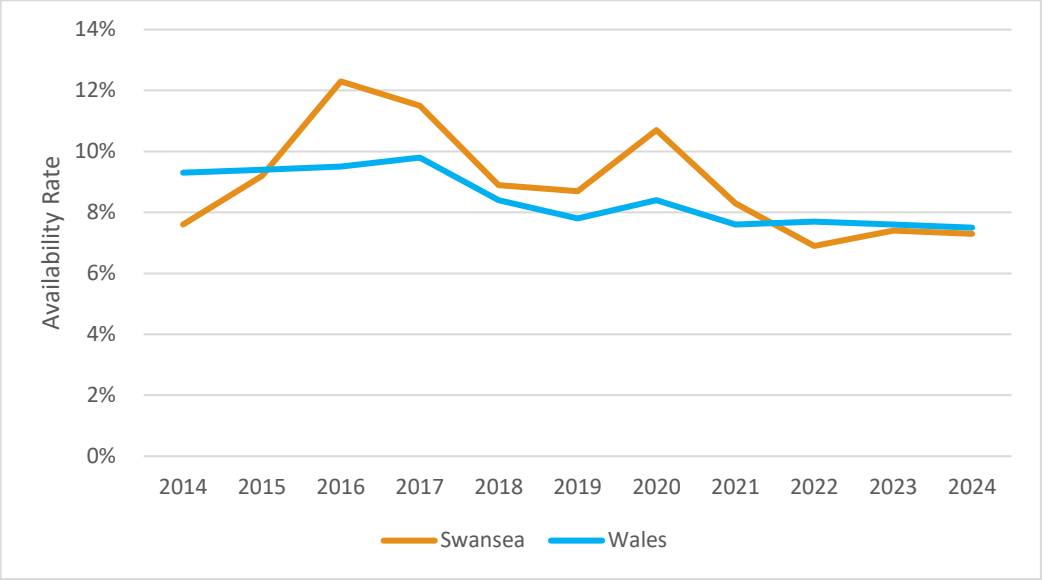
Source: CoStar; Turley analysis

Availability

5.40 Availability rates[53] in **office spaces** across Swansea and Wales are also reported by CoStar and are shown in Figure 5.10. This suggests that there has been a period of increase in the availability rate from 2014 to 2016. Up to 2022, the availability rate declined (with the exception of from 2019 to 2020). After 2022, the availability rate levelled out **where only c. 7% of office space is available in 2024**. In comparison to the national level, the availability rate in Swansea is more volatile than the national rate, with the country experiencing a general reduction over the decade.

[53] Measuring the amount of space that is on the market, even if it is still occupied and thus not "vacant"

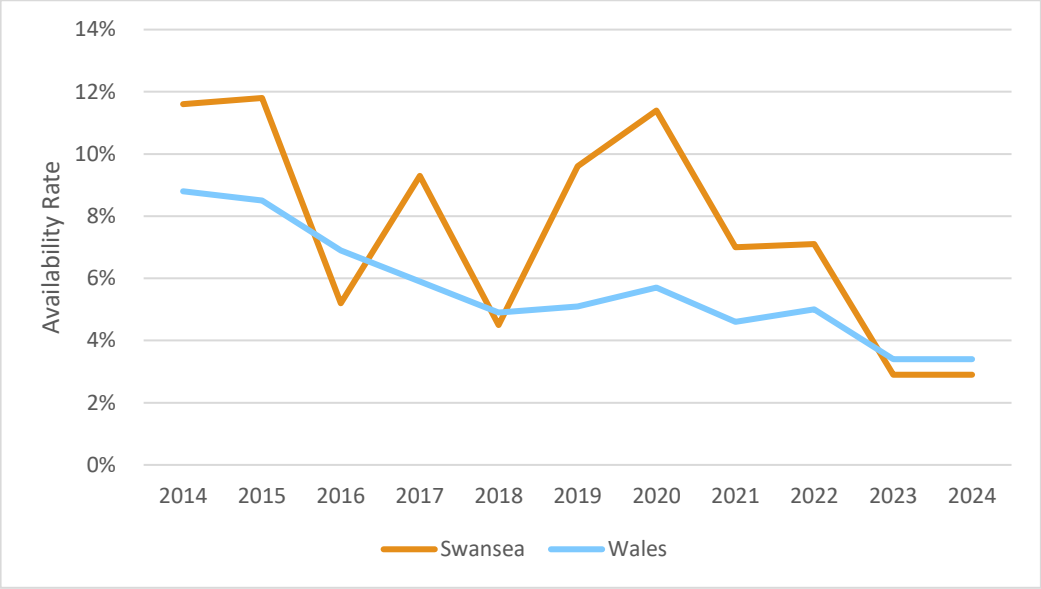
Figure 5.10: Availability Rate of Office Space



Source: CoStar

5.41 Figure 5.11 also uses CoStar data to illustrate the availability rate for **industrial spaces** in Swansea and Wales from 2014-2024. There has evidently been **a degree of volatility in the industrial floorspace availability rate in Swansea.** The availability rate within Swansea was higher than the level across Wales as a whole for the majority of the decade, with the rate being similar in 2016-2017 and 2023-2024. The availability rate increased in Swansea between 2016-2017 and 2018-2020. Since 2023, the availability rate remained relatively constantly at 2.9%, slightly lower than the rate in Wales as a whole which stood at 3.4%.

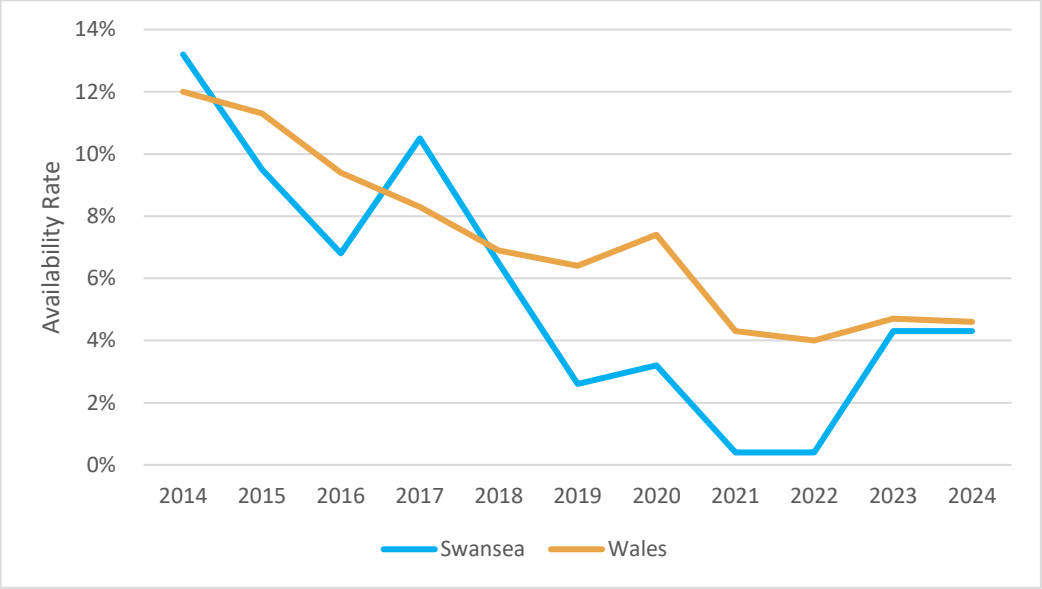
Figure 5.11: Availability Rate of Industrial Space



Source: CoStar

5.42 Figure 5.12 shows the availability rate for warehouses in Swansea and Wales, according to CoStar. Similar to the availability rate for industrial spaces and office space, there appears to have been a degree of volatility in the availability of warehouses between 2014 and 2024. Across Swansea, the availability rate peaked in 2014 at 13% and generally declined over the decade with periods of increase in 2017, 2020 and 2023. After 2017, the availability rate sharply fell, reaching a level as low as 1% in 2021 and 2022 but increasing and **levelling off below c. 4% in 2024**. This is lower than the corresponding proportion in 2024 in Wales which exceeded 4%. Across the decade, the availability rate of warehouse space in Swansea was lower than the rate in Wales with the exception of in 2014 and 2017.

Figure 5.12: Availability Rate of Warehouse Space



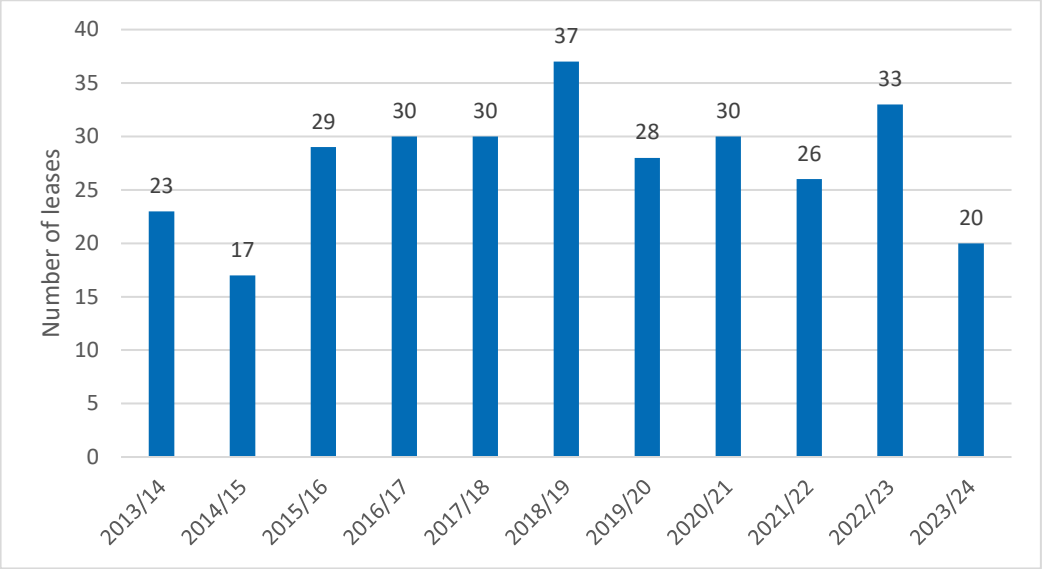
Source: CoStar

Market demand

5.43 Aside from providing an indication of the number of commercial properties in Swansea, CoStar also reports on leasing activity, thus providing insight into the scale and nature of market demand over time. This will, however, be naturally influenced by the amount of space available, which – if limited – could reduce the number of transactions and thus suppress take-up.

5.44 CoStar data suggests that **c.300 office spaces have been leased throughout Swansea over the past decade, to January 2024**. This equates to 30 deals per annum on average, albeit it can be seen from Figure 5.13 that some years have had significant numbers of leases such as 2018/19 (37 leases) and 2022/23 (33 leases). Other years have seen barely half as many spaces let, with 17 transactions recorded in 2014/15 and 20 transactions recorded in 2023/24.

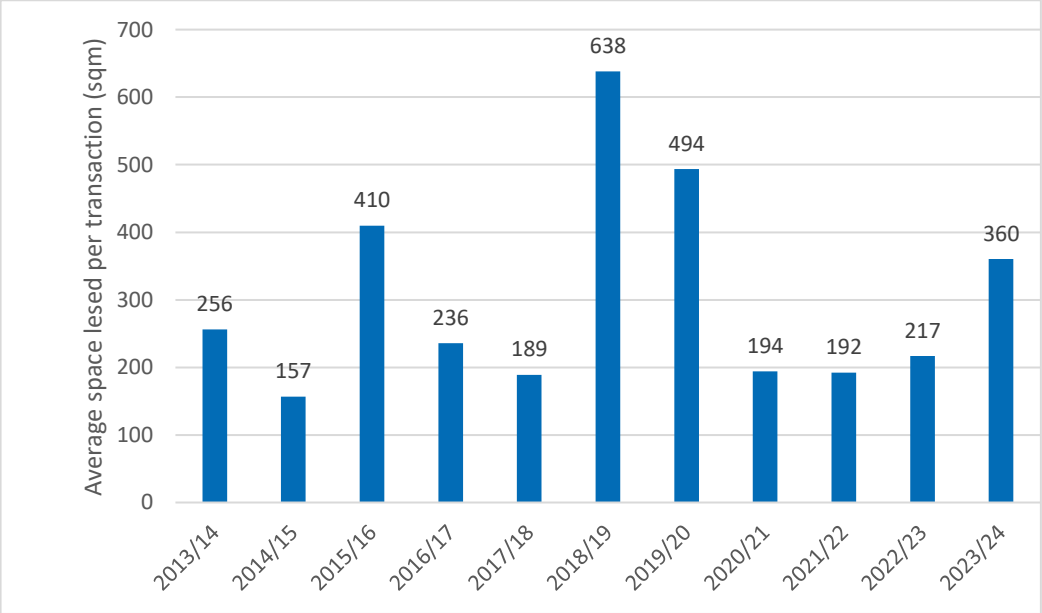
Figure 5.13: Number of office spaces leased in Swansea (2013-24)



Source: CoStar

5.45 The greatest number of office spaces were leased in 2018/19 and this year also saw the most space taken up in each deal, at circa 639sqm per transaction. Over the decade, the average office space leased per annum exceeded c. 310 sqm.

Figure 5.14: Average amount of office space leased in Swansea (2013-24)

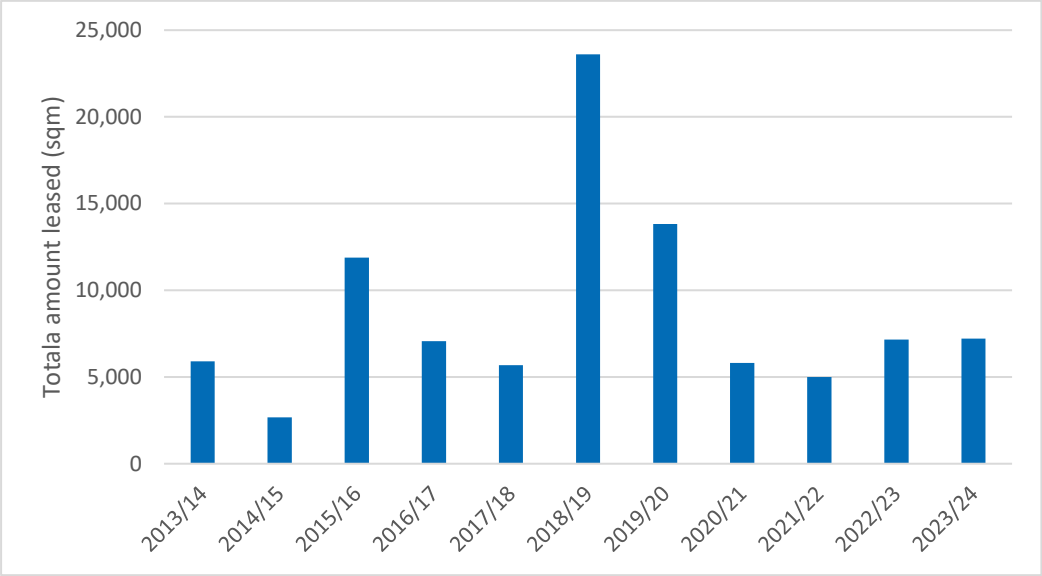


Source: CoStar

5.46 Figure 5.15 shows the total amount of office space leased in Swansea over the decade up to January 2024. Perhaps as a result of having the highest number of leases in 2018/19, the highest total amount of office space (sqm) also occurred in the year standing at c. 24,000 sqm, far exceeding any other year over the decade. Most of the

other years within the decade experienced a similar level of total office space leases, with the amount of total space taken up over the past three years generally rising.

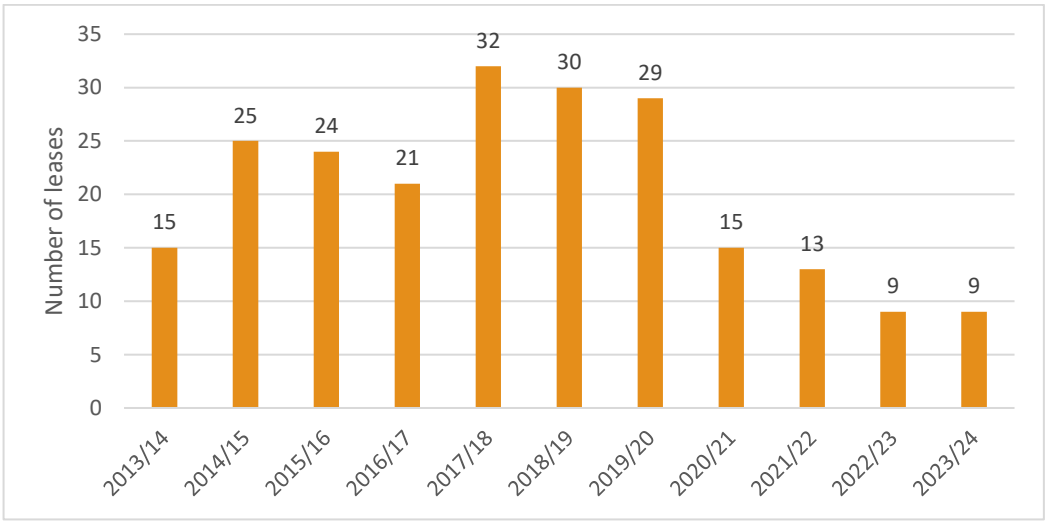
Figure 5.15: Total amount of office space leased in Swansea (2013-24)



Source: CoStar

5.47 Leases involving industrial premises or warehouses have been less steady over the past decade, averaging c.22 per annum but notably dropping from 2019/20 and continuing to decrease again up to 2023/24 as shown at Figure 5.16.

Figure 5.16: Number of industrial spaces leased in Swansea (2013-24)

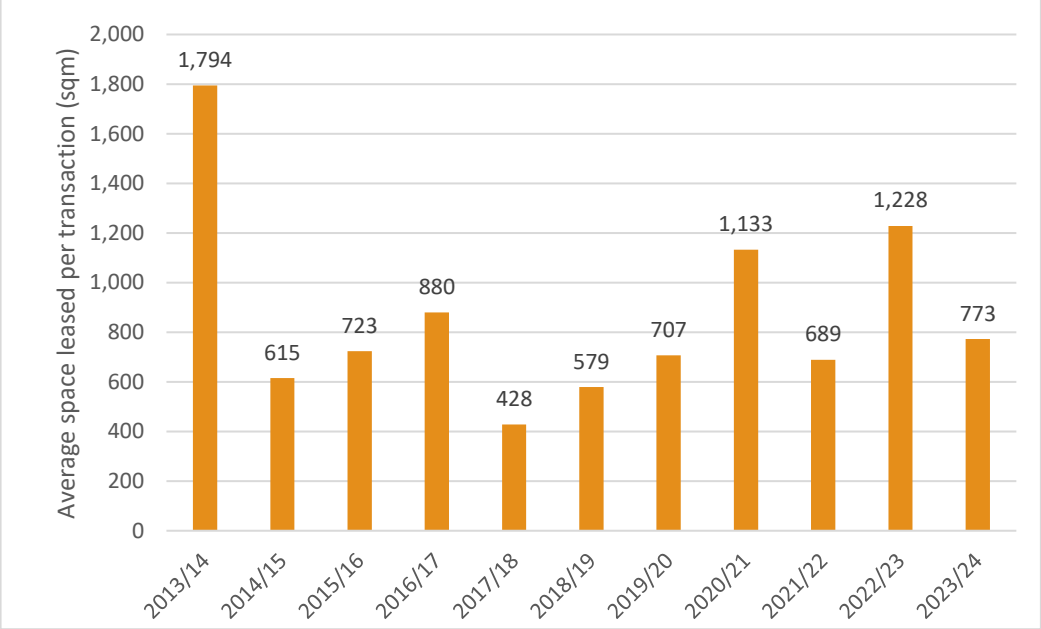


Source: CoStar

5.48 The highest average space leased per transaction for industrial spaces was in 2013/14 standing at c.1,800 sqm per lease. Over the decade, the average industrial space leased per annum stood at c. 780 sqm. As can be seen from Figure 5.17, there were some periods of growth in the average amount of industrial space leased per annum

followed by sharp declines in the average floorspace leased in 2017/18, 2021/22 and 2023/24, falling as low as c.400 sqm in 2017/18.

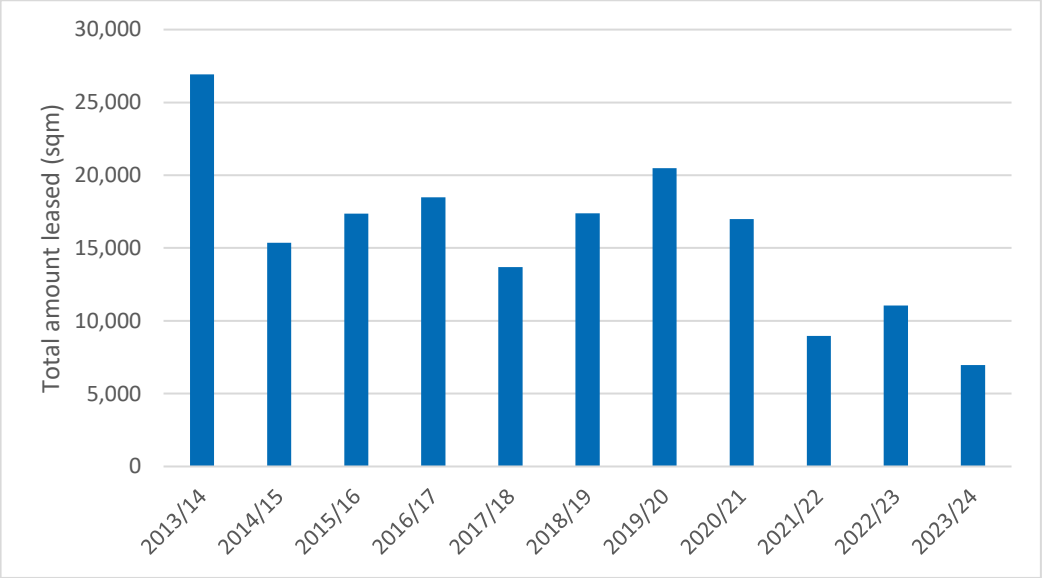
Figure 5.17: Average amount of industrial space leased in Swansea (2013-24)



Source: CoStar

5.49 Figure 5.18 shows the total amount of industrial space leased in Swansea over the decade up to January 2024. As well the average amount of industrial space being highest in 2013/14, the highest total amount leased was also highest in this year, exceeding c. 26,000 sqm despite experiencing a below average number of transactions. Most years within the decade experienced a similar level of total industrial space leased, with the amount of space leased in each transaction decreasing substantially over the last three years.

Figure 5.18: Total amount of industrial space leased in Swansea (2013-24)



Source: CoStar

Summary and implications

5.50 Historically a major industrial centre, significant restructuring in recent decades has seen a transition to a service-oriented economy, anchored by Swansea's important higher education sector, significant concentration of public sector activities (including public service headquarters functions) and its role as the principal regional centre for South West Wales. While productivity is low relative to the rest of the UK, there has been a modest narrowing of the gap in recent years.

5.51 Job numbers have increased since 2010, with the consequence that the 'jobs density' (the number of jobs per working age resident) has also increased. However, the rate of jobs growth has been somewhat slower than in the rest of Wales and the UK. This comparatively modest rate of job growth and the generation of new employment opportunities forms an important context to understanding the demographic changes described in the previous section. Specifically, this identified indicators of reduced drivers of growth related to migration from other parts of the UK and a reduction in younger working age cohorts along with limited evidence of demand pressures for housing.

5.52 Most businesses in Swansea are micro enterprises, although there is a somewhat greater orientation than elsewhere in Wales and the UK to larger firms within the overall business stock. Among firms tracked for indicators of higher levels of innovation and growth activity, there is a relatively high proportion of information and communications businesses and those in professional, scientific and technical services, suggesting scope for future opportunities in this area.

5.53 The overall supply of offices, industrial and warehousing premises appears to have reduced during the current period, with losses offsetting new provision, although further interrogation suggests that this is primarily true of offices – and to a much

lesser extent warehouses – with the supply of industrial space having slightly increased. Swansea does still have around 356 office spaces, according to CoStar, which tend to be relatively large for South West Wales and are of comparable quality based on its proprietary rating system, although over half of the county's offices were rated at no more than two stars out of five. Its industrial spaces and warehouses are in contrast slightly smaller than the wider average, and are generally of a lower quality than is typical in South West Wales. Availability rates in offices and industrial premises has generally been in line with or above the Welsh average, but the equivalent figure for warehouses has tended to be lower.

6. An Assessment of Likely Economic Growth

6.1 Building on the earlier analysis, this chapter introduces SQW's analysis of Swansea's potential for economic growth, looking across the new plan period to 2038. It begins by briefly considering the national and global outlook for growth, before setting out a likely 'baseline' scenario drawing on an independent econometric forecast prepared by Cambridge Econometrics. It then proceeds to set out a 'growth scenario' which builds on the baseline and considers Swansea's potential from the perspective of existing local strategies, major planned or potential investments, and stakeholder views.

National and international outlook

6.2 The UK made a strong economic recovery from the Covid-19 pandemic. By the end of 2023, real UK GDP was around 1.8% larger than pre-pandemic levels[54]. Nationally, 2022/23 saw relatively strong output growth in hospitality-related services, manufacturing and administrative services, offset by some contraction in transport and storage, public administration and wholesale and retail.

6.3 Looking to the future, the immediate outlook is challenging. The Office for Budget Responsibility's most recent Economic and Fiscal Outlook anticipates weak real-terms GDP growth in 2023 and 2024 of 0.3% and 0.8% respectively, linked with ongoing international instability, slow productivity growth and the continuing impact of relatively high inflation following the Covid pandemic and the energy crisis[55].

6.4 Over the longer term, real-terms output is expected to rise to 2%, by 2027, although the growth trajectory is still expected to be weaker than the pre-pandemic trend. Employment in the UK is expected to rise by around 4.2% between 2022 and 2028, to some 34.3 million, although the OBR notes the challenge of higher economic inactivity levels, despite a relatively strong jobs market.

6.5 The economic outlook will also be subject to external shocks as well as long-term trends. This should be borne in mind in considering all the forecasts and scenarios presented in this section. Of particular relevance to the economy of the wider region is the transition to lower carbon forms of economic activity and production, which raise some significant opportunities for growth (such as the investment associated with the Freeport in NPT and Pembrokeshire), as well as transitional employment risks, such as the confirmed significant job losses in the steel industry in Port Talbot.

[54] PwC (November 2023) UK Economic Outlook
[55] OBR (March 2024) Economic and Fiscal Outlook

Baseline forecast

Introducing the baseline forecast

6.6 As a starting point for analysis, an up-to-date econometric forecast was purchased from Cambridge Econometrics (CE), a leading independent forecasting house[56]. This is used as the baseline forecast.

6.7 The baseline takes a long-term view of future employment growth, based on assumptions derived from global and national data, and taking account of the potential for 'peaks and troughs' over the economic cycle. The forecast was prepared in April 2023, so took account of the ongoing war in Ukraine, recovery from Covid-19 and the energy crisis (although not the more recent and current crisis in the Middle East). However, the forecast does not take account of local circumstances in Swansea: it simply provides a nationally-derived benchmark with which local data and perspectives can be triangulated.

6.8 The baseline estimates 123,703 jobs in Swansea in 2023. This is used as the 'starting point' (noting that there is at present no official estimate of job numbers in 2023).

6.9 The baseline anticipates steady jobs growth in Swansea. Between 2023 and 2038, it anticipates 7,875 additional jobs (equivalent to 525 jobs per annum). This is slightly slower than the rate of growth between 2010 and 2022, which (as noted in the previous chapter), CE estimate at 533 jobs per annum. However, the forecast reflects the dampened UK outlook and wider uncertainty highlighted above.

Sectoral outlook

6.10 The baseline forecast is disaggregated by sector, as set out in Table 6.1 overleaf.

[56] This followed earlier analysis of three independent forecasts purchased in 2022 (from Cambridge Econometrics, Experian and Oxford Economics). These were compared with historic trend data. All three independent forecasts anticipated somewhat slower growth than had been experienced over the preceding two decades. Between 2023 and 2038, the three forecasts anticipated net annual jobs growth of -13 (Oxford Economics), 562 (CE) and 647 (Experian). The CE forecast was chosen as the preferred baseline as the mid-point of the three forecasts, and for consistency with the Economic and Housing Growth Assessment for NPT being carried out in parallel. Building on this original analysis, updated forecasts were obtained from CE in 2023.

Table 6.1: Annual baseline forecast jobs growth in Swansea 2023-38, by sector

Industry	Net additional jobs	Jobs per annum	% change
Agriculture, etc	267	18	16.7
Mining and quarrying	-3	0	-50.0
Manufacturing	-604	-40	-11.2
Electricity, gas & water	66	4	6.1
Construction	-80	-5	-1.2
Distribution	593	40	3.5
Transport & storage	150	10	3.8
Accommodation & food service	735	49	8.4
Information & communications	353	24	11.0
Financial & business services	3,071	205	12.5
Government services	3,055	204	6.7
Other services	272	18	4.3
Total, all industries	**7,875**	**525**	**6.4**

Source: Cambridge Econometrics

6.11 Comparing growth across the larger sector groups:

- Strong growth is anticipated in **finance, business and professional services** and (from a much smaller base) **information and communications**. This aligns with the evidence of the distribution of high growth and innovative businesses presented in the previous chapter and evidence of growth across the aggregated sector over recent years. As noted in Chapter 5, Swansea is currently 'under-represented' in private business services (other than finance and insurance): growth on the scale anticipated would imply a further rebalancing of the economy toward these sectors.

- Above average growth is expected in **accommodation and food service** and in Swansea's large **public sector**, reflecting historic trends.

- **Manufacturing** is anticipated to contract. This reflects the diminution of manufacturing activity in Swansea (and in South Wales) over several decades, despite relative stability in recent years. Despite the structural challenges, **distribution** (essentially retail and wholesale) is expected to show modest growth.

6.12 Overall, these forecasts suggest a sustained movement towards a service-oriented economy, with some potential for growth in higher-value business services, as well as in the public sector.

Accounting for investment and ambition

6.13 Although the baseline provides a starting point, it does not take account of specific local factors and opportunities. The following paragraphs consider these in further detail.

Economic strategies

6.14 There is a positive strategic environment for growth in Swansea. The Council and its partners have adopted an ambitious economic growth strategy in recent years, which has made significant progress.

National strategy

6.15 **Future Wales**, the National Plan, states that cities and large towns will be the main areas of focus for development, with urban areas '*creating concentrations of jobs, services and amenities*'. Policy 1 defines Swansea Bay and Llanelli as one of three National Growth Areas where there will be growth in employment, housing and infrastructure. Building on this, Policy 28 states that Swansea Bay and Llanelli will be the main focus for growth and investment in South West Wales[57]. A further report for the South West Wales local authorities sought to refine the definition of the National Growth Area, broadly considered as encompassing the urban area of the city of Swansea, extending north to Clydach and west to Gorseinon and Pontarddulais[58]. This highlights the importance of Swansea's regional role and recognition of its wider economic significance, with the implication that investment and policy choices ought to be consistent with this.

Regional strategy

6.16 From a strategic regional perspective, partners in South West Wales (including Swansea Council) approved a new **South West Wales REDP** in early 2022. The REDP provides a framework for economic development across the region, and underpins the **Regional Economic Framework** adopted by the WG in conjunction with local partners[59]. The REDP sets out three 'missions' to guide regional strategy, focused on '*becoming a UK leader in renewable energy and the net zero economy*'; '*building a strong, resilient and embedded business base'* and '*growing and sustaining the South West Wales experience offer*', linking the opportunities presented by the visitor economy with the region's 'quality of life' assets[60]. The REDP and the Regional Economic Framework both provide the strategic economic development basis for the new **South West Wales Corporate Joint Committee**, which will provide a regional structure to drive forward sustainable economic growth and strategic development.

6.17 Also on a regional basis, Swansea benefits from the £1.3 billion **Swansea Bay City Deal**, which is supporting economic growth in South West Wales through investment in nine 'transformational' projects[61]. These include the recently-completed Swansea City Waterfront Digital District suite of projects and the emerging Campuses development

[57] Welsh Government (2021) Future Wales: The National Plan 2040

[58] Carmarthenshire County Council/ Swansea Council/ Neath Port Talbot CBC/ Pembrokeshire County Council (2023) Swansea Bay and Llanelli National Growth Area Definition Project Research Report

[59] Welsh Government (2021) Regional Economic Framework for South West Wales

[60] South West Wales local authorities (2022) South West Wales Regional Economic Delivery Plan

[61] https://www.swanseabaycitydeal.wales/projects/supporting-innovation-and-low-carbon-growth/

programme, all of which are described further below. In addition, Swansea benefits from a number of region-wide programmes, including the Skills and Talent initiative, designed to ensure the supply of skills to deliver the City Deal's ambitions, and a series of measures aimed at supporting decarbonisation and low carbon growth.

Local strategy

6.18 The Council's **Corporate Plan 2023-28**, Delivering a Successful and Sustainable Swansea, places an emphasis on sustainable economic growth at the heart of its strategy, setting out a vision that:

"In 2028 Swansea is a place that has a thriving mixed use city centre and local economy. It is a place where people can gain the skills and qualifications they need to succeed in life, where everyone can achieve their potential and where communities are resilient and cohesive. Swansea is a place where human rights are respected, and people are safeguarded from harm and exploitation. It is a place where nature and biodiversity are maintained and enhanced, and carbon emissions are falling"[62]

6.19 To deliver the vision, the Corporate Plan incorporates a key priority to *'transform our economy and infrastructure'.* Recognising the productivity gap between Swansea and the rest of the UK (and the relationship between this and wage rates and business formation), the Corporate Plan seeks to support *(inter alia)* a shift in the employment structure towards higher-paid, higher-skilled roles, the development of a new future for the city centre and smaller local centres in the light of structural change in the retail market, measures to develop the workforce skills base, and efforts to bridge the viability gap in bringing forward new commercial developments. Through a number of major investments (cited further below), the Corporate Plan states an ambition to '*help create thousands of new jobs for the people of Swansea, aiming to provide high quality and secure employment'.* There is also a strong emphasis in strategy on driving wider benefits for the community from major regeneration initiatives, with the Council adopting an active community benefit policy[63].

6.20 The **city centre** has long been a key focus of strategy. In 2016, the Swansea Central Area Regeneration Framework set out a strategic approach focused on diversifying the city centre as a mixed use leisure and retail destination (a goal reflected in the Corporate Plan). Building on this and investment to date, in 2021, the Council commissioned a **City Centre Retail and Leisure Review and Repurposing Strategy**, which takes account of the changing nature of the retail market. In broad terms, the masterplan proposed in the Strategy promotes a contracted and better defined retail core, an extended leisure and cultural offer, and the development of the city centre as an employment hub of regional significance. In respect of the latter, the Strategy notes that:

"Swansea City Centre needs to play a pivotal role in providing adequate spaces and infrastructure for high value economic sectors whilst creating an environment that will

[62] Swansea Council (2023) Delivering a Successful and Sustainable Swansea: The City and County of Swansea's Corporate Plan 2023-28

[63] Swansea Council (2016) Community Benefit Policy

support attracting and retaining talent… [with] an ideal environment to support a robust business and economic ecology"[64]

6.21 More broadly, Swansea has an important visitor economy. This includes the city centre as a leisure destination (which will be augmented by recent and planned investments) and the presence of the universities, as well as the Mumbles and the Gower Area of Outstanding Natural Beauty, with the city and county recording 4.2 million visitors in 2022. Swansea's **Destination Management Plan** seeks to support the development of the visitor economy as a *'distinctive, high-quality visitor experience'*, and the Council and its partners actively promote the offer[65].

Other relevant strategies

6.22 A number of other strategies are also relevant to Swansea's future growth. These include:

- The **South West Wales Energy Strategy** (2021), which highlights the net job opportunities that could be supported through a shift in the energy mix (likely to be important given Swansea's significant renewable energy and 'clean growth' potential)[66]

- In relation to health innovation, the approach adopted by **ARCH** (the South West Wales Regional Collaboration for Health), which recognises the impacts of health investment on economic growth as part of a wider strategy to improve health outcomes. This is especially relevant to Swansea, given the concentration of health and life science 'assets' within the city, via NHS Wales and the universities[67].

- The strategies adopted by **Swansea University** and **University of Wales Trinity St David**, both of which have an important presence in the city. Swansea University's strategy explicitly references its 'civic mission' in relation to the city and Swansea Bay more broadly and emphasises the University's record of collaboration with local industry[68]. UWTSD also highlights its commitment through its investments in SA1 Swansea Waterfront[69].

- A range of strategies recently prepared by the WG, relevant to some of Swansea's key areas for growth. These include **Wales Innovates**, the national innovation strategy, with its emphasis on collaboration between universities, business and the public sector and its references to developing concentrations of scientific activity in key locations[70]; **Welcome to Wales**, the national tourism strategy, which places an emphasis on improving quality and visitor spend (linked with the focus on the 'experience economy' in the REDP)[71]; and the **'town**

[64] Swansea Council/ BDP (2021) Swansea City Centre Retail and Leisure Review and Repurposing Strategy, p.58
[65] Swansea Council (2023) Back on Track: Destination Management Plan 2023-26
[66] Welsh Government Energy Service (2021) South West Wales Regional Energy Strategy
[67] ARCH (2023) ARCH Review 2022-23
[68] Swansea University, Strategic Vision and Purpose
[69] University of Wales Trinity St David (nd) Strategic Plan 2017-23 and 2023-25
[70] Welsh Government (2023) Wales Innovates: Creating a stronger, fairer, greener Wales
[71] Welsh Government (2020) Welcome to Wales: Priorities for the Visitor Economy, 2020-25

and city centre first' principles which underpin Future Wales and the WG's wider investment decisions.

Economic investment projects

6.23 Within this strategic context, there is a substantial pipeline of new (and potential) investments in Swansea, which could reasonably be expected to have a positive impact on the local economy. As these are new or emerging, they will not be reflected in the baseline forecast, so are important to consider in the development of an alternative investment-led growth scenario.

Swansea City Centre and Waterfront

6.24 As indicated above, Swansea city centre has been a major focus for investment over the past decade, and a number of further strategic schemes are coming forward. Investment from the Swansea Bay City Deal supported the completion in 2022 of **Swansea Arena** as part of the Copr Bay Phase 1; City Deal investment has also enabled the completion of University of Wales Trinity St David's **Innovation Matrix** scheme in the SA1 Innovation Quarter, which offers around 3,500 sq m space to innovative and creative start-ups and which will open in 2024. Other schemes that are nearing completion include:

- Redevelopment of the former **Palace Theatre** as space for tech, start-up and creative businesses in partnership with Cardiff-based Tramshed Tech, due to complete in 2024
- Around 114,000 sq ft of new commercial floorspace at **71/72 Kingsway**, including a hub for tech and creative businesses, due to open in 2024
- The innovative **Biophilic Living** project at Picton Yard, offering workspace alongside residential and a community farm, due to complete in late 2024.

6.25 Looking to the future, the Council entered into a partnership agreement with developers Urban Splash in 2022, to take forward two high priority schemes:

- **Copr Bay Phase 2** (formerly known as Swansea Central North) on the former St David's shopping centre site for office, leisure and residential development
- The 17 acre waterfront **Civic Centre** site, proposed for leisure, visitor accommodation and office use.

6.26 The Council has also significantly advanced its proposals to develop **Y Storfa**, a city centre community hub which is under construction in a former department store building on Oxford Street, offering scope for office accommodation for the voluntary and community sector, as well as the main public library and access to a range of public services.

University campus investment

6.27 Swansea's universities have seen significant investment in recent years, including through UWTSD's development in SA1 and Swansea University's Institute of Life Science at Singleton Park. Swansea University has also expanded just outside the local

authority boundaries, through the development of the Bay Campus (just inside NPT) since 2016.

6.28 Currently, there is a major proposal to develop additional campus facilities, partly supported by City Deal investment, focused on the relationship between health, wellbeing and sport. These include the delivery of around 20,000 sq ft of research and innovation space within the Sketty Lane Sports Park on the Singleton Campus, along with academic/ commercial collaboration space at Morriston Hospital. In the longer term, the ambition is to support a larger innovation park focused on larger businesses and SMEs in the sports technology and medical technology sectors. This proposal aligns with a series of interventions to support economic growth linked with health and wellbeing, including the Pentre Awel scheme in neighbouring Carmarthenshire.

Heritage and leisure investment

6.29 Linked with Swansea's significant heritage and leisure offer, work is underway to develop the former **Hafod Morfa Copperworks** site on the west bank of the Tawe, linked with improved access to (and investment in) Swansea Museum in the city centre, potentially supporting employment in the visitor economy and the food and drink sector. Around £20 million to support the development of the Hafod Morfa proposal was secured from the UK Government's Levelling Up Fund in 2022, developing the heritage assets and improving links to the River Tawe. The site includes a new distillery for the Penderyn whisky company, which was completed in 2023 and provides a further visitor attraction. Other proposals for strategic investment in leisure at this location include the **Skyline** proposition, linking Kilvey Hill with a base station at Landore, just north of the Copperworks site.

Swansea Energy and Transport Hub and Port Development

6.30 For many years, proposals have been advanced for a major renewable energy project in Swansea Bay, originally referred to as Swansea Bay Tidal Lagoon and more recently developed into a project concept known as 'Blue Eden' (a project title that has now been superseded by the promoters of the scheme).

6.31 The proposed lagoon currently forms part of wider proposals for an integrated energy, transport, manufacturing, R&D and residential project known **as Swansea Energy and Transport Hub and Port Development**, led by the Bridgend-based DST Innovations and supported by private investment. This involves two strategic zones of activity:

- **Swansea Energy and Transport Hub**, on land around Fabian Way, including solar energy generation and hydrogen production, as well as the first phase of the development of a battery production giga factory

- **Swansea Port Development**, anticipated to come forward from 2027, and potentially delivering a major battery manufacturing centre, data centre powered by renewable energy, and a tidal lagoon, as well as residential, recreational and R&D opportunities.

6.32 Planning permission is already in place for the first phase of a solar farm development at this location. Other elements of the Energy and Transport Hub are going through the planning process, although the Tidal Lagoon will require a Development Consent Order. Ultimately, the project could have a significant economic impact: analysis in 2022

anticipated around 1,000 jobs in 'steady state'[72], although total job creation, including through supply chain impacts, could be greater than this.

Other key opportunities

6.33 Other significant opportunities include securing further investment at **Parc Felindre** (a 16 hectare serviced site at Llangyfelach north of the M4, regarded as a business park of regional significance), which continues to be actively marketed for a range of business uses. In addition, the site of the former 3M factory at Penllergaer is currently part of the county's employment landbank and presents opportunities for redevelopment to deliver job creation. Currently, there are no firm job-creating new investments associated with these, although they have significant employment capacity.

6.34 Looking beyond Swansea itself, two other major initiatives are worth noting from a regional perspective. First, the UK Government announced in March 2023 that **Freeport** designation would be granted to a series of sites in NPT and Pembrokeshire known as the **'Celtic Freeport**'. Work is currently underway to develop an Outline Business Case, which will set out in detail the expected economic benefits. The Freeport does not involve the designation of any sites in Swansea. However, the NPT sites will be immediately adjacent, and there ought to be synergies between the Freeport and the proposals for Swansea Energy and Transport Hub and Port Development, and potentially other schemes. Second – and related to Freeport designation – the **South Wales Industrial Cluster (SWIC) programme** was formed in 2019 with support from UK Research and Innovation to help plan a route to net zero for South Wales' substantial industrial and energy base[73]. Again, this is likely to be relevant, both to the Energy and Transport Hub and to Swansea University's engineering and other relevant capabilities.

6.35 A further development of regional significance is the announcement of significant job losses at **Tata Steel** in Port Talbot, as a result of its transition to a lower-carbon form of steel production. Around 1,900 direct job losses are expected at Port Talbot, in addition to indirect impacts, which are likely to be significant. Work is currently underway to quantify the scale of the impact and to plan for a series of mitigation measures, with support from the UK Government. While all direct job losses will, by definition, take place within NPT, there are likely to be service and supply activities based in Swansea that will be impacted (as well as affected workers at Tata who are resident in Swansea).

Stakeholder perspectives

6.36 The analysis above highlights a substantial breadth of opportunities coming forward in Swansea, and a positive recent track record of delivery. This was noted by business consultees, who commented on more positive perceptions of Swansea as a place to do business in recent years. An illustrative example of these perceptions from business representatives states:

"Swansea was in the doldrums for decades; in the shadow of Cardiff. [But] there's lots happening on site with Copr Bay etc., and that's leading to interest in getting involved"

[72] SQW estimates for Swansea Council/ DST

[73] See SWIC

6.37 Consultees typically identified that the city offers significant opportunity, although there was a perception that this was not always recognised by the market or by local people.

6.38 Regarding future demand for commercial space, a note of caution was sounded in relation to office accommodation, noting the volume of delivery in the pipeline and the continuing challenges presented by the increased (and probably permanent) shift to home-working placing pressure on demand, with one stakeholder commenting that Swansea was likely to be '*officed out*' for the time being, and quite dependent (at least for larger units) on the public sector.

6.39 However, industrial demand was seen as being stronger relative to supply, with a dearth of smaller units and space up to 20,000 sq ft noted. In this context, Parc Felindre was seen as offering significant potential, although it was felt that viability constraints prevented development coming forward, despite likely latent demand. This reflects the conclusions of several recent studies of the commercial property market, which demonstrate widespread market failure and the need for some element of subsidy[74].

Developing an investment-led growth scenario

6.40 Drawing on the strategic context and evidence of planned and potential investments set out above, an alternative investment-led growth scenario has been developed, building on the Cambridge Econometrics baseline forecast.

Estimates of investment-led growth

6.41 To develop this, a series of adjustments are made to the baseline forecast to accommodate a reasonable estimate of investment-led growth. This approach aims to account for projects that are either already committed (but not yet delivered and therefore not in the baseline), or where there is a reasonable likelihood of delivery of proposed investment – noting that this is inherently uncertain. Estimated increments are plotted against the likely sector groups in which employment is most likely to be generated.

6.42 The approach taken to build in further investment has been cautious, reflecting some of the downside risks discussed earlier. Changes are also based on the *likelihood* of potential investment, and information available at the time of writing, rather than assumptions of site *capacity* for growth.

6.43 A summary of the assumptions, by the sector categories defined by Cambridge Econometrics, is set out overleaf.

[74] SQW/ Welsh Government (2020) Commercial Property: Market analysis and potential interventions

Table 6.2: Adjustments to baseline

Sector	Commentary	Adjustment to baseline
Agriculture, etc	Small sector in Swansea and any adjustment is unlikely to make a difference to the overall trajectory. There are also no likely major investments	No change
Mining and quarrying	Very small sector with minimal employment and growth potential	No change
Manufacturing	Despite falling employment over the long term, manufacturing has been resilient in recent years. The key major project is the Swansea Energy & Transport Hub and Port Development, with the potential for additional manufacturing employment from 2027, principally in a battery manufacturing facility. This could be subsequently reinforced by further opportunities if the rest of the project comes forward. There is also reported demand for industrial space, although offset by some closures; with potential opportunity at Parc Felindre.	Adjust to assume baseline forecast to 2027, then manufacturing employment assumed to be in steady state thereafter (i.e., potential growth opportunities offset the long-term trend in other parts of the sector).
Electricity, gas and water	Small sector, with modest baseline growth. Potential to increase through renewable energy opportunities, although the consequences of decarbonisation should already be included in the baseline.	No change
Construction	No reason to assume any changes to the baseline	No change
Distribution (retail and wholesale)	Recent decline in wholesale and retail in context of long-term structural change. Investment is coming forward in city centre although this is not principally retail driven. The baseline assumption is also optimistic.	No change
Accommodation and food service	Potential growth will be supported by Swansea Arena, Hafod Copperworks, Skyline, etc. contributing to the development of the visitor/ experience economy, alongside the strength of the existing product.	Adjust to additional 529 jobs (estimated jobs at Copperworks and Skyline plus 50% of Copr Bay)

Sector	Commentary	Adjustment to baseline
Information and communications	Growth is already positive in these sectors, although opportunities for further expansion through developments such as 71/72 Kingsway, Innovation Matrix, Palace Theatre/ Tramshed Tech (all of which are 'known' investments delivered since the baseline) and Swansea University's computer science and wider innovation capabilities.	Adjust to additional 722 jobs from 2024 over 10 years + trend growth. This equates to anticipated total jobs at Innovation Matrix, Kingsway and Palace Theatre.
Financial, business and other services		
Government services	Area of relative strength in Swansea, given regional functions and UK and Welsh Govt HQ facilities. Increases in health, education, etc. will largely be population-driven, so should be in the baseline. Potential for additional public sector activity through city centre office developments, although uncertain (and may involve relocations rather than new jobs).	No change
Other services	No reason to assume any changes to the baseline	No change

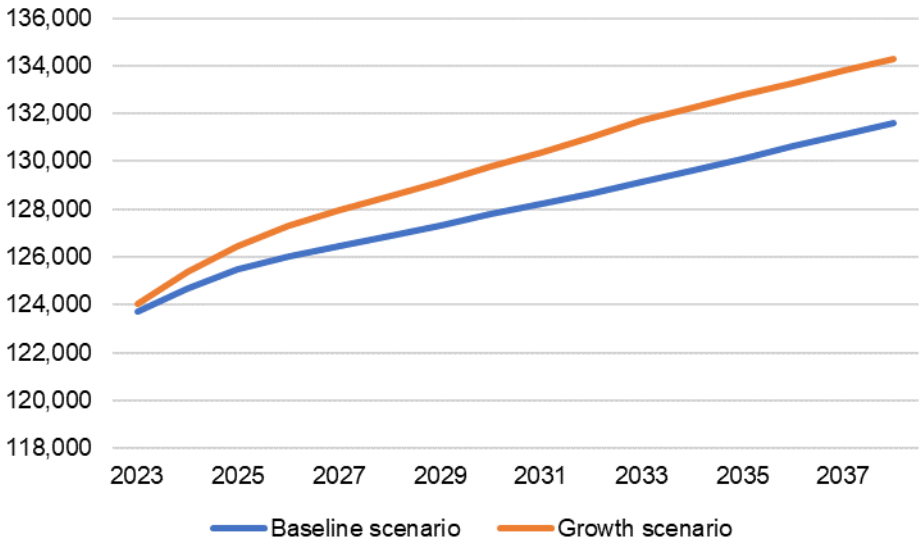
Source: SQW

6.44 For the increments applied to information and communications and financial and business services, multiplier assumptions are applied based upon the sector-based estimates assumed by the What Works Centre[75], with average sector growth rates applied in subsequent years.

6.45 Taking these adjustments into account yields an 'investment-led' growth scenario of 10,238 jobs between 2023 and 2038 (equivalent to 683 jobs per annum). Figure 6.1 and Table 6.3 overleaf illustrate this, alongside the baseline scenario:

[75] What Works Centre for Economic Growth *Multiplier Effects Toolkit.* SQW have used a composite of the What Works Centre estimated multipliers for tradable and non-tradable sectors (i.e., a multiplier of 0.65).

Figure 6.1: Baseline and Growth scenarios



Source: SQW

Table 6.3: Summary of Baseline and Growth scenarios

Scenario	Net additonal jobs 2023-38	Additional jobs per annum
Baseline scenario	7,875	525
Growth scenario	10,238	683

Source: SQW

Summary

6.46 This chapter presents a baseline scenario for future jobs growth in Swansea, drawing on an independent forecast prepared by Cambridge Econometrics. This anticipates growth of **525 jobs per annum** between 2023 and 2038, with the strongest growth in financial and business services, public sector activities and a contraction in manufacturing.

6.47 Given Swansea's growth ambition and the positive current available evidence of investments coming forward, the baseline scenario is adjusted to account for known and/ or plausible investments that are likely to take place and which have the potential to generate additional employment over the baseline. This generates an investment-led growth scenario of **683 jobs per annum** between 2023-38 (or 10,238 additional jobs in total).

6.48 No downside adjustments have been made to the baseline as these are unknowable at this stage (i.e. the investment-led scenario is entirely adjusted on the upside). However, it is important to bear in mind the relatively weak national growth outlook that may have negative implications in the short-to-medium term. There is also the potential for economic shocks, especially in the context of ongoing industrial transition: these may also take place in neighbouring authorities, at Tata Steel in neighbouring NPT for example, but they may have impacts on Swansea through indirect and induced

effects. Labour market supply constraints should also be noted, given relatively low unemployment and the rising jobs density over time.

7. Related Need for Employment Land

7.1 Having introduced a range of economic growth scenarios for Swansea, consideration is given in this section to the amount of employment land that could be needed to accommodate newly created jobs over the plan period.

7.2 This requires the assignment of different sectors to B Use Classes before jobs are converted into floorspace, although the WG recommends '*a dual approach*' which complements such '*labour demand forecasting*' with analysis based on '*past building completions*'[76]. Its guidance also importantly notes that '*the decision about what method or methods to use lies with the LPA*', and indeed that '*neither past completions nor forecasting methodology is perfect*' because '*both can yield inaccurate results depending on the extent to which future uncertainty influences actual demand and supply*'[77].

7.3 This section therefore uses both methods to provide the Council with an indication of the amount of employment land that may need to be provided in Swansea over the new plan period.

Translating employment forecasts into floorspace

7.4 The WG describes the following three steps when translating employment forecasts into land:

- **Convert jobs into jobs by land use (Use Class)** to estimate the number of jobs that will be based in industrial property, warehouses and offices[78];
- **Translate jobs into floorspace** using employment densities, which measure the average amount of space per worker; and
- **Translate floorspace into land** using plot ratios, which it accepts as being '*highly variable*' for offices in particular.

7.5 These steps are illustrated diagrammatically at Figure 7.1 overleaf.

[76] WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, p34

[77] *Ibid*, p34

[78] This section focuses on these types of premises, but does not exclude the possibility that research and development space – as distinct from offices or industrial premises – will also be needed. Such activities are more difficult to isolate in different sectors, however, and they are consequently difficult to isolate using established methods of converting job growth into employment land

Figure 7.1: Process of Estimating Employment Land Requirements

7.6 The first two steps are considered below to estimate the amount of floorspace that could be required in each of the economic growth scenarios introduced in the previous section. These estimates are then compared to past development rates, which the Council principally measures in terms of floorspace rather than land, as it also does for losses which are subsequently considered before floorspace is converted into land as a final step.

Sectors to Use Classes

7.7 While the previous section considered employment growth across all sectors, it is widely recognised – not least by the WG – that only certain sectors generate a need for the "employment land" covered by the B Use Classes as opposed to other premises like shops, schools and hotels. It is therefore necessary to isolate jobs in sectors that are unlikely to require employment land of this nature, before removing them from the forecast.

7.8 Translating economic sectors (normally classified according to Standard Industrial Classification "SIC") to Use Classes is an inexact science and there is no standardised set of assumptions. Estimates of the type of space that various economic operations occupy must be made through observation of the sectors themselves, both generally and at the local level. Manufacturing type sectors and operations can be straightforwardly categorised since they will primarily occupy light or general industrial uses. However, sectors such as 'administration and support services' and 'construction' are far more difficult to classify in terms of use of space due to the diversity of operations that fall within these categories, some of which will be of no fixed workplace (e.g. on-site construction and cleaning).

7.9 Various studies have taken different approaches over the years, reflecting the fact that the type of space occupied by different sectors in different locations will vary in different locations. The WG's guidance provides an example of how different sectors can be assigned to property types, but this requires a much more detailed breakdown than has been produced through the analysis in the previous section. It has therefore been necessary to make alternative assumptions, which are outlined at Table 7.1 and have been based on available local data, best practice and experience of similar studies.

Table 7.1: Sector to Use Class Matrix

	Offices B1	Industrial B2	Warehouse B8	Non-B
Agriculture etc.	0%	0%	0%	100%
Mining and quarrying	0%	0%	0%	100%
Manufacturing	0%	90%	10%	0%
Electricity, gas and water	0%	0%	0%	100%
Construction	0%	0%	5%	95%
Retail and distribution[79]	0%	0%	20%	80%
Transport and storage	0%	0%	75%	25%
Accommodation and food services	0%	0%	0%	100%
Information and communications[80]	80%	0%	0%	20%
Financial and business services	80%	0%	0%	20%
Government services[81]	30%	0%	0%	70%
Other services[82]	0%	0%	0%	100%

Source: Turley analysis

7.10 Table 7.2 overleaf shows the impact of applying these assumptions to the employment growth scenarios developed by SQW.

[79] Distribution includes retail employees working in shops, who account for the vast majority of those working in this broad sector in Swansea

[80] Within Swansea, the majority of jobs in this broad sector involve computer programming, consultancy or information services, and are therefore assumed to require offices

[81] Around 30% of these jobs in Swansea relate to public administration, which are assumed to require offices, with the rest relating to education, health and residential care and therefore assumed to require other types of premises

[82] This sector appears to be broadly comprised of sport and personal services in Swansea, none of which are considered likely to require employment land

Table 7.2: Assigning Forecast Job Growth to Use Classes (2023-38)

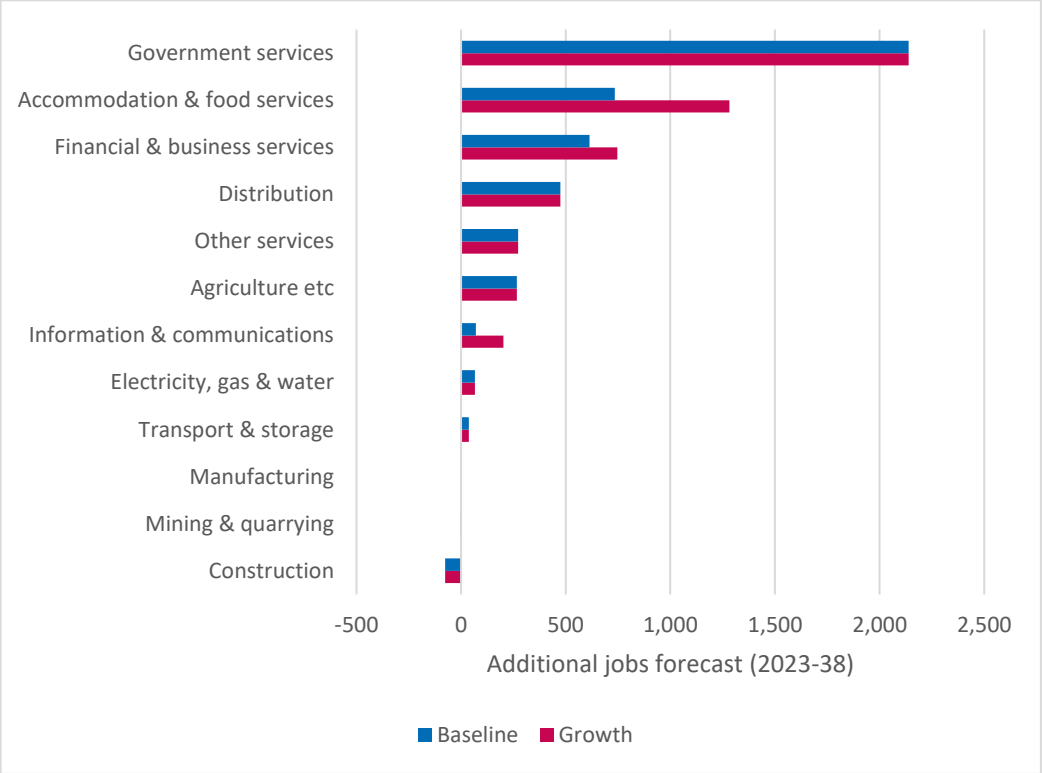
	Baseline	Growth
Additional jobs	**7,875**	**10,238**
Offices (B1)	3,656	4,708
Industrial (B2)	-544	-94
Warehouses (B8)	167	217
Total B uses	**3,279**	**4,831**
Non-B	4,596	5,407
% non-B	58%	53%

Source: Cambridge Econometrics; SQW; Turley analysis

7.11 There is evidently broad similarity between the two scenarios, with each suggesting that newly created jobs will most often require offices. The baseline envisages a reduction in the number of jobs requiring office space, which is moderated but remains true in the growth scenario. Only a relatively small number of new jobs are expected to require warehouses, and this increases only slightly under the growth scenario.

7.12 It is though apparent that over half of all jobs, in either scenario, may not require such premises or thus space on conventional employment land. These jobs are predominantly in the Government services sector, in which the earlier Table 7.1 confirms that only 30% of jobs are assumed to require offices as opposed to schools and surgeries, for example. The Council is advised to broadly consider how such jobs could be accommodated through LDP2, where it is simply not possible to use the methods applied in this section to estimate the space and land needed by these occupiers.

Figure 7.2: Additional Jobs Assumed to Require Non-B Premises (2023-38)



Source: Cambridge Econometrics; SQW; Turley analysis

Employment to floorspace

7.13 Having established the anticipated level of job growth within sectors requiring conventional employment land, the next stage is to translate this into need for additional employment space. The next step therefore considers the amount of floorspace needed to accommodate each additional employee, also known as employment density. The key factor here is the density at which different types of employment space are occupied by workers. This will vary according to type of space, quality of space, location and will even vary within business sectors.

7.14 While the WG guidance references a study carried out in 2010 for Yorkshire and the Humber, this has arguably been superseded by a 2015 update to the Employment Density Guide that is widely used in England and is understood to have actually been based on research into commercial properties throughout the whole of the UK[83]. This update sought to reflect the '*latest industry 'norms' of how space is planned, developed and utilised*' up to 2015, particularly considering the implications of recent technological improvements, the evolution of new forms of workspace and sectoral activity[84]. While there has undoubtedly been a further evolution, accelerated in places by the pandemic, there is as yet no similarly comprehensive or reliable analysis of how this has affected employment density, with the Council therefore advised to monitor the availability of any updates that show how post-pandemic working trends – and the

[83] Homes and Communities Agency (2015) Employment Density Guide, third edition

[84] *Ibid*, paragraphs 1.3 and 1.5

WG's ambition for 30% of people to work remotely – are affecting employment densities.

7.15 In order to convert the job growth summarised at Table 7.2 into floorspace, the various densities published for different types of offices, industrial premises and warehouses have been respectively aggregated and averaged as follows:

- **Office** – general office (corporate; professional services; public sector; technology; media and telecoms; finance and insurance) and call centres;
- **Industrial** – light industrial, industrial and manufacturing; and
- **Warehouse** – regional distribution and "final mile" distribution centre.

7.16 The published densities notably measure floorspace in different ways, so have been converted to consistently reflect the gross external area (GEA) which is considered the most appropriate basis for calculating employment land requirements.

Table 7.3: Employment Densities (sqm GEA per full time equivalent employee)

Office	Industrial	Warehouse
13.3sqm	44.8sqm	73.5sqm

Source: Homes and Communities Agency; Turley analysis

7.17 It is important to note that employment densities are applied on the basis of full time equivalent (FTE) jobs, rather than *all* jobs as has been the focus to this point. This requires a further process of conversion, taking account of the reported split between full- and part-time employment in each sector in Swansea as of 2022 and assuming that two part-time jobs are equivalent to one FTE job[85].

7.18 Applying employment densities to these estimates of future change in FTE employment, at Table 7.4, provides an indication of the amount of additional employment floorspace that could be required to support future job growth in Swansea. It suggests that there would be a requirement for additional offices and warehouses in either scenario, albeit with the scale of that requirement being naturally higher in the growth scenario. There is contrastingly implied to be a *negative* requirement for industrial space, especially in the baseline scenario.

[85] ONS (2023) Business Register and Employment Survey, 2022

Table 7.4: Floorspace Needed to Accommodate Forecast Growth (2023-38)

	Offices B1	Industrial B2	Warehouses B8	**Total B**
Baseline				
Additional jobs	3,656	-544	167	**3,279**
Additional FTE jobs	2,983	-524	128	**2,587**
Floorspace (GEA)	39,623sqm	-23,479sqm	9,418sqm	**25,562sqm**
Growth				
Additional jobs	4,708	-94	217	**4,831**
Additional FTE jobs	3,886	-90	176	**3,972**
Floorspace (GEA)	51,618sqm	-4,043sqm	12,961sqm	**60,536sqm**

Source: HCA; Cambridge Econometrics; SQW; Turley analysis

Past take-up scenario

7.19 As introduced at the start of this section, the WG recommends that any analysis based on '*labour demand forecasting*' is complemented by an approach linked to '*past building completions*', also known as past take-up[86].

7.20 The Council's monitoring, introduced at Figure 5.6, indicates that – before accounting for losses – an average of 1,274sqm of offices, industrial premises and warehouses have been annually completed in Swansea during the current plan period, capturing the recovery from the last recession and the pandemic[87] (2011-23). Over three quarters of this space has been offices, with less industrial and warehousing space developed during this period.

7.21 Table 7.5 shows that some 19,110sqm of space could be needed in total over the new plan period if delivery continues at this rate. This is less than is suggested by the two other scenarios introduced to this point, albeit there are nuances when breaking down by type of premises. While a continuation of past development trends would see a lesser need for warehouses and particularly offices than implied by the other two scenarios, it would generate a *greater* – and for the first time positive – requirement for industrial space.

[86] WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, p34

[87] This unavoidably excludes completions that have not been assigned to a particular Use Class

Table 7.5: Extrapolating Past Take-up (sqm; 2023-38)

	Offices B1	Industrial B2	Warehouses B8	**Total B**
Growth	51,618	-4,043	12,961	**60,536**
Baseline	39,623	-23,479	9,418	**25,562**
Past take-up (2011-23)	14,865	3,165	1,080	**19,110**

Source: Council monitoring; Turley analysis

7.22 It is important to recognise that an approach based on past take-up is necessarily backward-looking so will be affected by the amount of space available during the trend period. Adjustments are occasionally made in similar studies to offset the suppressing effect of limited availability, and while this does not appear to be necessary in this case for offices and industrial premises – given that availability rates have generally been higher than, or in line with, the Welsh average[88] – it arguably could be justified for warehouses where the earlier Figure 5.12 indicated that availability rates have tended to be lower. It is therefore reasonable to consider the additional warehousing space that could have been needed to increase availability to a healthier rate.

7.23 While there is no official guidance on how this can be done, one approach could be to calculate how much additional space would have been needed in 2023 to move towards the healthier rates recorded in Swansea over the previous decade. A benchmark can be reasonably based on the upper quartile rate of 8.8% that was recorded in this time[89]. Reaching this level would represent an improvement from the current position, whereby only 2.0% of warehousing space is available.

7.24 This rate can be reasonably applied to the inventory recorded by CoStar in 2023, with the differential between existing and targeted availability added on to the projection of past take-up to allow for space that could have been taken up had it been available. This would considerably elevate the past take-up scenario, pushing it beyond the baseline scenario and suggesting a greater need for warehousing space than implied even by the growth scenario.

[88] As shown by the earlier Figures 5.10 and 5.11

[89] The equivalent figures for offices (10.3%) and industrial premises (11.0%) are far higher, reinforcing why it is not necessary to apply such an approach for these property types

Table 7.6: Allowing for Improved Availability of Warehousing (sqm; 2023-38)

	Offices B1	Industrial B2	Warehouses B8	**Total B**
Growth	51,618	-4,043	12,961	**60,536**
Available warehousing	**14,865**	**3,165**	**16,310**	**34,340**
Baseline	39,623	-23,479	9,418	**25,562**
Past take-up (2011-23)	14,865	3,165	1,080	**19,110**

Source: Council monitoring; Turley analysis

Allowing for losses

7.25 The Council's monitoring also highlights how existing employment space has been lost to other uses over the current plan period. Figure 5.6 indicated that an average of 2,057sqm of space has been lost annually, with this once again predominantly being offices with fewer industrial premises or warehouses being lost[90]. Some 30,855sqm of employment space could be lost over the new plan period if this continues.

7.26 A judgement needs to be made by the Council on how much lost space needs to be replaced in the future, and indeed on how much space is likely to be lost. Some recent losses will have likely been attributable to stock which was long-term redundant, for example, or functionally obsolescent and therefore underutilised/underoccupied by modern standards. It may be the case that there is now less such space to be lost, which could cause the rate of loss to slow.

7.27 While ultimately a judgement to be made by the Council, it may wish to plan for additional provision – beyond the level suggested to this point by the various scenarios – in order to wholly or partially replace space that could be lost. Table 7.7 shows how such an allowance impacts upon the floorspace requirements estimated above.

[90] This again excludes losses that have not been assigned to the relevant Use Classes

Table 7.7: Impact of Replacing All Losses or Half (sqm; 2023-38)

	Offices B1	Industrial B2	Warehouses B8	**Total B**
Replacing all losses	**+26,715**	**+2,940**	**+1,200**	**+30,855**
Growth	78,333	-1,103	14,161	91,391
Available warehousing	41,580	6,105	17,510	65,195
Baseline	66,338	-20,539	10,618	56,417
Past take-up (2011-23)	41,580	6,105	2,280	49,965
Replacing half of all losses	**+13,358**	**+1,470**	**+600**	**+15,428**
Growth	64,976	-2,573	13,561	75,964
Available warehousing	28,223	4,635	16,910	49,768
Baseline	52,981	-22,009	10,018	40,990
Past take-up (2011-23)	28,223	4,635	1,680	34,538

Source: Council monitoring; Turley analysis

Allowing for choice and flexibility

7.28 In order to plan positively for future employment growth, it is widely considered best practice to also add a margin of choice and flexibility. This additional land is intended to provide businesses and developers with a reasonable choice of sites and also allows for delays in sites coming forward. Without a buffer, any delay of this nature risks constraining job growth due to a shortage of available space.

7.29 Establishing such a margin is not an exact science and requires a degree of judgement. In this case it is considered reasonable to make an allowance equivalent to 7.5 years' take-up, adding a buffer of circa 9,555sqm to each of the previously calculated estimates, as shown at Table 7.8 overleaf.

Table 7.8: Allowing for Choice and Flexibility (sqm; 2023-38)

	Offices B1	Industrial B2	Warehouses B8	**Total B**
Buffer of 7.5 years' take-up	**+7,433**	**+1,583**	**+540**	**+9,555**
Growth plus all losses	85,766	480	14,701	100,946
Growth plus some losses	72,408	-990	14,101	85,519
Availability plus all losses	49,013	7,688	18,050	74,750
Baseline plus all losses	73,771	-18,957	11,158	65,972
Past take-up plus all losses	49,013	7,688	2,820	59,520
Availability plus some losses	35,655	6,218	17,450	59,323
Baseline plus some losses	60,413	-20,427	10,558	50,545
Past take-up plus some losses	35,655	6,218	2,220	44,093

Source: Council monitoring; Turley analysis

Converting into land requirements

7.30 When planning for employment land, it is clearly necessary to estimate the amount of *land* that could be needed to accommodate the required floorspace, using plot ratios. Plot ratios will be heavily influenced by where and in what form the employment needs are delivered, which will be driven by a combination of land availability and the type of space best matched to the needs of individual sectors. For example, office provision in town centre locations will enable higher density, more efficient use of land and lower overall land requirements whereas office provision in a business park environment will achieve less efficient use. Given this, the land requirements below can only ever represent a broad indication of land requirements rather than providing a specific target for the amount of land which should be allocated.

7.31 The WG guidance acknowledges that plot ratios can '*vary widely*', particularly for offices, but it endorses a default plot ratio of 40% for industry, warehousing and out-of-town offices[91]. Applying this to the scenarios introduced above – and including the buffer – suggests that up to 25.2ha of land could be needed, to support the growth scenario and replace all losses. This is over twice the amount suggested by the lowest scenario, which extrapolates past take-up and only partially replaces anticipated losses.

[91] WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, paragraph 6.6.2

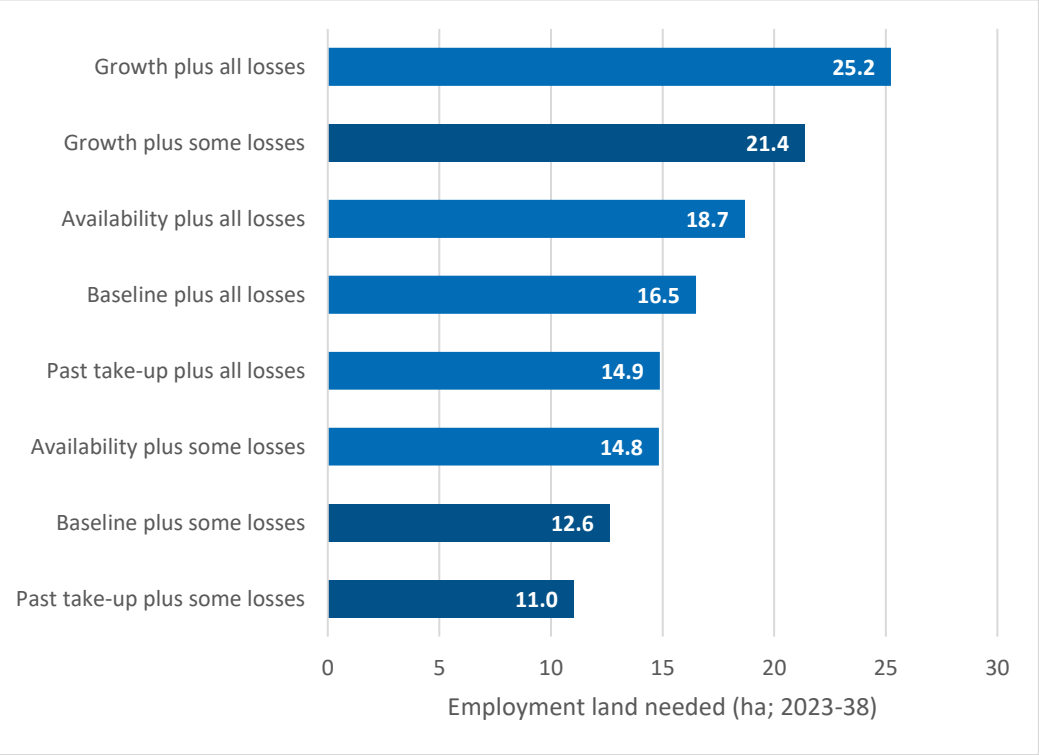
Table 7.9: Estimating Land Requirements (hectares; 2023-38)

	Offices B1	Industrial B2	Warehouses B8	**Total B**
Growth plus all losses	21.4	0.1	3.7	**25.2**
Growth plus some losses	18.1	-0.2	3.5	**21.4**
Availability plus all losses	12.3	1.9	4.5	**18.7**
Baseline plus all losses	18.4	-4.7	2.8	**16.5**
Past take-up plus all losses	12.3	1.9	0.7	**14.9**
Availability plus some losses	8.9	1.6	4.4	**14.8**
Baseline plus some losses	15.1	-5.1	2.6	**12.6**
Past take-up plus some losses	8.9	1.6	0.6	**11.0**

Source: Turley analysis

7.32 Figure 7.3 further illustrates how the overall need for employment land varies between the scenarios.

Figure 7.3: Total Employment Land Needed by Scenario (2023-38)

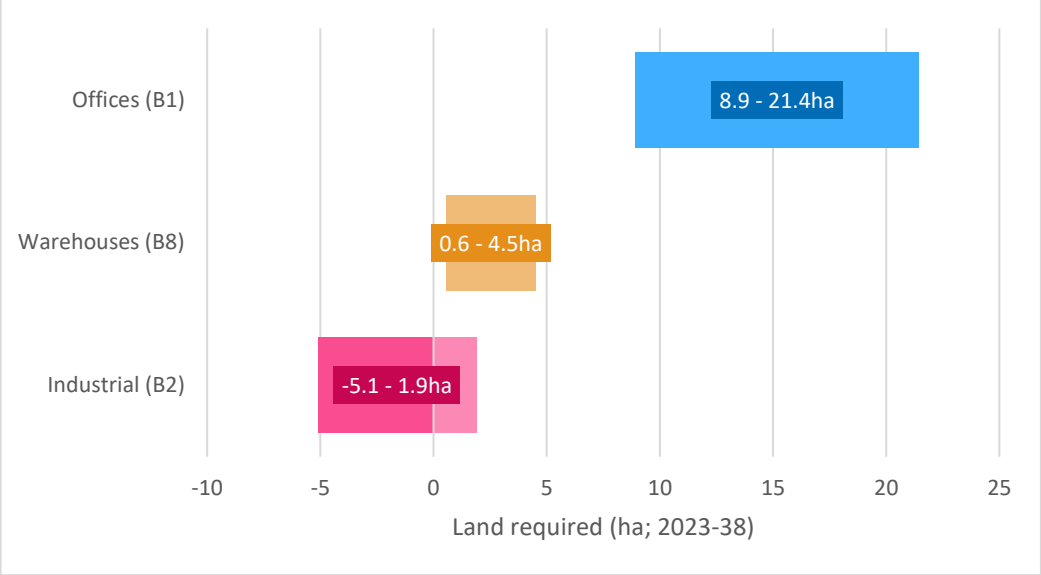


Source: Turley analysis

7.33 Figure 7.4 breaks down the above to show the range implied for offices, industrial premises and warehouses. It confirms that there is a consistently positive requirement for both warehouses and particularly offices, whereas the position for industrial

premises is more marginal with either a small additional requirement or a modest oversupply depending on the scenario.

Figure 7.4: Range of Employment Land Requirements (2023-38)



Source: Turley analysis

Allowing for the prospect of higher density office development

7.34 While it endorses a plot ratio of 40% for out-of-town offices, the WG – which elsewhere, in Future Wales, references a "Town Centre First" principle[92] – also importantly highlights that:

"The plot ratio for city or town centre offices, places where land supply is particularly constrained, sites close to public transport nodes and certain new settlements without car parking or landscaping can be many times above that of a traditional out-of-town business park. If [a] study uses fixed plot ratios, it will not be able to take account of these variations and it will not properly estimate the potential impact of intensification on the demand for land"[93]

7.35 It should therefore be recognised that substantially less land could be required to accommodate the office space implied to be needed by this assessment. As little as 2.4ha could be required to sustain past take-up and replace some losses, for example, if assumed that land is developed with a plot ratio of 150% thus allowing for a two-storey office filling three quarters of its plot, or a three-storey office occupying half of its plot[94]. This would more than double to 5.7ha in the growth scenario, when assuming that all losses are replaced, but even this falls below the bottom of the range identified when using a lower plot ratio, shown at Figure 7.4 above.

[92] WG (2021) Future Wales – the National Plan 2040, p71

[93] WG (August 2015) Practice Guidance – Building an Economic Development Evidence Base to Support a LDP, paragraph 6.6.1

[94] This would implicitly require the right type of undeveloped land, which it is acknowledged may not be available in Swansea

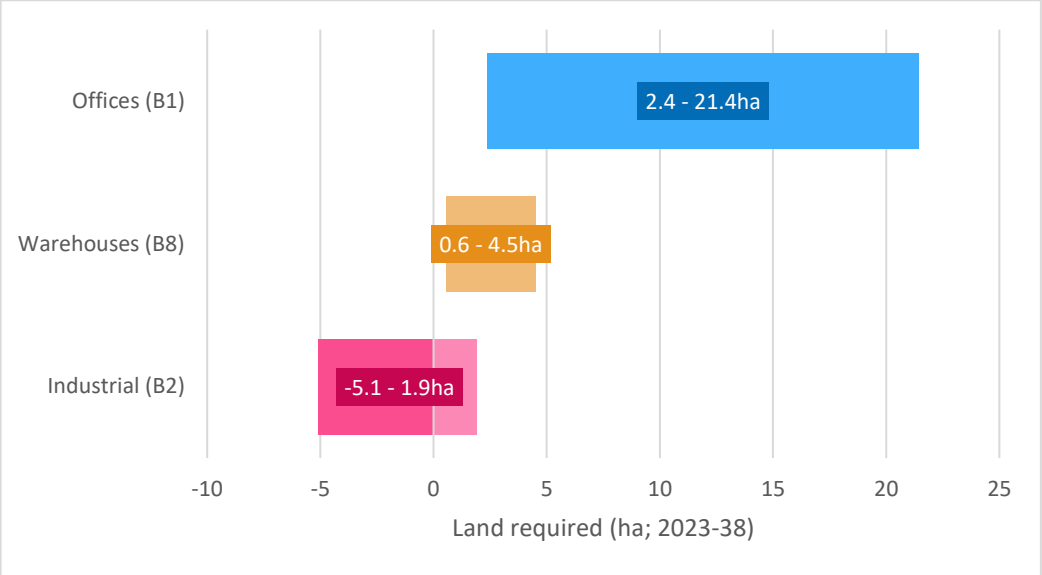
Table 7.10: Impact of Higher Plot Ratio for Offices (hectares; 2023-38)

Scenario	Plot ratio for offices	Implied need for office land	Total need for employment land
Growth plus all losses	40%	21.4	25.2
	150%	**5.7**	**9.5**
Growth plus some losses	40%	18.1	21.4
	150%	**4.8**	**8.1**
Availability plus all losses	40%	12.3	18.7
	150%	**3.3**	9.7
Baseline plus all losses	40%	18.4	16.5
	150%	**4.9**	**3.0**
Past take-up plus all losses	40%	12.3	14.9
	150%	**3.3**	**5.9**
Availability plus some losses	40%	8.9	14.8
	150%	**2.4**	**8.3**
Baseline plus some losses	40%	15.1	12.6
	150%	**4.0**	**1.6**
Past take-up plus some losses	40%	8.9	11.0
	150%	**2.4**	**4.5**

Source: Turley analysis

7.36 Allowing for higher density office development effectively serves to widen the range of requirements associated with this sector, as shown at Figure 7.5 below.

Figure 7.5: Impact of Higher Plot Ratio for Offices (2023-38)



Source: Turley analysis

Interpreting the analysis

7.37 The Council can use the evidence-based scenarios presented in this section as valuable reference points in developing its approach to employment land provision for LDP2. Each one is considered to be representative of future need in a certain scenario, and has been robustly calculated, albeit it has evidently been necessary to make a series of assumptions that will need to be monitored over time.

Summary and implications

7.38 With the previous section having introduced two economic growth scenarios for Swansea, this section has considered the amount and type of employment land that could be needed to accommodate newly created jobs, complementing an approach based on such '*labour demand forecasting*' with further analysis based on past completions in line with guidance from the WG.

7.39 Jobs requiring employment space other than offices, industrial premises and warehouses have first been deducted, before the latest available employment densities are applied to estimate the floorspace needed by each additional worker. This initially suggests a need for both warehousing space and particularly offices in Swansea, but contrastingly implies a *negative* need for industrial space due to an assumed reduction in the number of jobs requiring it.

7.40 A continuation of the take-up recorded in the current plan period would though be expected to generate a requirement for all types of employment space, albeit with office space once again dominating. More warehousing space could have arguably been taken up had availability rates been healthier, rather than typically below the Welsh average.

7.41 None of these scenarios account for losses, which could generate an additional need if they continue at their recent rate and the Council wishes to replace either half or all of the space lost. It is also considered best practice to provide added flexibility by incorporating a margin of choice, here based on past take-up rates.

7.42 After making these allowances, and converting floorspace into land using standard assumptions, it has been estimated that **circa 11.0 – 25.2ha of employment land** could be needed in Swansea over the new plan period. Provision towards the lower end of this range would enable a continuation of recent take-up, with some losses replaced, while the upper end would support the growth scenario and replace all losses.

7.43 This can also be broken down by property type, with each of the scenarios suggesting a need for land suited to offices (8.9 – 21.4ha) albeit the scale of this need would reduce to as little as 2.4ha if higher density offices were developed. Each scenario also suggests a positive, if markedly smaller, need for warehousing land (0.6 – 4.5ha). In contrast, only the past take-up scenario produces a positive requirement for industrial space, implying that up to 1.9ha could be needed, with the other scenarios suggesting that there could be an *oversupply* of 5.1ha.

7.44 The Council can use these scenarios as reference points in developing its approach to employment land provision, but importantly does have the option of providing more employment land than they have suggested as this would simply provide greater choice and flexibility to businesses beyond the allowances that have been indicatively made in this section, based on a series of assumptions. It could also be viewed as a policy intervention to support economic ambitions and/or improve the quality of employment space available in Swansea, by enabling the delivery of more modern premises to replace older stock or responding to specific occupier requirements.

8. Related Need for Housing

8.1 In accordance with the Manual, this section presents a range of scenarios to explore the level of unconstrained housing need that could arise in Swansea over the plan period.

8.2 In doing so, it responds to the Manual's statement that:

*"The level of **unconstrained need** is based on current levels of need/demand at a point in time, i.e. the current/baseline situation (homes and jobs). Evidence will be required to demonstrate the baseline position of the plan"*[95]

8.3 Table 13 of the Manual presents a number of different considerations which could influence both need and supply factors. The former are broadly categorised based on:

- Demographics and need[96];
- Trend-based considerations, including past build rates; and
- Policy-based considerations, including alternative assumptions on household size and migration as well as economic investment.

8.4 This section considers each of these areas, and also consistently reports on associated levels of job growth where the Manual emphasises the important relationship between jobs and homes.

Official demographic projections

8.5 At the time of writing, the latest official projections available from the WG are based to 2018. These 2018-based projections were initially released in February 2020 but were subsequently revised in August 2020 to correct an error that had been discovered by the ONS. The WG is believed to be aiming to release its next set of projections in the first half of 2025.

8.6 The principal 2018-based projection largely based its assumptions on the demographic trends that were then believed to be occurring over the preceding five years (2013-18), providing an indication of how the population of Swansea could change if these trends were to continue. A series of variants are also available, including "high" and "low" variants that respectively make more optimistic and pessimistic assumptions on fertility, life expectancy and migration from other parts of the UK.

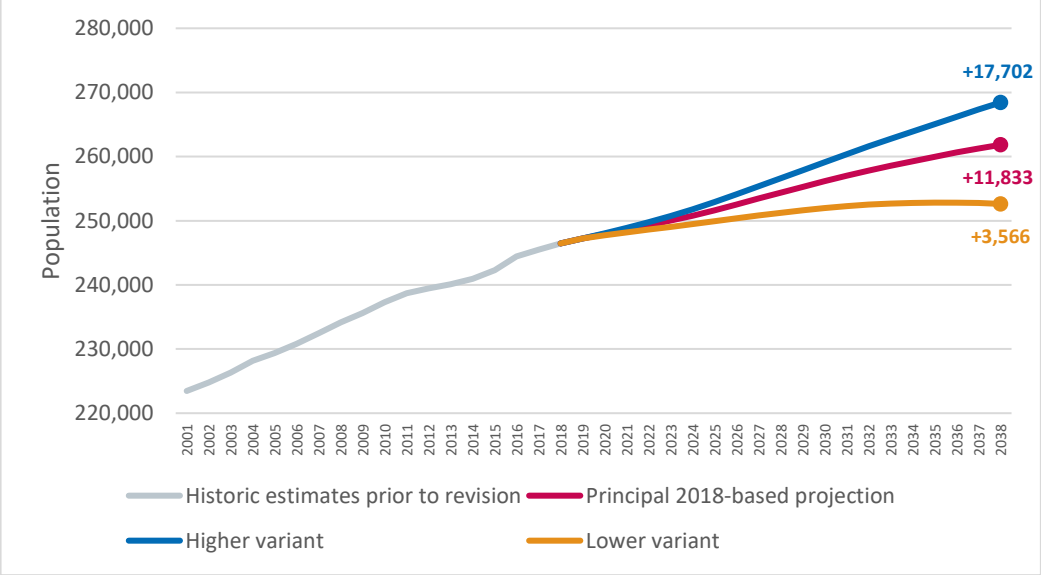
8.7 These official projections suggest that the population of Swansea could grow by as many as 17,702 people over the plan period, from 2023 to 2038, or alternatively by

[95] WG (March 2020) Development Plans Manual, Edition 3, p103

[96] While the Manual suggests that comparison should be made with the affordable housing need calculated in the LHMA, the subsequent introduction of a Tool that can directly feed in the scenarios presented in this section is considered to make such comparisons redundant

only a fifth as much (3,566). The principal projection suggests that the population could grow by around 11,833 persons over this period.

Figure 8.1: Official 2018-based Population Projections for Swansea

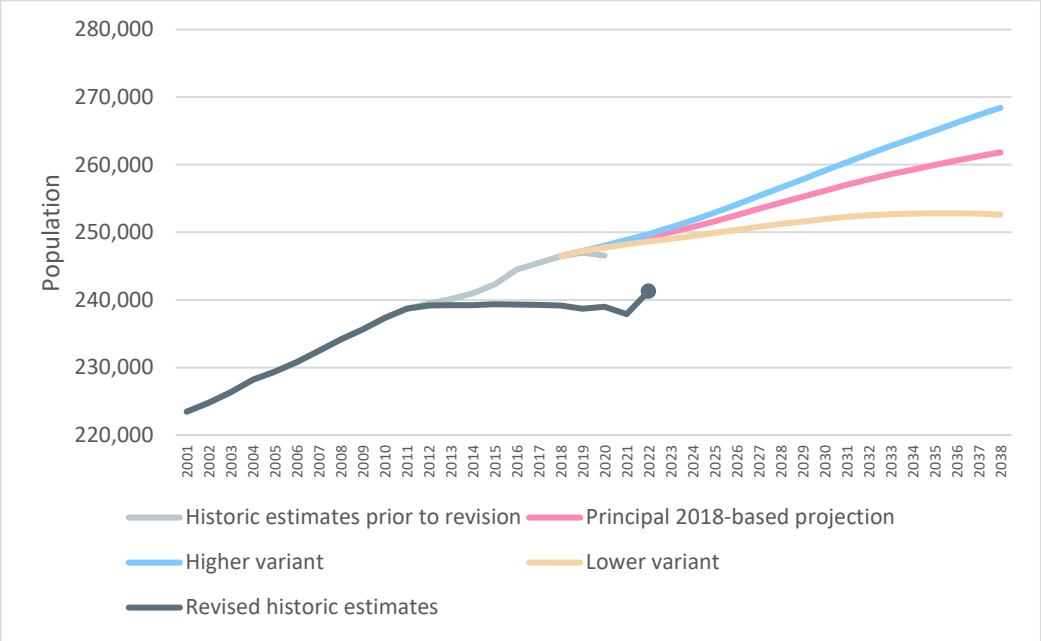


Source: WG; ONS

Taking newer demographic evidence into account

8.8 All three scenarios are though based to 2018, and they also use an official population estimate for that year – and indeed the years prior – which has since been revised following the 2021 Census as discussed in section 4. The ONS now believes that the population of Swansea in 2018 was roughly 7,280 persons (or 3%) lower than it did when these latest official projections were developed. It has also continued to estimate the population in subsequent years, with its latest estimate suggesting that the population in mid-2022 was at least 3% below that envisaged by any of the three projections.

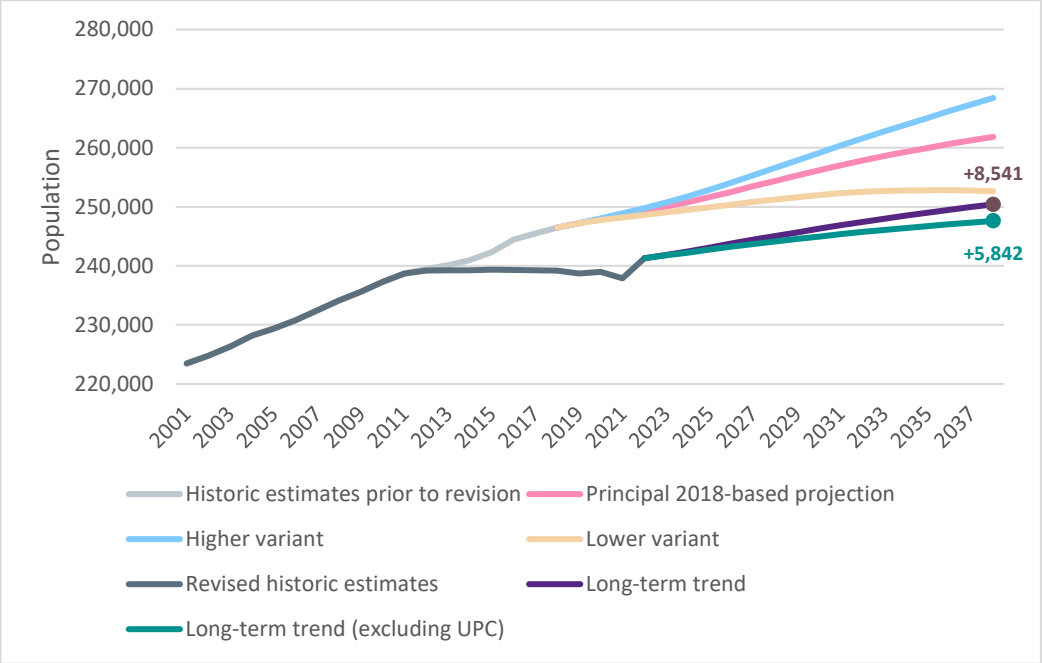
Figure 8.2: Revision of Historic Population Estimates



Source: WG; ONS

8.9 This latest evidence can be taken into account by developing an alternative demographic projection, which – as explained in **Appendix 1** – can also extrapolate the trends recorded over a longer-term period (2001-22) less influenced by the recent rate of housing provision, which as discussed in section 4 is likely to have had an impact on population growth in Swansea. Such modelling suggests that the population of Swansea could grow by circa 8,540 persons over the plan period, falling within the range created by the official projections – and, as shown by Figure 8.3, ending up close to the lower variant – but beginning from a much lower base. It should be noted that this projection allows for the unattributable "other change" identified at the earlier Figure 4.6, which has resulted from revisions to official population estimates, and excluding it produces a slightly lower projection in which the population would grow by only around 5,840 persons.

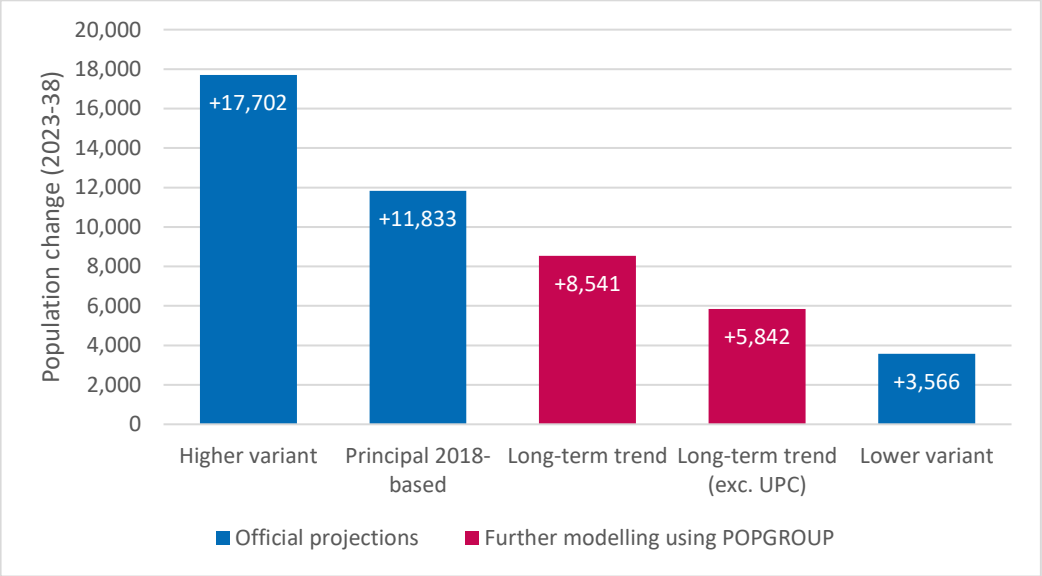
Figure 8.3: Impact of Rebasing the Official Projections



Source: WG; ONS; Edge Analytics

8.10 Figure 8.4 illustrates how these two further projections, developed by Edge Analytics, suggest a level of population growth that is between that indicated by the principal 2018-based projection and the lower variant.

Figure 8.4: Comparing Population Change (2023-38)



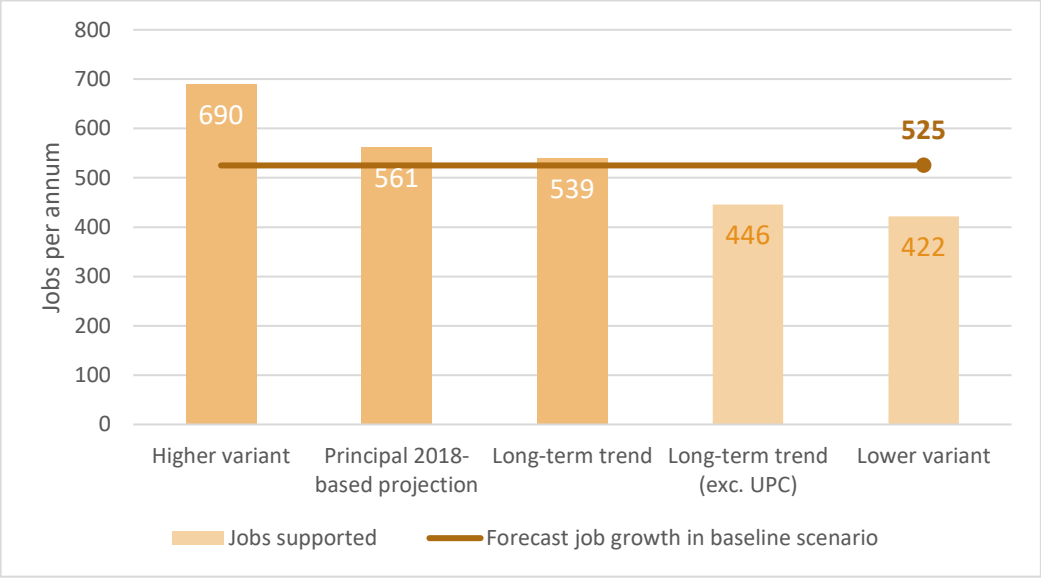
Source: WG; ONS; Edge Analytics

Employment-led scenario – baseline employment growth

8.11 SQW introduce a baseline forecast from Cambridge Econometrics in section 6 of this report, in which **525 jobs per annum** would be created in Swansea between 2023 and 2038.

8.12 Edge Analytics' modelling suggests that the labour force would grow to support such a rate of job creation if the population grows in line with either the principal or higher variant of the official 2018-based projections, or indeed if the longer-term trend continues and the latest available demographic data is taken into account. It would though be expected to fall slightly short when UPC is excluded from this long-term trend-based projection, or if growth aligns with the lower variant of the 2018-based projections.

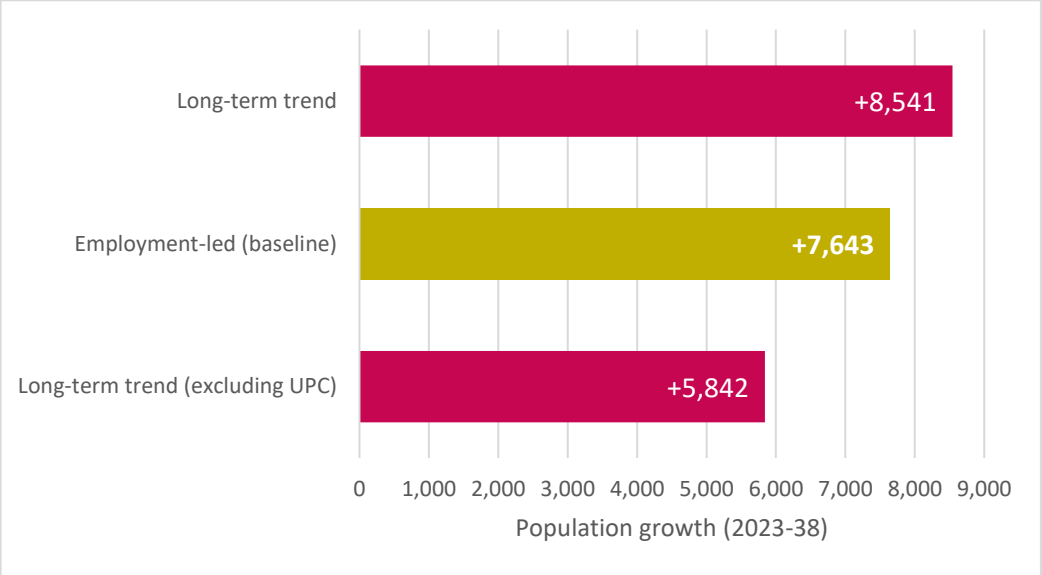
Figure 8.5: Comparing Job Growth Supported Relative to Baseline (2023-38)



Source: Edge Analytics; Cambridge Econometrics

8.13 These findings are reinforced by the employment-led scenario that has also been developed by Edge Analytics, which takes the reverse approach – as explained in **Appendix 1** – and estimates the population growth needed to support a specified level of job growth, allowing only for the in-migration necessary to do so. This suggests that the population would need to grow by circa 7,643 persons to support the baseline forecast and enable the creation of 525 jobs per annum in Swansea, which sits between the two scenarios based on long-term trends as shown at Figure 8.6.

Figure 8.6: Population Growth in Employment-led Scenario (2023-38)



Source: Edge Analytics

8.14 All of the above modelling reasonably assumes that:

- **Unemployment** remains at the historically low rate of 4.5% that has been recorded on average over the past five completely reported years (2018-22) rather than falling further and thus unlocking latent labour;

- **Economic activity rates** amongst males and females aged 16 to 89 will continue to evolve from the position recorded by the Census of 2011, setting aside the equivalent data from the 2021 Census – introduced at the earlier Table 4.2 – due to concerns that it has been skewed by the COVID-19 pandemic. The rates recorded in 2011 are assumed to change in line with the trend of the latest national forecasts produced by the OBR, to accompany its 2018 Fiscal Sustainability Report. These forecasts are relied upon by the UK Government to inform its long-term budgetary planning, and they are widely used to provide a robust and consistent basis for understanding long-term changes in labour force behaviour;

- Circa 3.9% of residents hold **more than one job**, based on the average recorded in Swansea over the last ten years by the Annual Population Survey; and

- **Commuting** continues at the rate implied by the latest available WG data, for 2022, with an assumed 0.92 resident workers per job in Swansea and thus a net in-commute[97].

[97] WG (2023) Commuting patterns by Welsh local authority and measure, 2022

Converting the population into households and dwellings

8.15 While the above analysis has initially focused on population, when considering housing needs it is also important to understand how residents will form households.

8.16 The official 2018-based household projections from the WG make a series of assumptions on the size of households lived in by individuals of different genders and ages, referred to as household membership rates. These are then applied to its own principal projection and the variants to suggest that there could be an additional 355 to 726 households per annum in Swansea over the emerging plan period.

8.17 **Appendix 1** notes that these same assumptions can also be applied to the other scenarios developed by Edge Analytics, to provide an indication of the associated household growth. This can then be converted into dwellings, with the Manual endorsing use of a '*vacancy rate*' that allows for the churn of stock. A fixed vacancy rate of 3.1% has been applied based on the latest available Council Tax data, aligning with best practice by allowing for the current proportion of empty homes (1.6%) and second homes[98] (1.5%).

Table 8.1: Applying Official 2018-based Assumptions on Household Membership

	Extra residents 2023-38	Extra households		Homes needed	
		2023-38	Annual	2023-38	Annual
High 2018-based	17,702	10,970	731	11,317	754
Principal 2018-based	11,833	8,548	570	8,819	588
Long-term trend	8,541	7,596	506	7,837	522
Employment-led, baseline	7,643	6,912	461	7,131	475
Long-term trend (exc. UPC)	5,842	6,390	426	6,592	439
Low 2018-based	3,566	5,383	359	5,554	370

Source: WG; Edge Analytics

8.18 The scenarios produce a relatively broad range, suggesting that **between 370 and 754 dwellings per annum** are needed in Swansea. This does narrow when the highest and lowest scenarios – both variants of the official 2018-based projections – are excluded, suggesting that **between 439 and 588 dwellings per annum** are needed. This is considered appropriate in the context of more up-to-date demographic evidence from Edge Analytics, but it is recognised that any subsequent release of more up-to-date official projections and their variants will require separate consideration alongside the employment-led projection.

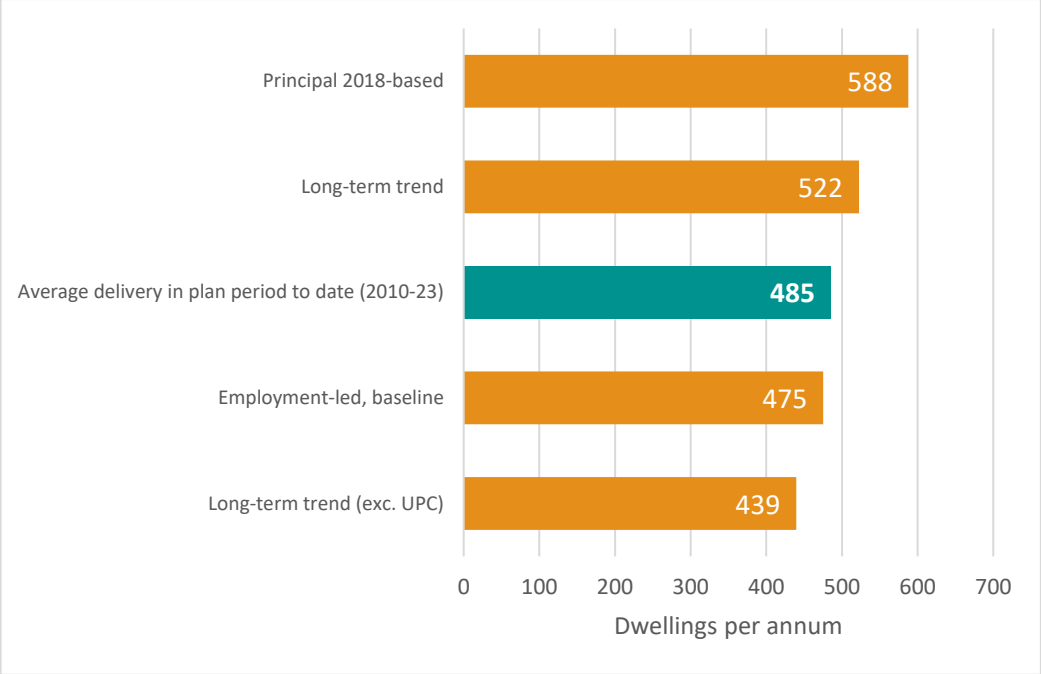
[98] WG (2023) Council tax dwellings by local authority (number of dwellings)

Comparing to past build rates

8.19 On average, around 485 homes have been completed annually in Swansea since 2010.

8.20 This figure sits within both the full and narrower range identified above, as illustrated by Figure 8.7 which focuses on the latter. This particularly shows that planning to accommodate the labour force needed to support baseline job growth would effectively sustain recent delivery, while supporting a continuation of the long-term demographic trend would require a modest increase in delivery levels.

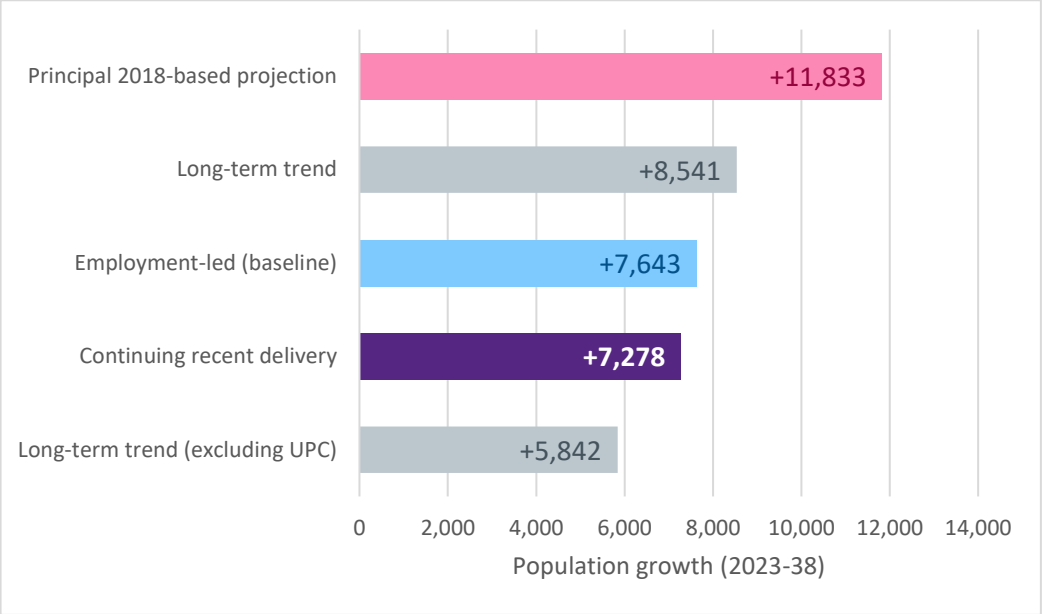
Figure 8.7: Benchmarking Scenarios Against Past Delivery



Source: Edge Analytics; Council monitoring; Turley analysis

8.21 This alignment is further shown in a dwelling-led scenario developed by Edge Analytics, which has been configured to assume that housing delivery continues at its recent rate. It suggests that such a scenario would add circa 7,278 residents to the population of Swansea, very close to that which could result from supporting baseline job growth.

Figure 8.8: Population Growth if Recent Delivery Continues (2023-38)



Source: Edge Analytics

Affordable housing led scenario

8.22 The Manual suggests that the need for affordable housing, calculated separately through an LHMA, can provide a basis for a demographic-led scenario.

8.23 This is complicated by the LHMA itself incorporating the official 2018-based projections introduced in this section, while also having the ability to incorporate others. This creates a circularity that the Manual does not appear to acknowledge, potentially due to it having been issued almost a year before the LHMA guidance was itself updated with the introduction of the LHMA Tool.

8.24 The LHMA Tool has been, and in future can be, directly linked to the demographic projections introduced in this section, creating an inherent consistency that arguably removes the need to develop further affordable housing led scenarios. These could only be justified to take account of the existing need for affordable housing, which is initially added on to the newly arising need – generated by projections – and assumed to be cleared within five years. This cannot necessarily justify a higher rate of overall housing provision, however, because the households who are generating this existing need are largely already housed and would actually *vacate* housing if affordable homes were to be provided.

8.25 As such, while the merits of affordable housing led scenarios have been considered – in accordance with the Manual – they have not been taken forward due to the complex interrelationship between the overall need for housing and the need for affordable housing specifically, which can already be based on the demographic scenarios introduced in this section.

8.26 In developing choices around the planned provision of housing the Council should nonetheless consider the need for and benefits associated with enabling the provision of affordable housing as part of its overall planned requirement.

Possible drivers of higher housing need

8.27 The above scenarios form an important part of the evidence, as recognised by the Manual, but this critically does proceed to identify the potential for other factors to affect the unconstrained need for housing. The Council could, for instance, consider that the stronger job growth identified in section 6 more closely reflects its ambitions or indeed that even more positive growth is reasonable to aspire to or aligns with sub-regional objectives. It could also attempt to explicitly address one of the potential consequences of historic undersupply discussed in section 4, whereby households have been larger than previously expected, possibly not because of aspirations but due to the limited availability of housing options. These options are considered in turn below.

Planning for stronger job growth

8.28 Consideration has been given above to the number of homes needed to grow the labour force and support the creation of 525 jobs per annum, aligning with the baseline forecast produced by Cambridge Econometrics.

8.29 SQW have though identified a prospect of more jobs being created, given stated growth ambitions and evidence of investments coming forward. They estimate, in section 6, that some 683 jobs per annum could be created in such an investment-led growth scenario.

8.30 While most of the demographic scenarios introduced in this section could support the unadjusted baseline forecast, in which 525 jobs would be created in Swansea each year, only the higher variant of the official 2018-based projections would appear able to support the stronger job growth envisaged in this investment-led growth scenario.

8.31 An employment-led scenario linked to this higher forecast consequently implies a need to more rapidly grow the population of Swansea, compared to each of the scenarios introduced to this point aside from this higher variant[99]. The same is true of the implied need for housing, although this is more closely aligned with the principal 2018-based projection (593/588dpa) due to variations in the age profile of each scenario[100].

[99] This employment-led growth scenario suggests that a comparable level of job growth could be achieved as in the higher variant of the 2018-based projections, despite assuming that there will be much less population growth (11,534 vs. 17,702). This is due to the differing age profiles in the two scenarios, with the employment-led scenario taking the latest demographic data into account and drawing upon longer-term trends

[100] While the overall population would grow by similar amounts under the principal 2018-based projection and in the employment-led growth scenario, working age residents aged 16 to 64 would account for over half (52%) of all growth in the latter scenario, compared to only 31% in the principal 2018-based projection. This offers greater capacity to support job growth and reduces the need to provide additional homes to accommodate extra workers

Table 8.2: Population Growth and Homes Needed to Support Growth Scenario (2023-38)

	Jobs per annum	Extra residents in total	Homes needed per annum ↓
High 2018-based	690	17,702	754
Employment-led, growth	**683**	**11,534**	**593**
Principal 2018-based	561	11,833	588
Long-term trend	539	8,541	522
Continuing recent delivery	432	7,278	485
Employment-led, baseline	525	7,643	475
Long-term trend (exc. UPC)	446	5,842	439
Low 2018-based	432	3,566	370

Source: WG; Edge Analytics

Planning to address a consequence of past undersupply

8.32 The modelling presented in this section applies assumptions drawn from the official 2018-based projections to convert the population into households. It is, however, important to acknowledge that these official projections assume that individuals will continue to live in relatively large households, in line with the trend discussed in section 4. As identified in the earlier analysis, such a trend is potentially linked to the failure to deliver planned housing growth, rather than being a reflection of such individuals' aspirations if supply was not an issue. This is likely to have had the greatest impact on younger people looking to form households, and in this context it is notable that earlier 2008-based projections – arguably more reflective of a period in which affordability issues were less pronounced – envisaged more such individuals living alone or in smaller households. This is shown by Figure 8.9 overleaf, which compares the proportion of younger males and females in Swansea who are assumed to be living in households of different sizes in 2033, the final year covered by the 2008-based projections.

Figure 8.9: Comparing Household Membership Rates in 2008/2018-based Projections for Swansea (2033)

Source: WG; Edge Analytics

8.33 Given that this historic trend will have been at least partially influenced by the supply of homes falling short of targets, the Council arguably has the option of seeking to avoid embedding this situation into the future projections of housing need. Edge Analytics have therefore sought to develop an adjustment targeted at the younger age groups shown above, who are most likely to have been affected and are likely to aspire most to form independent households when given the opportunity to do so. The adjustment – explained in more detail in **Appendix 1** – is applied to the household membership rates assumed within the 2018-based projections, allowing for a partial return to the trend of the earlier 2008-based projections over the course of the new plan period.

8.34 Edge Analytics have applied this adjustment to most of the scenarios introduced in this section to illustrate its impact, excluding only the scenario that extrapolates recent delivery rates[101]. Table 8.3 shows how the adjustment elevates the number of households formed by the same population and consequently increases the implied annual need for housing, by circa 39-47 homes per annum. The implication is that the

[101] On the basis that the number of homes needed is fixed in this scenario, with any improvement in household formation rates simply reducing the number of people accommodated

development of these additional homes would allow younger, so-called "hidden households" to choose to form their own households where this is their aspiration.

Table 8.3: Impact of Alternative Assumptions on Household Membership (2023-38)

	Additional residents	Homes needed per annum without adjustment	**Homes needed per annum *with* adjustment**
High 2018-based	17,702	754	801
Employment-led, growth	11,534	593	634
Principal 2018-based	11,833	588	634
Long-term trend	8,541	522	562
Employment-led, baseline	7,643	475	514
Long-term trend (exc. UPC)	5,842	439	480
Low 2018-based	3,566	370	416

Source: Edge Analytics

Using the evidence of unconstrained need to arrive at a housing requirement

8.35 The above analysis has taken an evidential scenario-based approach to consider reasonable and unconstrained projections of future housing need, accounting for demographic trends and potential economic growth scenarios drawing on information available at the current point in time.

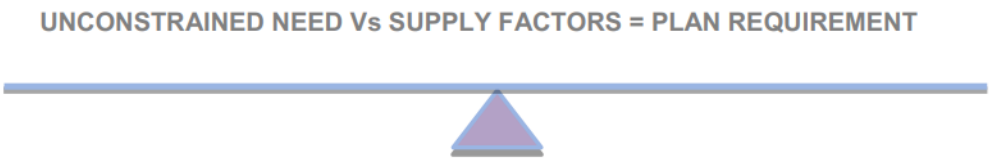
8.36 It will be for the Council, in its development of policy, to take a considered view on the level of housing growth to be planned for, accounting for other deliverability factors including viability, environmental impact and the availability of land. This is explicitly recognised within the Manual which states that:

*"The scale of economic growth and housing expressed in the plan should be a judgement between the need/demand aspects, the **unconstrained need** balanced against **supply factors** which constrain the ability of the plan to deliver, resulting in adjusted growth levels and the **requirement** of the plan"*[102]

8.37 This process is illustrated in the following diagram taken directly from the Manual.

[102] WG (March 2020) Development Plans Manual, Edition 3, p102

Figure 8.10: Assessing the Need and Requirement for Jobs and Homes



Source: WG

8.38 The evidence presented in this section has, as outlined at the start, focused on unconstrained need. It has considered how higher and lower levels of housing provision could affect the ability to support jobs as well as other factors, including labour force behaviours which could change and affect the alignment of these factors.

8.39 It has also considered the relationship between modelled need and past build out rates, acknowledging that certain scenarios suggest a need to boost the latter particularly when household membership rates are adjusted.

8.40 Whilst the evidence in this section implies that a return to a more positive economic context is reasonable and that there will be continued demographic drivers of need which imply a growing demand for homes in Swansea, there are evidently a number of other factors which have contributed to low rates of delivery in recent years. The Council is advised to further reflect on these issues, taking account of feedback from stakeholders and their experiences of viability challenges.

8.41 The extent to which LDP2's identification of new sites can address at least some of these issues will need to be considered by the Council in order to arrive at a judgement with regards the housing requirement.

Summary and implications

8.42 This section has sought to provide evidence on the unconstrained level of housing need in Swansea over the new plan period, taking account of the Manual which purposely distinguishes between need and policy-based considerations.

8.43 It has introduced the latest official projections from the WG, which are all based to 2018, and modelled further scenarios to account for the subsequent revision of population estimates – now available to 2022 – and extrapolate trends over a longer historic period. These scenarios suggest a need for **between 370 and 754 dwellings per annum**, although this appreciably narrows – to **between 439 and 588 dwellings per annum** – when the highest and lowest scenarios are excluded. Recent years have seen an average of 485 homes completed in Swansea, with this figure sitting within both ranges.

8.44 Only the higher scenarios, in which **at least 475 homes** would be provided each year, appear likely to grow the labour force and support the baseline employment growth scenario in which circa 525 jobs would be created annually in Swansea.

8.45 While these scenarios form an important part of the evidence, the WG does also recognise the potential for other factors to have an impact on housing need.

8.46 The Council could choose to address one consequence of past under-supply, that has seen younger adults living in increasingly large households with the official projections assuming that this will continue. It will likely need to provide additional homes to change this situation, with this section presenting further modelling to show the number of homes needed to support a partial return to the more positive trend anticipated by earlier projections. This would affect all of the scenarios presented in this section, uplifting the wide range of need to between 416 and 801 dwellings per annum.

8.47 The Council could also look to support a stronger level of job growth, with the scenario presented by SQW in section 6 one interpretation of a reasonable higher level of job growth based on current available information. This would result in the creation of 683 jobs per annum. Only the higher variant of the official 2018-based projections would appear able to support such a level of job growth, with further modelling suggesting that at least 593 dwellings per annum could be needed to do so. Circa 634 homes per annum could be needed to do so while also enabling an improvement in household membership rates, coincidentally aligning exactly with the principal 2018-based projection when an equivalent adjustment is made.

8.48 In accordance with the Manual, when translating this evidence of unconstrained need into a housing requirement for LDP2, the Council will need to also take account of other deliverability factors such as viability, environmental impact and land availability.

9. Summary and Conclusions

9.1 Turley, SQW and Edge Analytics have been commissioned by the authorities of NPT and Swansea to undertake this assessment of housing and economic growth for their administrative areas. A common methodology is being followed in the assessment process but in recognition of the requirement for each Council to independently review their LDPs two separate reports have been produced. **This report presents the findings for Swansea.**

9.2 The assessment includes:

- A consideration of strategic functional housing and economic relationships impacting Swansea. This includes a consideration of the geographical extent of functional economic market areas, with more localised housing market areas separately defined in the Council's LHMA;
- An up-to-date baseline analysis of demographic, housing and economic datasets as well as review of commercial market evidence;
- The development of forecast scenarios of reasonable employment growth accounting for current economic conditions and identified planned and potential investment;
- A calculation of the amount and make-up of employment land that could be required to accommodate business investment and forecast employment growth; and
- An assessment of future household growth and levels of housing need accounting for demographic trends and the scale of labour force change required to support the presented forecasts of job growth.

9.3 The assessment has been undertaken in the context of the Manual, which emphasises the importance of balancing housing and job growth to reduce the need for commuting. It also clearly distinguishes between the '*unconstrained need*' for housing and the plan requirement, which will be selected by the Council after it takes account of other '*supply factors*' including viability and land availability.

9.4 The evidence assembled has, in accordance with the Manual, drawn upon a range of secondary datasets available at the time of writing. These include demographic projections, such as the WG official projections, economic datasets, an externally sourced employment forecast, commercial floorspace statistics and housing market indicators. The work has also involved a process of engagement and primary data collection, which has included a business survey as well as separate targeted engagement with selected businesses and stakeholders. The Council also drew upon an initial final draft of this study in its consultation on LDP2 growth options, with high-level consideration being given to relevant responses.

National policy context

9.5 PPW confirms the importance of up-to-date development plans in a plan-led system, stating that these must be prepared in accordance with national planning policies. It specifically states that these plans should be based on evidence which is tested through the Examination procedure.

9.6 In evidencing the need for housing, PPW is clear to recognise that:

"Household projections provide estimates of the future numbers of households and are based on population projections and assumptions about household composition and characteristics. Certain elements of the projections, such as births and deaths, will remain relatively constant throughout the plan period. However, other elements, such as migration and household formation rates, have the ability to influence outcomes significantly. Planning authorities need to assess whether the various elements of the projections are appropriate for their area, and if not, undertake modelling, based on robust evidence, to identify alternative options"

9.7 In assessing the need for employment land, PPW also confirms that any review should include:

"…an assessment of anticipated employment change and land use together with estimates of land provision for employment uses showing net change in land/floorspace. This should be calculated for offices, industrial and warehouse uses separately"

9.8 Future Wales provides the national spatial strategy and emphasises the importance of regional geographies – Swansea being part of the National Growth Area covering South West Wales – which will form the basis of future SDPs. It highlights that these strategic plans will need to '*reflect functional areas, to address issues such as regional housing markets, travel to work patterns and economic opportunity areas*'.

9.9 The requirements set by national policy have been taken into account in the preparation and presentation of the evidence in this report, and the conclusions outlined below.

Spatial relationships and functional geographies

9.10 In order to appreciate the functional spatial relationships between Swansea and other adjacent authorities, and those across South West Wales, TTWAs, commuting flows, migration and house price geographies have been analysed. This has served to affirm that against all of these factors Swansea demonstrates important spatial linkages with other areas, whilst also revealing a degree of self-containment in its operation.

9.11 In looking at factors influencing the geographical extent of a strategic housing market, it is widely considered that areas in which at least 70% of moves are contained represent more self-contained markets. This can arguably be said of Swansea, given that 68% of the individuals moving out of a home during the year before the 2021 Census remained within the administrative area, although there are also strong links with elsewhere. Circa 5% of movers ended up in NPT, for example, an area where

house prices in the most proximate parts were comparable to those in the city of Swansea if not the western part of the county.

9.12 Analysis of commuting patterns emphasises the importance of this functional relationship with NPT, aided by strong road and rail connections as well as a clustering of large employment centres along the coast. The two authorities plus a small part of Powys share a TTWA, according to the ONS, and while this was based on the increasingly dated 2011 Census more recent data – both from the 2021 Census and the Annual Population Survey – reaffirms the strength of this relationship. This highlights the importance and value of future regional planning and the preparation of the future SDP.

A changing population, economy and housing market

9.13 Housing delivery in Swansea has fallen considerably short of the level planned since 2010 with only 485 homes delivered annually on average, compared to a target for 1,040 each year. Delivery more recently is lower still, at only 397 dwellings per annum over the last three years, and this has come despite the LDP having allocated sites to help achieve its ambitions.

9.14 While housing delivery has fallen short of the level planned, this does not appear to have had a detrimental effect on affordability as this has actually *improved* since 2010, due to earnings growing at a faster rate than house prices. This suggests that lower demand for housing could be contributing to the reduced rate of delivery in Swansea.

9.15 Low rates of housing delivery are though likely to have contributed to the lack of growth in the population over this period, with the last Census suggesting that the population of Swansea has fallen over the previous ten years, by a modest amount. This starkly contrasts with the prior decade (2001-11) in which the population grew by some 7%, with this having been a determining factor in the setting of the adopted LDP's housing delivery expectations. Where the latest ONS population estimate for 2022 suggests a return to growth the overall impact has been an increasingly ageing population.

9.16 The analysis identifies, however, that housing growth falling short of the level planned has not stopped residents from forming increasingly small households, continuing a trend observed prior to 2011. That said, the average household did contain slightly more people in 2021 than was anticipated by the most recent, 2018-based projections developed by the WG and more markedly from the older 2008-based projections, thereby implying that the fall in the size of households has not kept pace with that experienced prior to the current plan period.

9.17 The proportion of adult residents who were economically active also appears to have reduced since 2011, driven by younger cohorts and in particular younger males. This has not, however, led to increased levels of unemployment with 2022 representing a historic low.

9.18 Historically a major industrial centre, significant restructuring in recent decades has seen Swansea transition towards a service-oriented economy, anchored by its important higher education sector, significant concentration of public sector activities

(including public service headquarters functions) and its role as the principal regional centre for South West Wales. While productivity is low relative to the rest of the UK, there has been a modest narrowing of the gap in recent years.

9.19 Job numbers have increased since 2010, with the consequence that the 'jobs density' (the number of jobs per working age resident) has also increased. However, the rate of jobs growth has been somewhat slower than in the rest of Wales and the UK.

9.20 Most businesses in Swansea are micro enterprises, although there is a somewhat greater orientation than elsewhere in Wales and the UK to larger firms within the overall business stock. Among firms tracked for indicators of higher levels of innovation and growth activity, there is a relatively high proportion of information and communications businesses and those in professional, scientific and technical services, suggesting scope for future opportunities in this area.

9.21 The overall supply of offices, industrial and warehousing premises appears to have reduced during the current period, with losses offsetting new provision, although further interrogation suggests that this is primarily true of offices – and to a much lesser extent warehouses – with the supply of industrial space having slightly increased. Swansea does still have around 356 office spaces, according to CoStar, which tend to be relatively large for South West Wales and are of comparable quality based on its proprietary rating system, although over half of the county's offices were rated at no more than two stars out of five. Its industrial spaces and warehouses are in contrast slightly smaller than the wider average, and are generally of a lower quality than is typical in South West Wales. Availability rates have generally been above, or in line with, the national average.

Future job growth

9.22 Having reviewed recent economic performance, SQW have proceeded to consider the potential for further economic growth in Swansea over the emerging plan period (2023-38). Reference is initially made to a baseline scenario from Cambridge Econometrics, in which **525 jobs per annum** could be created.

9.23 Consideration is then given to current available information of emerging investments, and stated ambitions, which SQW believe have the potential to generate additional jobs beyond this baseline. They estimate that circa **683 jobs** could be created annually in such an investment-led growth scenario.

Future need for employment land

9.24 In accordance with the Manual, the assessment has considered the employment space that could be needed to accommodate future job growth, complementing an approach based on '*labour demand forecasting*' with further analysis based on past completions in line with guidance from the WG.

9.25 This suggests that **between 11.0 and 25.2ha** of employment land could be needed in Swansea, based on standard assumptions with allowances for losses, market choice and flexibility. Provision towards the lower end of this range would enable a

continuation of recent take-up, with some losses replaced, while the upper end would support the growth scenario and replace all losses.

9.26 This can also be broken down by property type, with each of the scenarios suggesting a need for land suited to offices (8.9 – 21.4ha) albeit the scale of this need would reduce to as little as 2.4ha if higher density offices were developed. Each scenario also suggests a positive, if markedly smaller, need for warehousing land (0.6 – 4.5ha). In contrast, only the past take-up scenario produces a positive requirement for industrial space, implying that up to 1.9ha could be needed, with the other scenarios suggesting that there could be an *oversupply* of 5.1ha.

9.27 The Council is advised to use these scenarios as reference points in developing its approach to employment land provision, but it does have the option of providing more employment land than they suggest – based on a series of indicative assumptions – as this would simply provide greater choice and flexibility to businesses. It could also be viewed as a policy intervention to improve the quality of employment space available in Swansea, by enabling the delivery of more modern premises to replace older stock or meeting specific requirements.

Future need for housing

9.28 A range of *unconstrained* scenarios have been presented in this report to explore the level of housing need that could arise in Swansea over the new plan period, responding to the Manual by considering demographics, past trends and policy-based factors as well as the relationship with the local economy.

9.29 The latest official projections from the WG have been introduced, these being based to 2018 and including 'high' and 'low' variants alongside a principal projection. Further scenarios have been modelled by Edge Analytics to both account for the subsequent revision of population estimates – now available to 2022 – and extrapolate trends over a longer historic period. All but two of these scenarios suggest a need for **between 439 and 588 dwellings per annum**, with past delivery in the current plan period (485dpa) also sitting within this range. All but one of the scenarios within it would be likely to support the baseline job growth envisaged by Cambridge Econometrics.

9.30 While these scenarios form an important part of the evidence, the WG does also recognise the potential for other factors to have an impact on housing need.

9.31 The Council could choose to address one consequence of past under-supply, which has seen younger adults living in increasingly large households with the official projections assuming that this will continue. It would likely need to provide additional homes to change this situation, with this report having presented further modelling to show the number of homes needed to support a partial return to the more positive trend anticipated by earlier projections. This would affect all of the scenarios presented in this report, suggesting that between 416 and 801 homes could be needed annually.

9.32 The Council could also look to support the higher level of job growth suggested by SQW, based on growth ambitions and known investments. This could require the provision of 593 dwellings per annum, to further grow the labour force. Circa 634 homes per annum could be needed to do so while also enabling an improvement in

household membership rates, as discussed above, with this coincidentally aligning exactly with the principal 2018-based projection when an equivalent adjustment is made.

9.33 The Council presented four growth options taken from an initial final draft version of this report when it consulted on the vision, objectives and options for LDP2 in April 2024. The highest growth option presented by the Council was the employment-led growth scenario[103]. The high-level review of the consultation responses identified that there was a consistent concern raised (mostly from representatives of the development industry) that this growth option was insufficient and it would be reasonable to test a higher level of growth. It is noted that the analysis in this report did consider levels of demographic growth which exceeded the employment-led growth scenario, specifically in the form of the higher variant of the 2018-based WG projections. The analysis in this report suggested that this demographic scenario would, however, only support a comparable level of job growth with this explained by the differing age profiles of the population, where the WG projections are based on earlier iterations of informing demographic data. As explained throughout this report it is recommended, given prevailing economic uncertainties, that potential drivers of employment growth are closely monitored to ensure that the growth scenario continues to reflect the latest evidence and reasonable economic ambitions.

9.34 In accordance with the Manual, in translating this evidence of unconstrained need evidence into a housing requirement for the emerging LDP2, the Council will need to also take account of other deliverability factors such as viability, environmental impact and land availability.

Policy implications

9.35 This report has presented a range of objective evidence, and it is important to acknowledge that its analysis is predicated upon input modelling assumptions and their extrapolation over the long-term as well as judgements around future behaviours. Such assumptions are necessary in the building of the evidence base and in ensuring the transparency of findings, but they are inherently uncertain – especially in relation to both the local and wider economy – such that it is strongly recommended to keep the quantified elements of this report under review.

9.36 As outlined above, in concluding on the need for both employment land and housing, it is also the case that in accordance with the Manual this study has focused on objective needs. It has not sought to consider this in the context of available supply or other factors.

9.37 The Council will undertake this exercise in its translation of the evidence into policy, acknowledging that PPW clearly states, for example, that *'the housing requirement that has been identified by the planning authority must be realistic and deliverable'.*

[103] The other growth options presented were the baseline employment led growth scenario, the WG principal projection, and the longer term demographic projection from this report. The growth options included the adjustment to address the consequence of past under supply regarding younger adults living in larger households.

9.38 In establishing housing and employment land requirements, it is similarly recognised that PPW, in advising on strategic placemaking and the development of a spatial strategy and site search sequence, confirms that:

"A balance should be achieved between the number of homes provided and expected job opportunities. As well as ensuring all services needed for the expectant level of growth are provided, an important consideration will be minimising the need to travel, reducing reliance on the private car and increasing walking, cycling and use of public transport"

9.39 These policy-based considerations will form an important context for the Council in the development of policies within LDP2, with the evidence presented in this report only one component of concluded judgements made.

Appendix 1: Demographic Forecasting Methodology

Swansea

DATA INPUTS & ASSUMPTIONS

May 2024

EDGE ANALYTICS

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ACKNOWLEDGEMENTS

Demographic statistics used in this report have been derived from data from the Office for National Statistics licensed under the Open Government Licence v.3.0.

The authors of this report do not accept liability for any costs or consequential loss involved following the use of the data and analysis referred to here; this is entirely the responsibility of the users of the information presented in this report.

CONTENTS

1 POPGROUP METHODOLOGY

1.1 POPGROUP is a suite of demographic models used to derive forecasts of population, households, and labour force, for areas and social groups. The main POPGROUP model (Figure 1) is a 'cohort component' model, which enables the development of population forecasts based on births, deaths and migration inputs and assumptions.

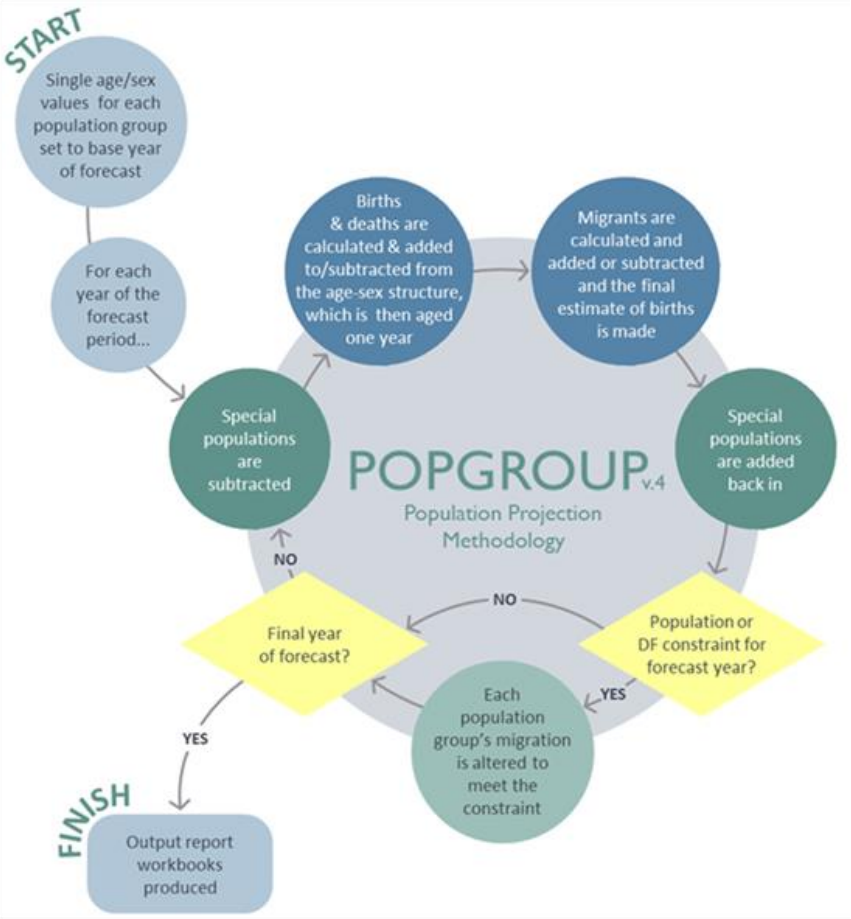
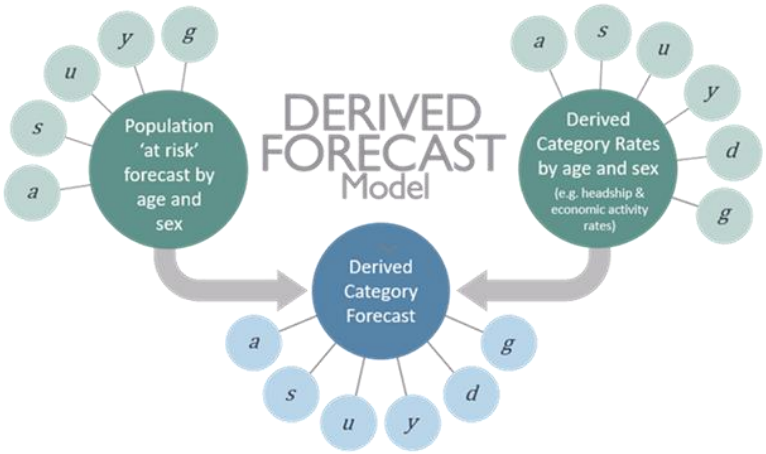


Figure 1: POPGROUP Population Projection Methodology

1.2 The Derived Forecast (DF) model sits alongside the population model (Figure 2) providing a membership rate model for household and dwelling projections and an economic activity rate model for labour force and employment projections.



$$D_{a,s,u,y,d,g} = \frac{P_{a,s,u,y,g} \; R_{a,s,u,y,d,g}}{100}$$

D	Derived Category Forecast	y	Year
P	Population 'at risk' Forecast	d	Derived category
R	Derived Category Rates	g	Group (usually an area, but can be an ethnic group or social group)
a	Age-group		
s	Sex		
u	Sub-population		

Figure 2: Derived forecast (DF) methodology

2 DATA INPUTS & ASSUMPTIONS

Introduction

2.1 Edge Analytics has developed a suite of demographic scenarios for Swansea using POPGROUP v4 and the Derived Forecast model. The POPGROUP suite of demographic models draws data from a number of sources, building a historical picture of population, households, fertility, mortality and migration on which to base its scenario forecasts.

2.2 Using historical mid-year estimate (MYE) population data evidence from the Office for National Statistics (ONS) for 2001–2022, in conjunction with information from the latest Welsh Government (WG) sub-national population projections (SNPPs) and household projections, a series of assumptions have been derived which drive the scenario forecasts.

Scenario Definition

2.3 Edge Analytics has developed a suite of trend-led, dwelling-led and employment-led scenarios for Swansea, taking into account the latest demographic and employment and labour force evidence.

2.4 The following scenarios have been configured:

Table 1: Scenario definitions

WG-2018	Replicates the WG 2018-based *principal* projection, using historical population evidence up to its 2018 base year.
WG-2018-LOW	Replicates the WG 2018-based *low* projection, using historical population evidence up to its 2018 base year.
WG-2018-HIGH	Replicates the WG 2018-based *high* projection, using historical population evidence up to its 2018 base year.
PG Long-Term	Uses a 2022 base year, with migration assumptions calibrated from a 21-year historical period (2001/02–2021/22), and fertility and mortality from a 5-year historical period (2017/18–2021/22). The historical UPC adjustment is included within the international migration component of the MYEs (2001/02–2020/21).
PG Long-Term-X	Uses a 2022 base year, with migration assumptions calibrated from a 21-year historical period (2001/02–2021/22), and fertility and mortality from a 5-year historical period (2017/18–2021/22). The historical UPC adjustment is not included within the international migration component of the MYEs (2001/02–2020/21).
Dwelling-led	In this dwelling-led scenario, population growth is driven by growth in the level of dwellings, an additional 485 dwellings per year (2022/23-2037/38). Dwelling growth targets are applied from the 2022 MYE onwards. Migration, fertility and mortality assumptions are consistent with the PG Long-Term scenario.

Employment-led baseline	In this employment-led scenario, population growth is driven by growth in the level of employment, derived from the SQW 'Baseline' forecast, averaging +531 per year (2022/23-2037/38) after Turley's allowance for double jobbing. Employment growth targets are applied from the 2022 MYE onwards. Migration, fertility and mortality assumptions are consistent with the PG Long-Term scenario.
Employment-led growth	In this employment-led scenario, population growth is driven by growth in the level of employment, derived from the SQW 'Growth' forecast, averaging +684 per year (2022/23-2037/38) after Turley's allowance for double jobbing. Employment growth targets are applied from the 2022 MYE onwards. Migration, fertility and mortality assumptions are consistent with the PG-Long-Term scenario.

2.5 Under a 'dwelling-led' scenario, population growth is determined by the annual change in the number of dwellings using key assumptions on household headship rates, communal population statistics and a dwelling vacancy rate.

2.6 Under an 'employment-led' scenario, population growth is determined by the annual change in employment using key assumptions on economic activity rates, commuting ratios and unemployment rates.

Inputs & Assumptions

Population

2.7 In the WG scenarios, the population base year is 2018 and the growth trajectories thereafter are drawn directly from the official subnational population projections for Swansea.

2.8 In all other scenarios, the projection base year is the 2022 ONS MYE, disaggregated by single year of age and sex. From 2022 onwards, future population counts are estimated by single year of age and sex, using the defined assumptions on fertility, mortality, and migration as outlined below.

Births & Fertility

2.9 In the WG scenarios, projected birth counts are applied from the 2018 base year to ensure consistency with the official projections.

2.10 In all other scenarios, an area-specific and age-specific fertility rate (ASFR) schedule is derived from a 5-year history of historical births data (2017/18–2021/22). In combination with the 'population at risk' (i.e., all females between the age of 15–49), the ASFR assumptions provide the basis for the calculation of births in each year from 2022 onwards. Over the forecast period, the ASFR is adjusted to reflect the annual rate of change in the long-term fertility assumptions of the WG's 2018-based Principal projection.

Deaths & Mortality

2.11 In the WG scenarios, projected counts of deaths by 5-year age group and sex are applied from the 2018 base year to ensure consistency with the official projections.

2.12 In all other scenarios, an area-specific and age-specific mortality rate (ASMR) schedule is derived from a 5-year history of historical deaths data by sex (2017/18–2021/22). In combination with the 'population at risk' (i.e., the total population), these ASMR assumptions provide the basis for the calculation of deaths in each year of the forecast period. Over the forecast period, the ASMR is adjusted to reflect the annual rate of change in the long-term mortality assumptions of the WG's 2018-based Principal projection.

Internal Migration

2.13 In the **WG** scenarios, projected counts of internal in- and out-migration by 5-year age-group and sex are applied from the 2018 base year to ensure consistency with the official projections.

2.14 For all other scenarios, an area and age-specific migration rate (ASMigR) schedule is derived from twenty-one years (2001/02–2021/22). of historical internal migration data, which then determines the future number of internal in- and out-migrants for the remainder of the plan period.

International Migration

2.15 In the **WG** scenarios, projected counts of international in- and out-migration by 5-year age-group and sex are applied from the 2018 base year to ensure consistency with the official projections.

2.16 For all other scenarios, future counts of international in- and out-migration have been derived from twenty-one years (2001/02–2021/22) of historical international migration data. An ASMigR schedule of rates is derived from the relevant migration history and used to distribute the future counts by single year of age.

Households & Dwellings

2.17 The Census defines a household as, *"one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area".*

2.18 In POPGROUP, a dwelling is defined as a unit of accommodation which can either by occupied by one household or can be vacant.

2.19 The household and dwelling growth implications of each scenario are estimated through the application of communal population statistics, household membership rates, average household size and a household to dwelling conversion factor. These assumptions have been sourced from the 2021 Census, WG Council Tax data and the WG 2018-based household projection model. In a **dwelling-led** scenario, these assumptions have been used to derive the level of population growth required to meet the defined dwelling-growth target.

Household Membership Rates

2.20 Membership rates are used to calculate the proportion of the household population in each household category by age group and sex (**Error! Reference source not found.**), taken from the WG 2018-based household model for Swansea. The household population is then converted into household using average household size assumptions, drawn from the household model.

Table 2: WG 2018-based household categories

Household Category
1 person
2 person (No children)
2 person (1 adult, 1 child)
3 person (No children)
3 person (2 adults, 1 child)
3 person (1 adult, 2 children)
4 person (No children)
4 person (2+ adults, 1+ children)
4 person (1 adult, 3 children)
5+ person (No children)
5+ person (2+ adults, 1+ children)
5+ person (1 adult, 4+ children)

2.21 All scenarios have also been run with the following sensitivity to household membership rates applied:

- **HH-18 Partial Return**: Between 2022 and 2038, the WG 2018-based membership rates in the 25–29 and 30–34 age groups return to a 'mid-point' between the 2008-based and 2018-based membership rates. The 'mid-point' has been calculated as an average of the 2008-based and 2018-based membership rates in 2033 (Table). No adjustments have been made to the other age groups.

Table 3: Swansea – HH-18 Partial Return mid-point membership rates

Sex	Age Group	Category	2033 Membership Rates		
			HH-08	HH-18	Mid-point
Male	25–29	1 person	25.8%	15.1%	20.5%
Male	25–29	2 person	27.6%	29.7%	28.7%
Male	25–29	3 person	27.4%	21.3%	24.3%
Male	25–29	4 person	11.2%	22.8%	17.0%
Male	25–29	5+ person	8.0%	11.0%	9.5%
Male	30–34	1 person	26.2%	28.7%	27.4%
Male	30–34	2 person	27.0%	28.0%	27.5%
Male	30–34	3 person	32.0%	20.4%	26.2%
Male	30–34	4 person	12.1%	14.4%	13.3%
Male	30–34	5+ person	2.7%	8.5%	5.6%
Female	25–29	1 person	15.1%	7.5%	11.3%
Female	25–29	2 person	41.5%	35.7%	38.6%
Female	25–29	3 person	27.2%	23.9%	25.5%
Female	25–29	4 person	13.2%	20.4%	16.8%
Female	25–29	5+ person	3.0%	12.6%	7.8%
Female	30–34	1 person	14.2%	13.0%	13.6%
Female	30–34	2 person	32.1%	29.3%	30.7%
Female	30–34	3 person	32.8%	26.0%	29.4%
Female	30–34	4 person	15.3%	18.8%	17.0%
Female	30–34	5+ person	5.7%	13.0%	9.3%

Communal Population Statistics

2.22 Household projections in POPGROUP exclude the population 'not-in-households' (i.e., the communal/institutional population). These data are drawn from 2021 Census. Examples of communal establishments include prisons, residential care homes, student hall of residence, and certain armed forces accommodation.

2.23 For ages 0–74, the number of people in each age-group 'not-in-households' is fixed throughout the forecast period. For ages 75–85+, the population 'not-in-households' varies across the forecast period depending on the size of the population.

2.24 The communal population statistics are therefore used to derive the size of the private household population in each scenario.

Household to Dwelling Conversion Factor

2.25 The relationship between households and dwellings is modelled using a conversion factor, sourced from WG Council Tax data. Under all scenarios, a household to dwelling conversion factor of 3.1% for Swansea has been applied and fixed throughout the forecast period.

Labour Force & Employment

2.26 The size of the resident labour force and the level of employment in the area under each of the scenarios are estimated using economic activity rates, an unemployment rate and a commuting ratio. In an **employment-led** scenario, these assumptions are used to determine the level of labour force and population growth required to support the defined level of employment[1].

Economic Activity Rates

2.27 Economic activity rates are the proportions of the population that are actively involved in the labour force, either employed or unemployed and looking for work. In all scenarios, economic activity rates by five-year age group (16–89) and sex have been derived from 2011 Census statistics, with adjustments made in line with the Office for Budget Responsibility's (OBR) analysis of labour market trends in its 2018 Fiscal Sustainability Report.[2]

Commuting Ratios

2.28 The difference between the level of employment in an area and the size of the resident workforce (i.e., residents in employment) can be used to infer a 'commuting ratio'. A ratio higher than 1.00 indicates a net out-commute (the number of residents exceeds the level of employment in an area). A commuting ratio lower than 1.00 indicates the reverse: a net in-commute (the level of employment in the area exceeds the size of the resident workforce).

2.29 Using data from the ONS Annual Population Survey (APS), published via StatsWales, a commuting balance has been derived for Swansea. The number of resident workers in Swansea is approximately 122,500, with the number of people employed in the area at 133,600. This results in a commuting ratio of 0.92, indicating a net in-commute. This commuting ratio has been applied and fixed throughout the forecast period in all scenarios.

[1] An adjustment has also been made by Turley, outside of the POPGROUP model, to allow for double jobbing.
[2] OBR Fiscal Sustainability Report, July 2018

Unemployment Rate

2.30 Unemployment rates measure the proportion of unemployed people within the economically active population. In all scenarios, an unemployment rate of 4.5% for Swansea has been applied and fixed throughout the forecast period.

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