

# West Midlands Monthly Monitor

August 2019



# Introduction

Welcome to the August edition of the West Midlands Economic Monitor. The purpose of this document is to provide an overview of regional data which has been released in the previous month, as well as highlight significant announcements impacting on the West Midlands.

## Infrastructure

Plans to reopen two new stations on the Walsall – Wolverhampton line have received a substantial [£10 million cash boost](#). The cash injection is being provided by the Department for Transport (DfT), while the remainder of the project will be funded by the region's HS2 Connectivity Fund. The planned reopening of Willenhall and Darlaston stations will ensure a direct rail service between Walsall and Wolverhampton, unlocking land for housing, industrial and commercial development.

In addition to this funding, the project to reopen 3 new stations on the Camp Hill line has [received a £15 million boost from the DfT](#). The funding is a significant step to ensure that passenger services are resumed at the reopened stations planned for Hazelwell, Moseley and Kings Heath for the first time since 1941.

Alongside improve rail infrastructure, plans to upgrade junction 10 of the M6 are set to go ahead in the new year [after a contractor was recently appointed](#). The junction that serves Walsall and Wolverhampton will have its bridges replaced and four lanes will be created to help ease traffic and congestion. The £78 million upgrade will be completed by Jon Sisk & Son after they won the contract.

[Construction has started on](#) the £7.6 million Longbridge park and ride facility. The project aims to reduce congestion along the A38 Bristol Road by encouraging more people to use rail to commute into Birmingham city centre. The new multi-storey facility will provide 629 car-parking spaces, allowing more commuters to leave their cars at the station and take the train to work.

The second phase of the Perry Barr regeneration [scheme has been given outline approval](#). The site earmarked for regeneration covers 31.7-acres and will accommodate

between 400-500 new homes, with a new secondary school for over 1200 pupils.

The site sits alongside the former Birmingham City University Campus which is currently undergoing substantial redevelopment to house the athlete's village for Birmingham's 2022 Commonwealth Games.

Solihull Council has earmarked 6 sites in the Belsall and Berkswell area for a 1,700 new homes. The homes are on the greenbelt and have [sparked resistance](#) from local residents who have set up a pressure group.

In other infrastructure news, designs have been revealed for a substantially upgraded train station on University of Birmingham campus. The station, which serves the university campus and the Selly Oak Queen Elizabeth II hospital, will be upgraded in time for the 2022 Commonwealth Games. The station was originally designed for 400,000 passengers but currently services 3.3 million. After the upgrade it will have the capacity to handle 7.2 million passengers.



**The University Station design renders, showing how the station will look upon completion, (Source: TfWM).**

# Ideas

West Midlands SMEs are increasingly tech-savvy. That's [according a report by Yorkshire Bank](#), which surveyed business across the country. It found that 67% entrepreneurs in the region believe being online is helping their business grow and create a greater international presence.

61% of Midlands entrepreneurs think technology is a key business driver, compared with only 55% in Sheffield. There are 13,900 tech companies in the West Midlands, the largest tech hub outside of London. Only 52% of Manchester SMEs believe online technology has helped their business grow, again below Birmingham.

In an additional boost for Birmingham's digital industry, [Kainos has said](#) it plans to go on a recruitment drive and hire 100 new employees. The digital services company provides services to government departments such as Defra and HMRC.

The WMCA has [put out a call](#) for partners to help it establish a 5G accelerator in the region, an important step in testing 5G services in a real-world environment.

The Birmingham 2022 Commonwealth Games logo has been revealed by organisers. The blue and yellow logo symbolises 'B' for Birmingham and also traces the region's towns which are involved in hosting the games.

The decision to exclude shooting from the games has caused controversy, with India stating they will boycott the games if the sport is not reinstated. The decision, made by Ian Reid, Chief Executive of Birmingham 2022, was due to the proposed location for the sport being in Surrey, which he argued would offer little or no benefit to the West Midlands region.

[Engineering consultancy firm WSP has partnered with Transport for West Midlands \(TfWM\)](#) to support the delivery of a Midlands-based testbed facility for connected and autonomous vehicles (CAVs).

The project is a piece of a larger £1.7 million contract with TfWM, with initial stages involving the design of the TfWM Midlands Future Mobility CAV testbed. The facility will trial innovative modes of new transport, including CAVs.

The aim is to meet the targets of the government's decision to name the West Midlands the UK's first Future Mobility Zone, ensuring that the region is at the forefront of the design, development and production of electric and autonomous vehicles.



*New logo (source: Birmingham Commonwealth Games)*

# People

Immigration is a vital economic component for the WM city-region. [In a report by Cushman & Wakefield](#) on the future of the UK's residential sector, Birmingham's city-core is the most dependent on international immigration for growth. Only Bristol is revealed to have a net positive inflow of domestic migration.

The report also suggests that in major UK cities, like Birmingham, there will be a move from co-living to micro-living, where students will move from shared accommodation to small, self-contained build-to-rent accommodation.

Housing continues to be policy challenge for the region. With homelessness an increasing problem in city-cores, WM Mayor Andy Street has called on the government to rethink its benefits policy.

Andy Street has [urged for an increase in the Local Housing Allowance](#), which has been frozen for the past three years, while private-rented-sector housing rents have increased. The inability of some people to meet the increase in rent payments is a contributory factor to the prevalence of homelessness.

The ONS annual household population surveys have revealed that:

11.8% of Households in the West Midlands Combined Authority constituency members were classed as workless in 2018, which is above the UK average of 10.1%.

Comparatively, there were 1,251,200 (48.4%) working households in the WMCA in 2018. This is also below the UK average of 54.1%. Nevertheless, compared to 2017, the number of working households in the WMCA has increased by 3.1% which is five times the UK average increase of 0.6%.

The West Midlands has the largest number of places to drink alcohol per square mile outside of London. That's according to a study on the UK's drinking culture, which looks at volume and location of alcoholic licensed premises, such as pubs and bars.

Greater London has the largest concentration of alcohol places, whilst the West Midlands comes second with 24 places per square mile to seek a beer or a wine. Manchester and Tyne and Wear is behind the West Midlands with 18.

In the Dudley borough there are a total of 1,032 licensed premises, such as restaurants, pubs and cafés. This works out at 27 places per square mile in Dudley. In front of Dudley is Sandwell, with a total of 922 licensed premises, working out at 28 licensed premises per square mile.

[Public Health England \(PHE\) is urging parents](#) of young children starting primary school to check their immunisation records, to see if they are up to date with their pre-school booster.

PHE has launched a 'Value of Vaccines' campaign, to increase awareness about the importance of getting children vaccinated against MMRI. As part of this campaign, data has been made public, which reveals that up to 10,000 young children in the West Midlands are at risk of contracting serious diseases compared to their peers.

This comes at a time that the UK has lost its 'measles free status' from the World Health organisation. The UK was declared free of the extremely infectious disease only two years ago.

# Business Environment

## West Midlands Business Activity Index

sa, >50 = growth since previous month



[Businesses in the West Midlands have started the third quarter](#) on a much more stable footing than the previous quarter, which reported a sharp drop in purchasing orders during the month of June. The headline West Midlands Business Activity Index does remain inside contraction territory at 49.7 in July. However, the latest reading contrasts significantly with the ten-year low of 47.2 recorded in June, showing that contraction in this quarter may be on course to reverse.

On a sector by sector basis, the data indicates that manufacturing remained the foremost area for weak growth in the region. On a positive note, firms in the West Midlands have reported their strongest optimism towards the year-ahead outlook in July. This positive degree of confidence is second only to the confidence shown by businesses in the Yorkshire & Humber region.

The stability has been buoyed, partly and crucially, by inflows of new business at firms across the West Midlands, as the private sector rebounded in July. The index rose sharply to record its highest reading since August last year, indicating the sharp turn-around.

Additionally, the West Midlands region employment rate for April to June 2019 was 74.4%, while the UK was 76.1%.

From the previous quarter the West Midlands employment rate increased by 0.5pp while the UK employment rate did not change, showing the rate of recruitment has started to slow.

## West Midlands Business Activity Index



Last six months WM v UK



The West Midlands region unemployment rate for April to June 2019 was 4.6%, while the UK average was 3.9%, again the WM remains below the national average, expressing the resilient nature of unemployment in the region.

Uncertainty over Brexit continues to impact every sectors of the UK economy, [with UK investment dropping by 20%](#) in the first half of the year. However, the Midlands appear to be bucking the trend by showing an increase in investment over the period of the first half of the year.

The South West saw investment fall by 50% in the first half of this year, whereas in the West Midlands it increased by 3% and the East Midlands by 63%. The market fundamentals remain strong, with substantial levels of leasing, low vacancy rates and growth in rental; all factors that are attractive to investors.

# Places

The tall-tower boom continues in Birmingham, with Yardley-based Europe Property Investments submitting plans for a 61-storey skyscraper on Broad Street. The development would comprise of 503 apartments and be positioned directly by a new metro-stop servicing the line that is currently being extended up to Edgbaston.

The proposed tower has 224 one-bedroom and 279 two-bedroom apartments, all available for sale on the open market. Additional facilities include secure storage for around 250 bikes, but lacks any car parking facilities.

If constructed the tower would be the tallest residential tower in the UK outside of London and joins a growing cluster of tall builds on Broad Street.

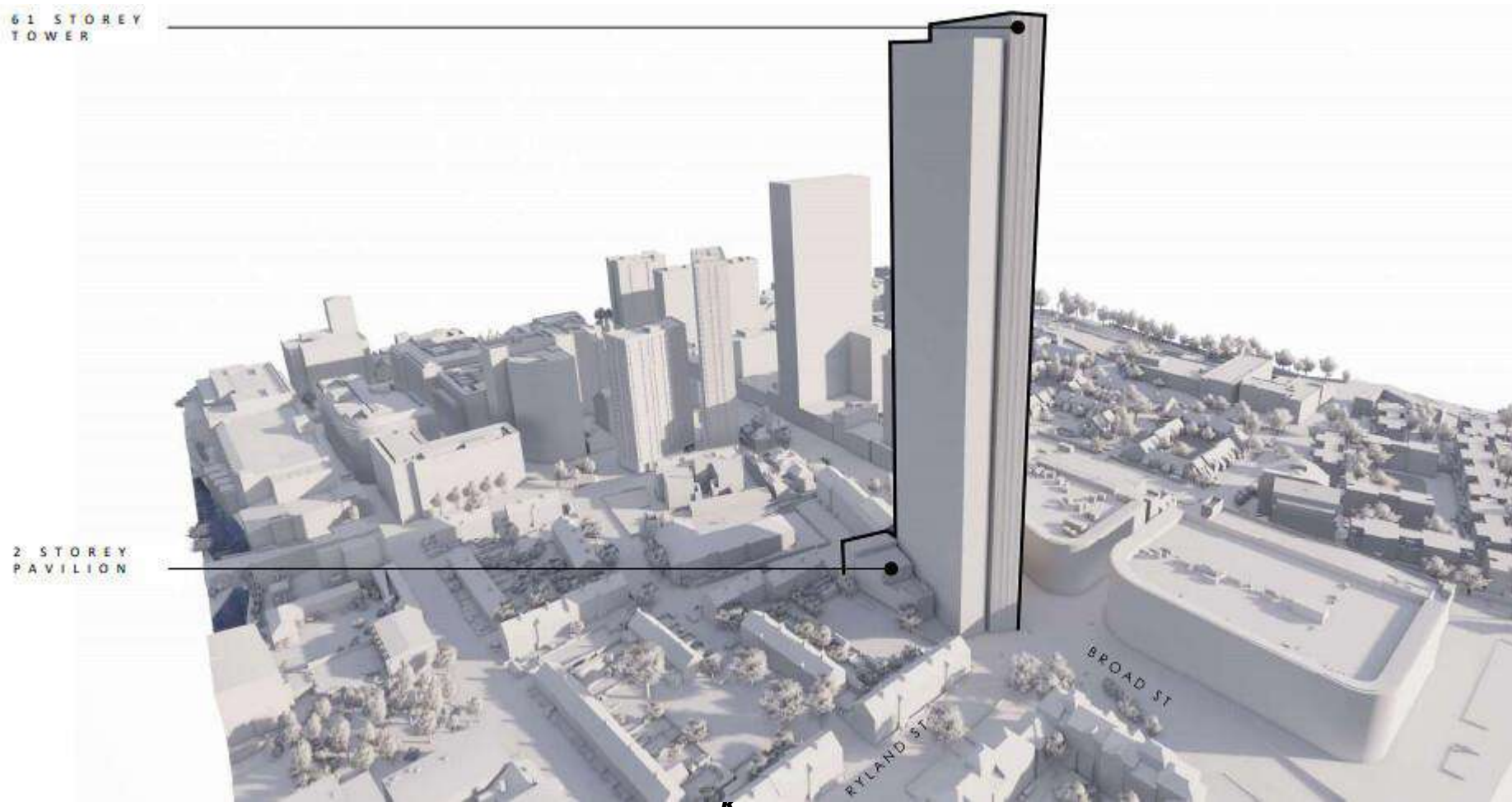
Property firm LH1 London has sold out more than 100 of its apartments and one of its landmark Birmingham developments. 'The Forge' is a luxury apartments site in the regeneration hotspots of Digbeth. The construction works, which initially started in 2018, are set for completion in spring 2021.

In additional development news, [the government has handed the WMCA £41m](#) to help unlock hundreds of acres of former industrial land for much-needed new homes.

The additional funding will help support the WMCA's efforts to breathe life into derelict sites by converting them to residential purposes. The funding comes at a time that housebuilding across the West Midlands has increased by 30%, rising from 11,288 in 2014/15 to 14,628 in 2017/18.

The funding, targeted at house-building, will help accelerate the ambitions of the WMCA to use brownfield sites to increase available housing stock, both available on the market and via housing associations.

Money from the £41 million Land Fund will be first used on Cable Street / Steelhouse Lane in Wolverhampton, with other sites across the region, including Walsall, Coseley and Solihull considered for funding support.



***The changing face of Broad Street, (Source: Glancy Nichols).***

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