

CAMBRIDGE AHEAD

HOUSING DASHBOARD

AUGUST 2023



2,225

additional homes in
Greater Cambridge over
the 12 months to March
2023



1.5%

annual increase in the
housing stock in Greater
Cambridge over the last
10 years



7%

annual increase in
house prices in
Greater Cambridge

Ely's house prices grew by **8%**
in the last year and **20%**
over the last five years,
surpassing growth rates in
Cambridge and South
Cambridgeshire



6%

increase in the
average rental price
in Cambridge
September 2022 and
March 2023



5.2%

rise in income
levels over the 6-
year period to
2022

The average lower quartile
house price is **13** times
higher than the average lower
quartile income in Cambridge



8

net zero buildings in
Cambridge, up from just
1 since June '22

Build Out Rate - Planning Flow

The flow of new planning consents in Greater Cambridge has returned to pre-Covid levels and has recovered more strongly than regional and national trends. EPCs lodged for new dwellings indicate that completions of new homes in Greater Cambridge reached 2,225 additional homes over the twelve months to March 2023, 17% higher than the equivalent period last year.

This number of completions comes after a period of already high delivery: the housing stock of Greater Cambridge has grown by an average of 1.5% per annum over the last ten years, compared to 0.9% per annum across England over the same period. The gap between new consents and additional homes is 14% in Greater Cambridge, below a national average of 26%, indicating that sites are being built out relatively quickly in Greater Cambridge.

Figure 1 - New full planning consents in a national and regional context

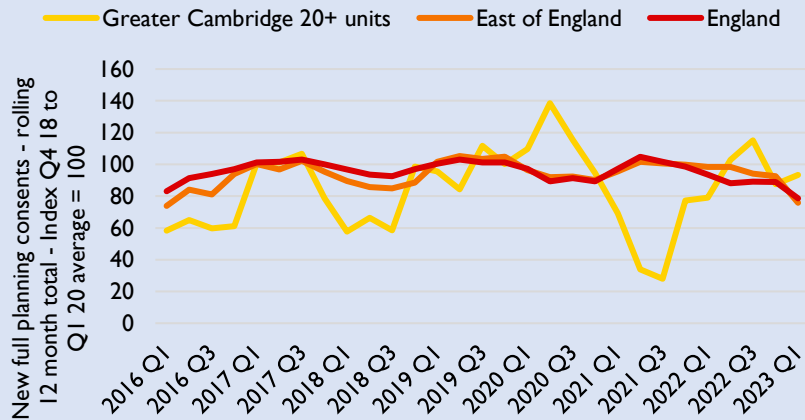
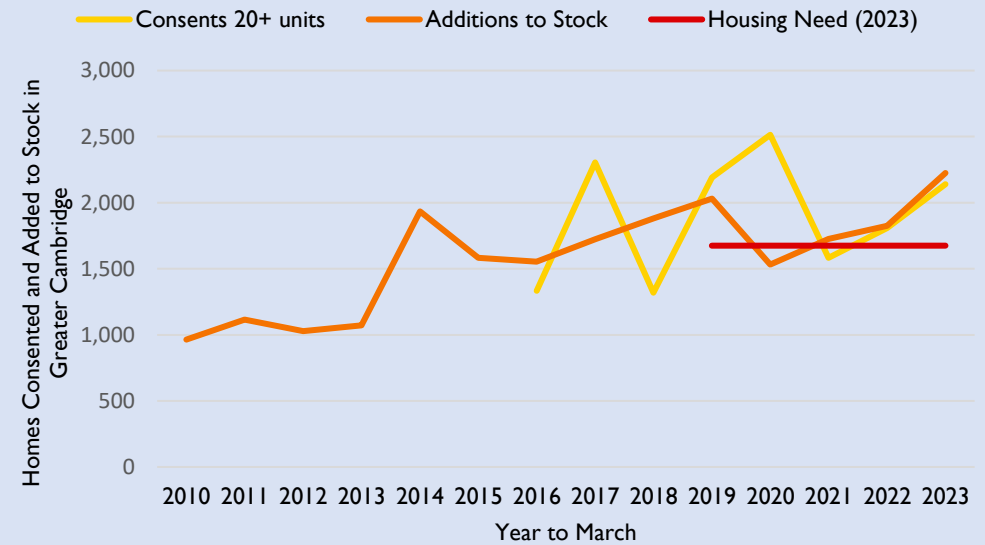


Figure 2 - Consents and build out rates in Greater Cambridge



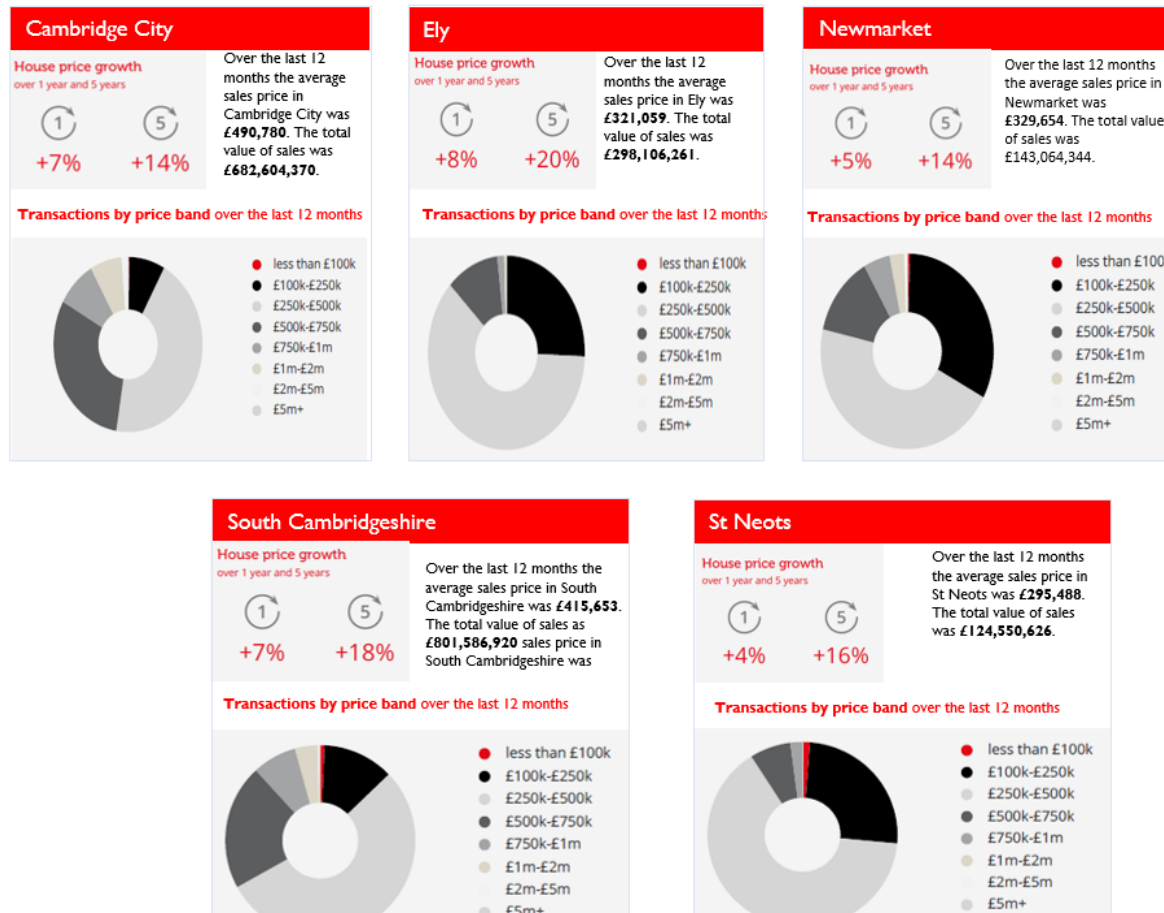
Since the year to March 2015, 1,812 net additional dwellings (including latest EPC-based estimates) have been built on average each year, 8% above the combined current Local Plan requirement of 1,675 homes per annum. Over the same period there has been an annual average of 1,899 new planning consents for homes in the area (on sites of 20+ unit capacity), with a gap of 5% between housing additions and larger consents.



Analysis produced by Savills using Glenigan data and HBF Pipeline Report, compiled by Glenigan.

Demand – Sales (annual)¹

Figure 3 - Sales figures in five districts



Data from JLL shows that house prices grew by 7% in Cambridge City and 8% in South Cambridgeshire over the last 12 months. Over the same period, the average sales price in Cambridge City was £490,780 and £415,653 in South Cambridgeshire. The value of sales in South Cambridgeshire was £100m higher than that in Cambridge and despite the total value of sales in Ely being lower than that in Greater Cambridge, the city has witnessed the highest house price growth over the last one and five years, growing by 8% and 20%, respectively.

NATIONAL MARKET

On the national market, the average price for a property in June was £287, 546, up 1.7% year-on-year, and 0.7% on the previous month (ONS).

Bank of England base rates were raised to 5.25% in August, the 14th increase in a row, in order to curb inflation. The Bank expects inflation to slow to 5% by the end of the year.

The HMRC report that over 85,000 sales took place in June. This is up 6% on the previous month and the highest number since March, although down 15.4% year-on-year.

¹ Reporting by JLL with data drawn from Dataloft Inform

Demand – Sales (six monthly)²³

The long-term picture presented by the JLL data shows an increase in sales prices. However, over the short term (September – March 2023), prices have dropped slightly. According to Cambridgeshire Insight, sales prices fell slightly by 0.42% in Cambridge and 2% in South Cambridgeshire. This is consistent with the national trend, where prices fell by 0.4% across England. However, the East of England witnessed a 1% increase in prices. The average sale price in Cambridge in March 2023 was £570,860 and £528,570 in South Cambridgeshire. The lowest average price was observed in Fenland at £248,048.

Over the six month period between September 2022 and March 2023, sales activity dropped by 76% in Greater Cambridge, again in line with regional and national shifts, with declines of 86% observed in the East of England and 85% across all of England. Huntingdonshire experienced a bigger shift, with sales plunging by over 100%, down from 1,250 sales in September 2022 to 607 in March 2023.

Sentiments from RICS professionals

Kevin Burt-Gray, MRICS, Pocock and Shaw, Cambridge

Activity remains slow and the market outlook uncertain. I suspect it may now be 2024 before we see some traction within the residential sales market.

Mark Wood MRICS, Blues Property Ltd, Cambridge

Very quiet month all round, apart from interest rate rises, school holidays have had an effect.

Mr R Swiney MRICS, Lacy Scott and Knight, Bury St Edmunds,

Market quiet at the moment, fingers crossed the September market picks up!

² Cambridgeshire Insight data

³ Data covers the 6-month period prior to the stated month (the latest data is for March 2023)

Figure 4 - Total Number of Sales (6 monthly)

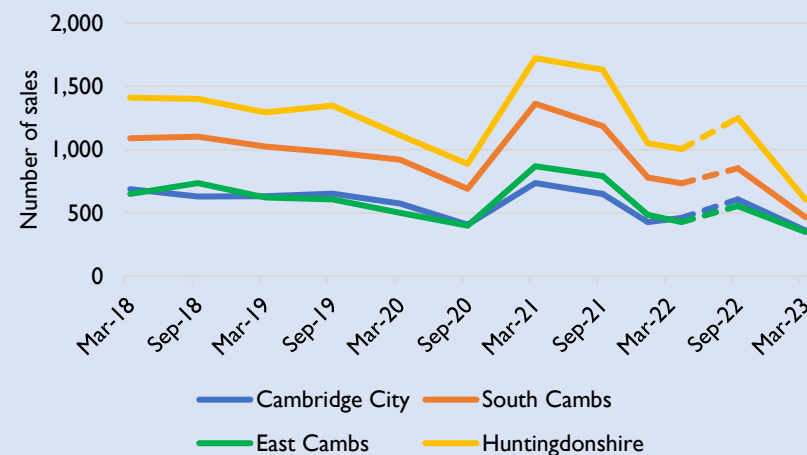
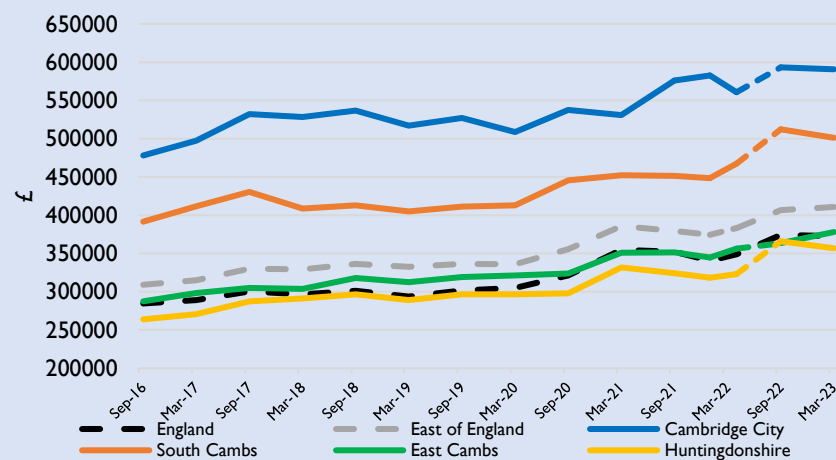


Figure 5 - Average Sale Price



Demand – Private Lettings⁴⁵

Figure 6 - Average rental price (all homes)

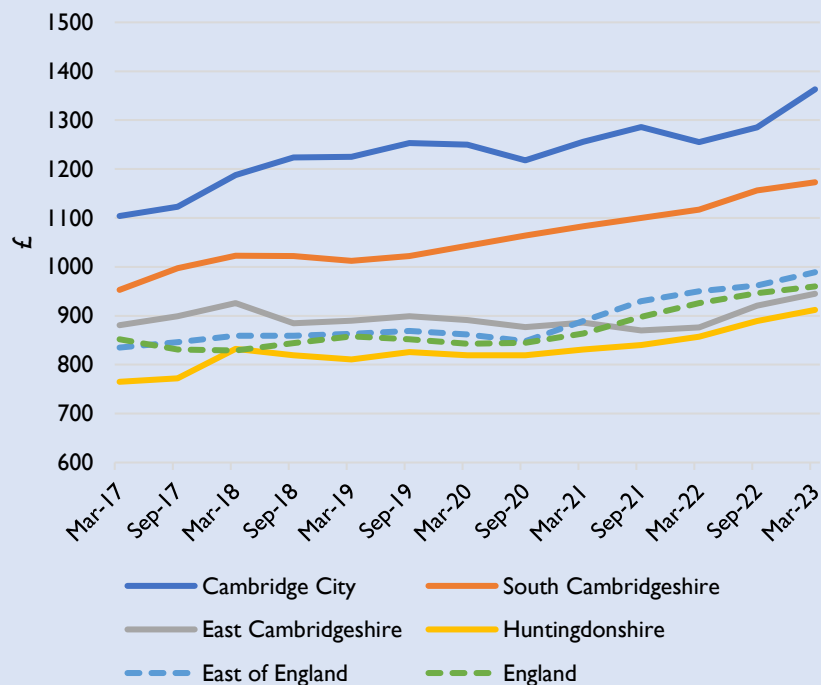
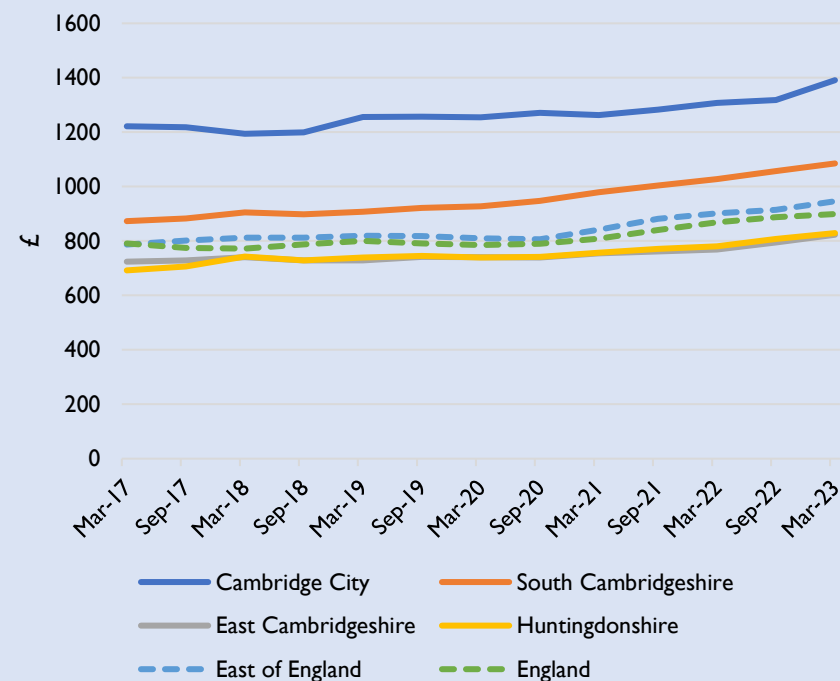


Figure 7 - Average rental price (2 bed homes)



Rental prices increased across all districts between September 2022 and March 2023, with the highest change recorded in Cambridge City, which saw a 6.07% rise. It was the only district whose rental prices rose higher than the East of England average (2.81%). However, rents across all districts increased at a faster rate than the national average (1.48%), except for South Cambridgeshire, whose rents increased by 1.47%. A similar trend is observed for 2-bedroom homes, with Cambridge City recording a 5.54% increase, followed by East Cambridgeshire at 3.65%. The average rental price across all properties in Cambridge City was £1,363pcm in the year to March 2023, and £1,173pcm in South Cambridgeshire, while the average rental price of a 2-bed home in Cambridge City was £1,391pcm in the year to March 2023 and £1,085pcm in South Cambridgeshire, up 2.65%.

⁴ [ONS Private Rental Market Summary Statistics](#), [RICS UK Residential Market Survey, February 2023](#)

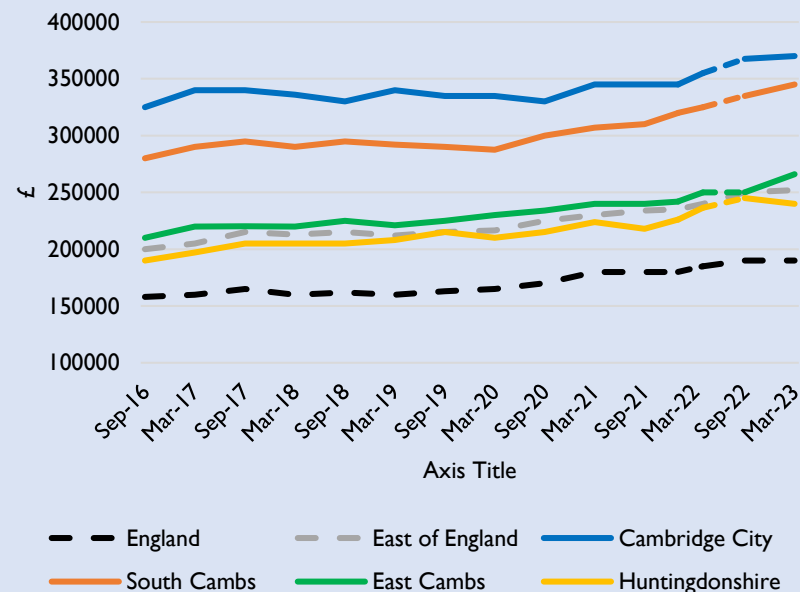
⁵ Data covers the 12-month period prior to the stated month (i.e., latest data is for April 22 to March 23) and is updated biannually - next release December 2023.

LOWER QUARTILE PRICE⁶

The lower quartile price reflects the cheapest 25% of the market and is sometimes used as a guide to ‘entry level’ prices.

Despite the fall in average sales prices between September 2022 and March 2023, the lower quartile price increased in all districts apart from Huntingdonshire. In March 2023, the average lower quartile price was £370,000 in Cambridge City, up 0.65% from September 2022 and 5.7% from a year ago. In South Cambridgeshire, lower quartile prices were up 3% from September 2022 and 6.2% over the previous 12 months. East Cambridgeshire had the highest increase in the lower quartile price, up 6% in the previous 6 months. Huntingdonshire saw a 2% fall in lower quartile prices. At the regional and national levels, lower quartile prices in the East of England increased by only 1% and remained unchanged across the country.

Figure 8 - Lower Quartile Price (based on sales and valuations)



⁶ [Cambridgeshire Insight data](#)

Average rent compared to Local Housing Allowance⁷

Local Housing Allowance (LHA) is a method of calculating housing benefits for people in the private rented sector. LHA rates are based on the 'market rental area' someone lives in and the composition of their household. LHAs are set by the Department for Work and Pensions (DWP).

While the LHA has been frozen since April 2020, private rental prices have continued to rise. Between September 2022 and March 2023, the average weekly rent for a 2-bed in Cambridge City increased by 3.3% while LHA remained at £196. This means that housing benefit or universal credit recipients faced a £149 weekly deficit on their rent in Cambridge City in March 2023. In South Cambridgeshire, the weekly deficit was £79 and £40 in Huntingdonshire.

In addition to facing the rising cost of private rents, low-income renters are contending with declining quality of private property. The Institute for Fiscal Studies reports that low-income families living in private rented properties are likely to be living in homes that are hazardous, in disrepair, difficult to adequately heat or lacking modern facilities⁸.

While the LHA rates have remained unchanged for more than 3 years and are expected to remain frozen in 2023/24, call for reforms have mounted, with findings from a February 2023 inquiry into reforming the private rented sector by the Levelling Up, Housing and Communities Committee showing that there was a unanimous call to uprate LHA rates to at least the 30th percentile of local rents and relinking rates to the real cost of renting for future years.

⁷ [Housing Board for Cambridgeshire, Peterborough & West Suffolk. Housing Market Bulletin, 54. December 2022.](#)

Figure 9 - Median rent and LHA rates

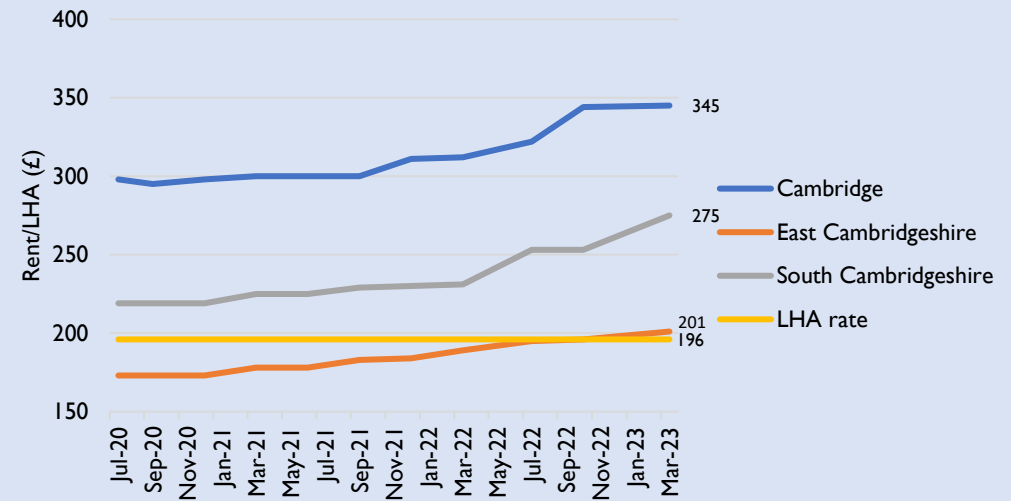
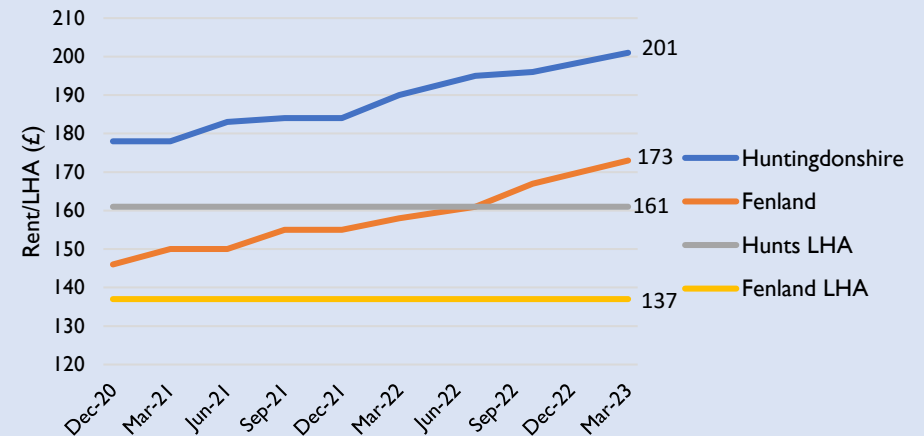


Figure 10 - Median weekly rent and LHA rates for 2 bed rental properties (Hunts/Fens)



⁸ [IFS](#)

Affordability ratios: median house price to median income⁹

Affordability ratios compare income or earnings to house prices to give an impression of how affordable it is to purchase a home in a particular area. There are a range of different ways of calculating affordability ratios, with the most common looking at median income compared to median house price.

In both Cambridge City and South Cambridgeshire, the data reveals a slight rise in the median house price to median income ratio from October 2022 to March 2023. In March 2023, the ratio stood at 9.9 for Cambridge and 8.9 for South Cambridgeshire, marking a 0.1-point increase from the ratios in October 2022 for both areas. This implies that, on average, the cost of a median-priced house is approximately 9.9 times and 8.9 times the median income in Cambridge and South Cambridgeshire, respectively.

Ratios in the year to March 2023 were down across all districts, down 0.8 points in Cambridge City, 0.6 in East Cambridgeshire, 0.5 in South Cambridgeshire, and 0.1 in Huntingdonshire. The affordability ratio in Fenland remained constant.

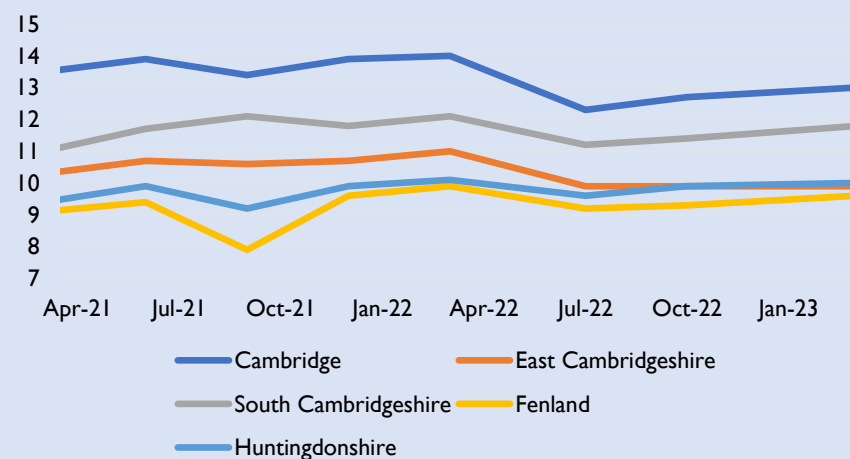
⁹ Housing Board for Cambridgeshire, Peterborough & West Suffolk. Housing Market Bulletin, 54. October 2022.

Lower quartile income compared to lower quartile house price

The lower quartile affordability ratio compares the lowest quarter of incomes with the lowest quarter of house prices across areas.

Residents in the lower income quartile continue to be squeezed by rising house prices. In March 2023, the average lower quartile house price was 13 times higher than the average lower quartile income in Cambridge, a 0.3-point increase from October 2022. South Cambridgeshire had the second highest lower quartile ratio at 11.8 and recorded the highest increase (4%) between October 2022 and March 2023. This indicates a rising affordability issue in Greater Cambridge.

Figure 11 - Lower quartile house price to lower quartile income ratio



EPC Rating – Domestic and Non-Domestic Buildings¹⁰

An A+ certification of eight non-domestic buildings in May 2023 in

8 new net zero buildings
in Cambridge City

Hope Street has increased the number of net zero buildings from 1 to 8 in Cambridge City. In comparison, only one new building was certified net zero in South

Cambridgeshire, bringing the total number of net zero buildings on par with Cambridge. While new rules require all new tenancies from 1 April 2025 and all existing tenancies by 1 April 2028 to meet band C or higher on an EPC, there has only been a 1.9% increase in the number of domestic buildings rated band C or higher in Cambridge City and 1.8% in South Cambridgeshire. Still, domestic buildings continue to have a better overall EPC rating than non-domestic buildings in both districts, with over half (52.5%) of domestic buildings achieving an EPC rating of 'C' or higher in Cambridge City. In South Cambridgeshire, about 50% of buildings were certified 'C' or higher.

Figure 12 - Non-Domestic EPC Rating May '23

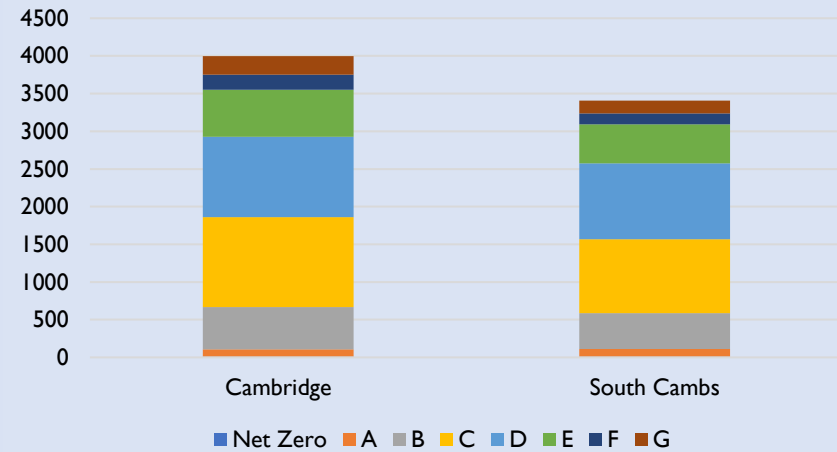
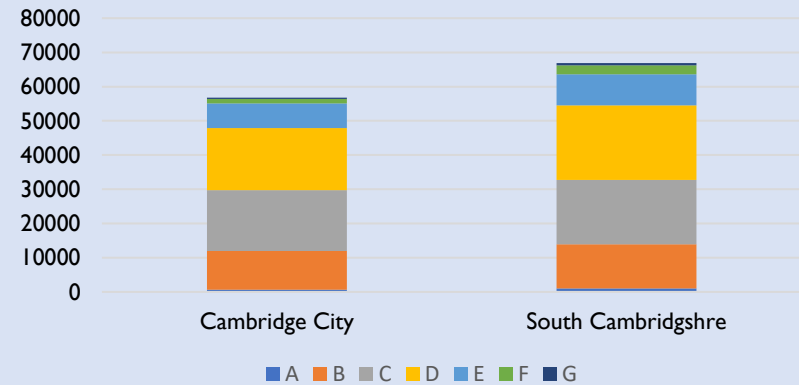


Figure 13 - Domestic EPC Rating May '23

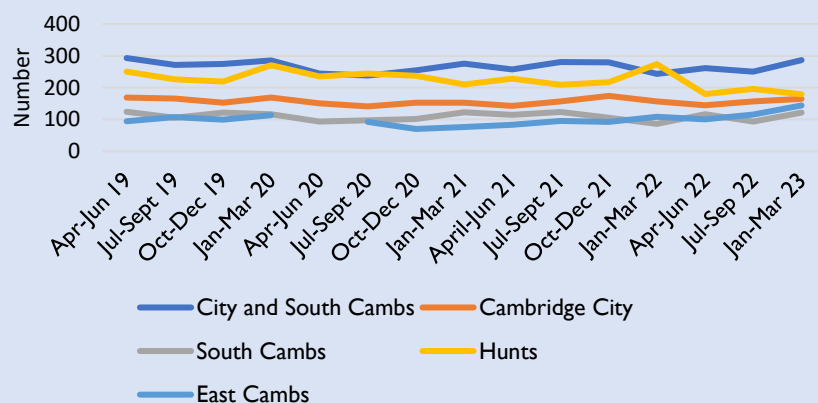


¹⁰ Department for Levelling Up, Housing & Communities, Energy Performance of Buildings Register

Homelessness¹¹

South and East Cambridgeshire reported the highest increase in the number of households assessed as being threatened with homelessness and owed a statutory prevention and relief duty being threatened with homelessness and owed a statutory prevention and relief duty. Between January and March 2023, 121 households were assessed as being threatened with homelessness and owed a statutory prevention and relief duty being threatened with homelessness and owed a statutory prevention and relief duty, up 30% from from October - December 2022. In East Cambridgeshire, the number of households threatened with homelessness increased from 100 to 144. In Cambridge City, 165 households were threatened with homelessness, up from 157 in September 2022. 222 households were in temporary accommodation in March 2023 in Greater Cambridge, up from 190 in September 2022.

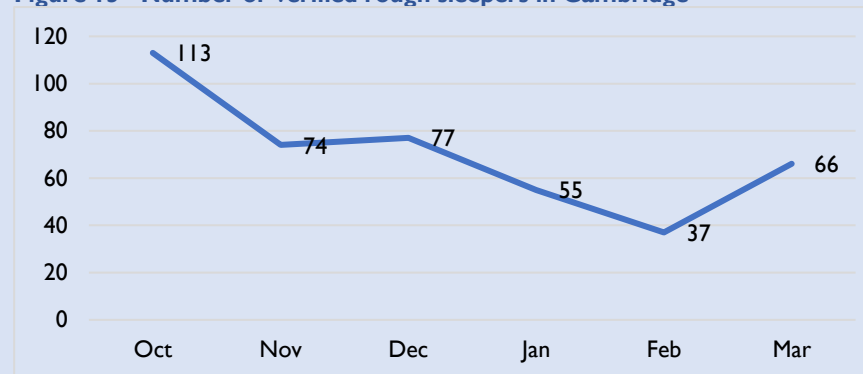
Figure 14 - Households Assessed as being threatened with homelessness



¹¹ MHCLG Statutory Homelessness Statistics

Rough Sleeping¹²

Figure 15 - Number of verified rough sleepers in Cambridge

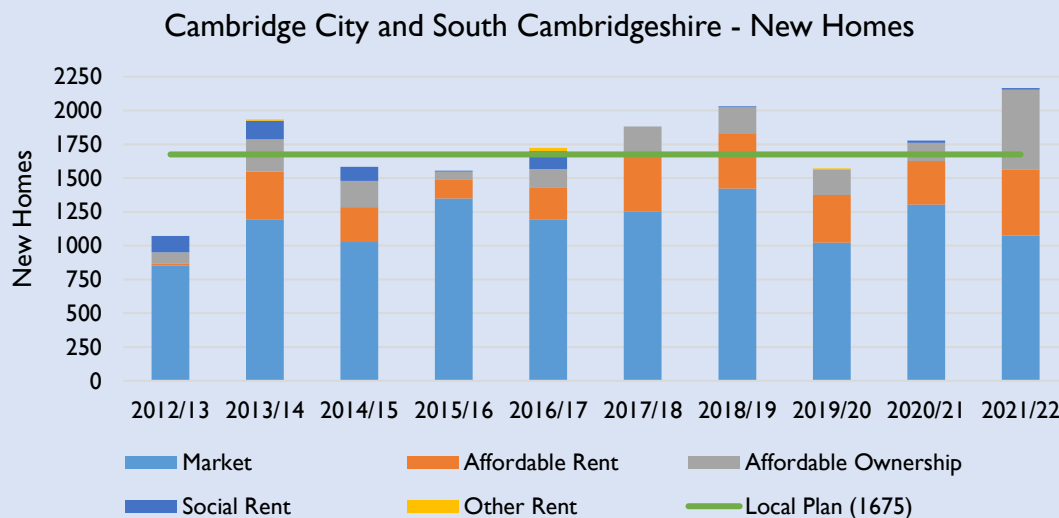


A spike in rough sleeping was observed in October 2022, with 113 individuals verified as rough sleeping in that month. Although the number has gradually dropped in the subsequent months leading up to March 2023, an increase from 37 to 66 was observed between February and March 2023. This reflects a doubling of figures since March 2022. [The Cambridge City Council](#) has pointed out that the increase in rough sleeping is mainly because some individuals who have been sleeping on the streets for a long time are not taking up or staying in the available accommodation options. There is also a steady arrival of new people to the streets, many of whom are from outside Cambridge.

¹² [Cambridge City Council Strategic Housing Key Facts](#)

The following tables have not been updated since the [April 2023 Dashboard](#) as there has not been any new data since then. Supply compared to local plan requirements will be released in November 2023, while supply compared to employment data will next be released in March 2024.

Supply - Compared to Local Plan requirements¹³



Data covers 1 year period (April to March)

Across the last 10 years of delivery since 2012:

- Cambridge City Council area has surpassed its local plan requirement – delivering an average of 811 new homes per annum against a plan requirement of 700 (average delivery rate).
- The South Cambridgeshire area has fallen short of its local plan requirement – delivering an average of 885 new homes per annum against a plan requirement of 975 (average delivery rate).
- Collectively the two districts have delivered an average of 1695 new homes per annum against a collective plan requirement of 1675.

¹³ MHCLG, Live Tables 123, 1006C, 1006aC, 1007C, 1008C. Cambridge City and South Cambridgeshire Local Plans

Delivery of new homes was mixed between both districts over the last 3 years. In total, it surpasses local plan requirements:

- Cambridge City Council area has delivered an average of 506 new homes per annum.
- The South Cambridgeshire area has delivered an average of 1219 new homes per annum.

		'12/13	'13/14	'14/15	'15/16	'16/17	'17/18	'18/19	'19/20	'20/21	'21/22
Net of supply new homes	City and South	1071	1934	1584	1555	1723	1881	2031	1571	1726	1826
	Camb City	484	1298	715	884	1178	1152	877	464	400	613
	South Cambs	587	636	869	671	545	729	1154	1107	1326	1213
Social Rent	City and South	119	138	105	6	134	0	8	2	15	10
	Camb City	55	123	84	0	87	0	2	2	8	0
	South Cambs	64	15	21	6	47	0	6	0	7	10
Affordable Rent	City and South	12	354	258	143	231	414	410	352	324	490
	Camb City	0	246	111	127	201	323	219	69	97	164
	South Cambs	12	108	147	16	30	91	191	283	227	326
Affordable Ownership	City and South	86	237	194	57	139	212	191	184	135	590
	Camb City	21	168	125	23	116	180	115	31	53	164
	South Cambs	65	69	69	34	23	32	76	153	82	87
Market	City and South	854	1195	1027	1349	1196	1255	1422	1023	1303	1075
	Camb City	408	751	395	734	751	649	541	352	282	285
	South Cambs	446	444	632	615	445	606	881	671	1021	790

Future planned delivery:

Cambridge City Council have agreed a programme to build 1000 council homes in the next ten years (and nearly 2000 homes in total).

Supply - Compared to employment growth

- Over the last 6-year period to 2022, employment has grown by 5.2%, so that 28,061 new jobs have been created in the Greater Cambridge area (based on CBR data)¹⁴, compared to 12,040 new dwellings¹⁵.

NB: Employment figures count global job creations, not just those of people based in Cambridge.

- ONS projections show that the average household size in Cambridge City is 2.37 and in South Cambridgeshire is 2.39¹⁶. Based on these averages, the new homes built over the last 6 years would accommodate approximately 28,655 people in Greater Cambridge.¹⁷
- According to the Greater Cambridge Housing Strategy, 78% of Greater Cambridge workers both live and work in Greater Cambridge.
- Even allowing for housing growth outside the Greater Cambridge area, for those that travel in to work, these figures suggest that housing supply is failing to keep pace with job creation. Over time, this will continue to exacerbate housing affordability pressures and continue to extend the Cambridge travel to work area.

¹⁴ Cambridge Cluster Insights, 2023

¹⁵ Greater Cambridge Planning (2022)

<https://www.greatercambridgeplanning.org/media/2674/gc-housing-trajectory-and-5yhls-report-14-march-2022.pdf>

Census data from 2021 shows that population in Cambridge has grown by 17.6% since 2011, which apart from Bedford (17.7%), makes it the authority with the highest population growth outside of London.

Employment growth compared to new dwellings: Greater Cambridge

3 - year period (2018-19 to 2021-22)		
	Total	% pa change
Employment Growth - CBR	10,447	3.5
Employment Growth - BRES		1.4
Employment Growth – CBR/BRES combined	13,764	2.4
New Dwellings	5253	
6 - year period (2014-15 to 2021-22)		
	Total	% pa change
Employment Growth - CBR	28,061	5.2
Employment Growth - BRES		1.8
Employment Growth – CBR/BRES combined	32,088	2.8
New Dwellings	12,040	

¹⁶ ONS (2023) – Household size

<https://www.ons.gov.uk/datasets/TS017/editions/2021/versions/3>

¹⁷ Greater Cambridge Planning (2022)

<https://www.greatercambridgeplanning.org/media/2674/gc-housing-trajectory-and-5yhls-report-14-march-2022.pdf>