

Subject: Residential Market Demand Update – Cambridge  
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## RESIDENTIAL MARKET DEMAND UPDATE – CAMBRIDGE

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### Introduction

The University of Cambridge has instructed Bidwells to prepare this note to provide an overview of the current market demand for residential property in Cambridge and any changes in demand that have occurred since outline planning permission was granted for Eddington in February 2013.

### Cambridge Residential Market Update

The UK House Price Index shows that house prices in South Cambridgeshire increased by 4.9% in the year to January 2021 despite the COVID-19 Pandemic. The measures implemented by the UK government to control the spread of the coronavirus caused a large reduction in the number of transactions in the housing market in April and May 2020. Sales rates then recovered quickly as the restrictions eased and were very strong in H2 2020 on all the new build development sites across Cambridge. This performance was fuelled by the stamp duty holiday, buyer demand for more living and amenity space, and the 2013-21 Help to Buy scheme which closed for new reservations in December 2020.

### Market for Sale / Owner Occupier Demand

Bidwells advised that the market housing mix for Eddington should be skewed towards family housing at the time outline planning permission was granted for the development in February 2013. We suggested a site wide average of 33.33% apartments and 66.67% houses for the market units across the development. At that time residential developers were nervous about building high numbers of apartments in non city centre locations which had been evidenced by a lack of bids for high density serviced land parcels on the southern fringe developments.

Demand remains strongest for family housing and in particular for smaller, more affordable houses on the large fringe developments and in the villages surrounding Cambridge. This is evidenced by the new homes sales completed across the large fringe sites in 2020 where 87% of the houses sold had an average unit size of less than 1,400 sqft and an average value of below £600,000.

Apartments sales were also strong across the large fringe developments in 2020. While developers remain cautious about delivering too many apartments in non city centre locations we have recently received bids for land parcels at Eddington based on schemes where apartments make up a high percentage of the overall unit numbers. The schemes have been designed to incorporate a significant number of small 1 and 2 bedroom apartments which are more affordable due to their size and because they are likely to fall within the Help to Buy regional price cap of £407,400 which applies from the 1<sup>st</sup> April 2021.

To summarise demand for apartments and houses from owner occupiers is driven by affordability which means there is a need to deliver a greater number of smaller sized units. We still recommend that the market housing mix should be skewed towards family housing for the remaining phases at Eddington but that it should incorporate a higher number of 2 and 3 bedroom houses which range from 800 - 1,400 sqft as opposed to large 4 or 5 bedroom properties. The mix should also include a range of studios and 1, 2 and 3 bedroom apartments with a high percentage of smaller more affordable units.