ECONOMIC ANALYSIS OF DEVELOPMENT IN GREATER CAMBRIDGE

Introduction

This paper considers the economic aspects of new residential development on the fringes of Cambridge and large strategic developments outside the City, but within South Cambridgeshire.

Only fringe sites and large strategic developments are considered; this paper does not include data from smaller schemes on the edge of existing villages.

Table 1 presents average unit sizes and average values of new build dwellings across Greater Cambridge. Tables 2 and 3 review the viability of fringe sites versus strategic sites, drawing on sales from 2019–20 and 2024–25 respectively.

Analysis of Dwelling Sizes – Cambridge City vs. South Cambridgeshire

The data shown in Table 1 is taken from the Office of National Statistics (“ONS”) and the Land Registry. Mean house prices are taken from Land Registry.

Average dwelling sizes and average house prices have been taken to consider residential sales values per ft^2 across the Local Authority areas of Cambridge City and South Cambridgeshire.

While some schemes that would be considered on the fringe of Cambridge are within South Cambridgeshire (for example Marleigh), the majority of fringe schemes over the last 10 years have been delivered within the boundary of Cambridge City. As such, comparing the data across these two authority areas provides a useful proxy for considering fringe development against strategic development.

Table 1: Average Size and Average Sale Price of New Build Dwellings

LA	Variable	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cambridge	Total Floor Area (m^2)	75,087	110,620	108,139	98,262	56,261	42,284	36,444	70,336	43,340	44,557
	Total Lodgements	828	1,285	1,165	1,163	647	495	451	972	544	504
	Average Dwelling Size (m^2)	90.68	86.09	92.82	84.49	86.96	85.42	80.81	72.36	79.67	88.41
	Mean House Price	£413,527	£434,750	£448,579	£452,980	£446,249	£453,362	£451,105	£497,206	£493,246	£488,703
	Mean Price per m^2	**£4,560**	**£5,050**	**£4,833**	**£5,361**	**£5,132**	**£5,307**	**£5,582**	**£6,871**	**£6,191**	**£5,528**
	Mean Price per ft^2	**£424**	**£469**	**£449**	**£498**	**£477**	**£493**	**£519**	**£638**	**£575**	**£514**
South Cambridgeshire	Total Floor Area	74,123	87,974	70,316	99,632	132,053	107,825	130,514	133,054	133,928	130,194
	Total Lodgements	632	801	599	885	1,146	955	1,194	1,221	1,242	1,210
	Average Dwelling Size (m^2)	117.28	109.83	117.39	112.58	115.23	112.91	109.31	108.97	107.83	107.60
	Mean House Price	£327,721	£357,039	£376,219	£383,075	£376,572	£378,930	£391,674	£419,226	£428,193	£426,050
	Mean Price per m^2	**£2,794**	**£3,251**	**£3,205**	**£3,403**	**£3,268**	**£3,356**	**£3,583**	**£3,847**	**£3,971**	**£3,960**
	Mean Price per ft^2	**£260**	**£302**	**£298**	**£316**	**£304**	**£312**	**£333**	**£357**	**£369**	**£368**

New build dwelling sizes have remained relatively consistent from 2015 to 2024, with house prices generally increasing steadily across both areas. As of 2024, the average size of a new build property in South Cambridgeshire was 127% of that in Cambridge City. This demonstrates that fringe sites can deliver higher density schemes and make more efficient use of land.

The data above shows that new build residential sales values in Cambridge City have been consistently higher than new build sales values in South Cambridgeshire. The difference between the two areas has remained largely consistent over the last 10 years, although there was a notable spike in average price per ft^2 in Cambridge City in 2022 due to the average size of a new build dwelling decreasing in that year, most likely because of an increase in the sale of flats for a period.

The trends over the last 10 years have been relatively consistent, so it is reasonable to assume that fringe sites will continue to deliver more efficient and higher value schemes in comparison to developments further away from the City.

Viability of Fringe Developments versus Strategic Developments

This section analyses average sales values per ft^2 on schemes delivered in Greater Cambridge. Data is taken from sold prices available through Land Registry and market intelligence from Carter Jonas.

Schemes are categorised as:

- Fringe sites - Those that abut the settlement envelope of Cambridge; and
- Strategic sites - Large developments that are new settlements, or extensions of new settlements.

Table 2 lists sales from January 2019 to December 2020, and Table 3 lists sales from January 2024 to December 2025.

“Fixed Development Costs” are those costs involved with the construction of homes, estate roads, and incidental landscaping, etc. The costs for more significant infrastructure and abnormal construction costs are not included within fixed development costs.

The difference between the sales rates and fixed development costs is shown as “Residual Funds” that could be used to deliver infrastructure and planning obligations.

Table 2: Average Sales Revenues from large development in Greater Cambridge Jan 2019 – Dec 2020

Site	Strategic or Fringe	House Builder	Average Sales Revenues per ft^2	Estimate of Fixed Development Costs	Residual Funds
Trumpington Meadows	Fringe	BDW	£500	£200	£300
Great Knighton	Fringe	Countryside	£390	£200	£190
Great Knighton	Fringe	Elite Homes	£415	£200	£215
Knightly Avenue	Fringe	Hill	£445	£200	£245
Darwin Green	Fringe	BDW	£465	£200	£265
Eddington	Fringe	Hill	£465	£200	£265
Northstowe	Strategic	Linden	£325	£200	£125
Northstowe	Strategic	Taylor Wimpey	£300	£200	£100
Northstowe	Strategic	BDW	£320	£200	£120
Cambourne	Strategic	Taylor Wimpey	£300	£200	£100

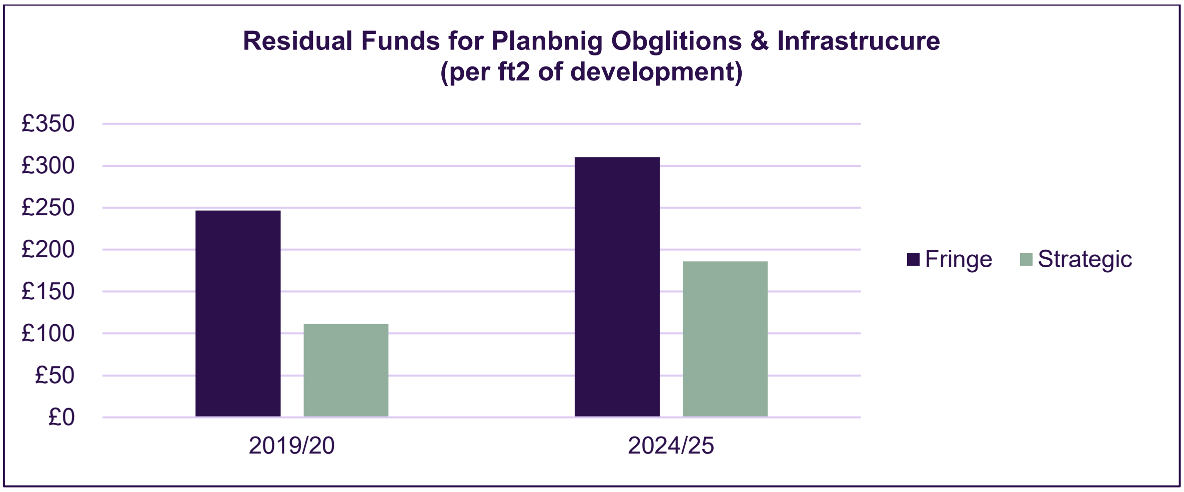
Table 3: Average Sales Revenues from large development in Greater Cambridge Jan 2024 – Dec 2025

Site	Strategic or Fringe	House Builder	Average Sales Revenues per ft^2	Estimate of Fixed Development Costs	Residual Funds
Springsted Village	Fringe	Bellway & Latimer	£550	£220	£330
Marleigh	Fringe	Hill	£470	£220	£250
Darwin Green	Fringe	BDW	£520	£220	£300
Eddington	Fringe	Hill	£540	£220	£320
Netherhall Gardens	Fringe	Cala	£570	£220	£350
Northstowe	Strategic	Linden	£380	£220	£160
Northstowe	Strategic	Taylor Wimpey	£410	£220	£190
Waterbeach	Strategic	Stonebond	£470	£220	£250
Cambourne	Strategic	Bovis	£370	£220	£150
Cambourne	Strategic	Taylor Wimpey	£400	£220	£180

Average sales values of new build properties on the fringe of Cambridge are significantly higher than those on schemes further from the city. This trend is shown in both 2019/20 and 2024/25.

Assuming that the cost of constructing homes (on a per ft^2 basis) is equivalent across both types of schemes, the residual funds available to deliver infrastructure and planning obligations is far greater on fringe schemes than strategic schemes, as shown in Figure 1.

Figure 1: Comparison of residential sales values across fringe and strategic developments



The stronger viability of fringe schemes above strategic schemes means that they will be more resilient to downturns in the market, and will likely deliver homes at a quicker pace, particularly in challenging economic conditions.

The data shows that fringe sites are able to deliver more infrastructure and other benefits to existing and new residents than strategic sites.

Conclusion

The average size of new build dwellings in within Cambridge City is smaller than those delivered in South Cambridgeshire. This shows that schemes delivered in Cambridge (and on its fringes) are of a higher density and use land more efficiently than schemes further away from the City.

Assuming that the base cost of construction is broadly homogeneous across Greater Cambridge, the evidence clearly demonstrates that large developments on the edge of Cambridge can generate greater funds for planning obligations and infrastructure than strategic developments in satellite locations around Cambridge. The greater viability of fringe sites means that they are more resilient to market fluctuations and can deliver homes at a greater rate than strategic sites.