CAMBRIDGE NORTH

BUILD TO RENT MARKET REPORT

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CAMBRIDGE
PRIVATE RENTED SECTOR – MARKET REPORT

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1.1 Background

1.1.1 This study on the local need and demand for Build to Rent (BtR) has been prepared by Bidwells LLP on behalf of Brookgate Ltd to support their proposals at the former Chesterton Sidings' Cowley Road, Cambridge. The study is submitted to South Cambridgeshire District Council (SCDC) to support Brookgate's planning application, which includes 270 apartments that are BtR (47% 1-bed, 50% 2-bed and 3% 3-bed).

1.1.2 This study provides background in relation to the private rented sector (PRS) and considers the need for this form of development within the context of the Cambridge housing market.

1.2 Background to PRS

1.2.1 The England's PRS is the fastest growing sector in the country and has more than doubled in size in recent years. This trend is set to continue with PRS now surpassing all public sector housing.

1.2.2 Institutional investment in PRS is however more common in countries such as the US, Germany and other European countries. Nonetheless, over recent years the sector has seen increasing investment from pension funds and other large private institutions. Moving to a market where institutionally managed rental blocks become much more common will necessarily take some time. However, there are signs that the market is now starting to move towards this with greater emphasis now being placed on BTR rather than Buy to Rent, which currently dominates the market.

1.2.3 PRS often houses the most mobile households where long-term flexibility of tenure is important. This is an important tenure for young entrants into the housing market, particularly those between 25-35 years old. The 25-35 age group are typically key workers, often young urban professionals, who are looking for a comfortable and affordable place to stay for a secure length of tenure but which still provides long term flexibility. This group of people will happily live in PRS housing, as proven by the numerous successful emerging schemes. This is however slowly changing with more families entering the market either by choice or necessity – resulting either from a lack of affordable social housing or unobtainable home ownership. Notwithstanding this change, it is likely that the core demographic will continue to be young urban professionals for the foreseeable future.

1.2.4 When it comes to renting, tenants tend to choose accommodation with good amenities and transport links. The most successful BtR schemes are in urban locations, with local transport within walkable distance where demand is more robust. A critical mass of 150 units or more is sought by investors, whether in one building or multiple buildings. Therefore, BtR developments are generally medium to high density.

1.3 Report Structure

1.3.1 The remainder of this report is structured as follows:

- Chapter 2 outlines the policy and guidance within which any BtR proposals would need to be considered;
- Chapter 3 considers the specifics of the Cambridge housing market;
- Chapter 4 provides an overview of the demographics of PRS; and
- Chapter 5 concludes the study.

2 Policy and Guidance

2.1 Introduction

2.1.1 PRS has formed an established part of the housing market within England throughout the last Century. However, PRS BtR housing, is a relatively new concept in England, which has been growing in response to the ongoing housing crisis. The role of PRS BtR housing in helping to meet England's housing needs and adding choice and competition to the market is increasingly recognised yet there is relatively limited policy guidance relating specifically to PRS housing.

2.2 The Government's Position on the Private Rented Sector

2.2.1 Whilst the NPPF does not provide many specific references to the PRS, it nonetheless emphasises the importance of widening the choice of high quality homes as being central to achieving sustainable development:

> *"62. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes)."*

2.2.2 In addition, the Government's Housing Strategy[1] provides clear support for institutional PRS:

> *"5. … Only 1 per cent of residential stock in the UK is owned by institutions, compared with around 10–15 per cent in most European countries. This provides a clear opportunity to grow and diversify the investment base, attracting new types of investor and new sources of funds."*

2.2.3 Also:

> *"16. With demand for rental housing likely to continue to rise, we must continue to support innovation and investment…"*

2.2.4 Subsequently, the Montague Review was implemented which reported in 2012. In his report[2], Sir Montague concluded:

> *"45. It is clear that, on the demand side, there is real potential for investment in large scale developments of purpose built rented housing to grow and to be viable. This type of development can bring in new money, give a boost to housing supply, and provide more choice for tenants, particularly those who may be renting long term. And there is research which suggests that the lack of high quality private rented accommodation can put a brake on the wider growth of economic activity.*
>
> *46. It is also widely accepted that the conditions now are more favourable to this kind of development than they have been in recent years. A combination of recent tax changes and wider market conditions have cleared the way for this market to grow. There are some models already emerging which are establishing the concept and slowly developing the expertise which will help others to overcome the barriers in the longer term.*
>
> *47. But the challenge right now is to secure a step change on a faster timescale – a significant boost to housebuilding now, to meet existing and growing demand for rented homes. Delivering that step change will require further action from Government – to address the structural gap that currently separates housebuilders, investors and local authorities, and to give confidence to investors."*

2.2.5 In particular, Sir Montague recommended that:

> *"Local authorities should use existing flexibilities in the planning system to plan for and enable developments of privately rented homes, where they can meet local needs. The National Planning Policy Framework has enabled this by embedding a flexible and permissive approach..."*

2.2.6 The following year the Communities and Local Government Select Committee investigated issues in the PRS market and opportunities to grow and mature the market[3]. This set out 43 recommendations ranging from boosting the supply of private rented accommodation through to improving the quality of existing stock and the accountability of landlords.

[1] HM Government. (November 2011). Laying the Foundations: A Housing Strategy for England.
[2] DCLG. (August 2012). Review of the Barriers to Institutional Investment in Private Rented Homes.
[3] House of Commons CLG Select Committee. (July 2013). The Private Rented Sector Volumes 1-3.

2.2.7 One of the recommendations of the Select Committee was that:

> *"The demographics within the private rented sector are changing. No longer can it be seen as a tenure mainly for those looking for short-term, flexible forms of housing. While some renters still require flexibility, there is also an increasing number, including families with children, looking for longer-term security. The market, therefore, needs to be flexible, and to offer people the type of housing they need. The flexibility of assured shorthold tenancies should be better exploited, and the option of using assured tenancies should also be considered where these meet the needs of landlords and tenants. That we are beginning to see some institutions and housing associations offering longer tenancies under the current law suggests that we do not need legislative changes to achieve them. Rather, we need to change the culture, and to find ways to overcome the barriers to longer tenancies being offered."*

2.2.8 In their response to the Select Committee, the Government appeared to endorse this recommendation and is seeking to increase awareness of the availability of longer tenancies[4]. The Government also stated that:

> *"Investors of purpose-built properties will seek to minimise void losses and churn, as they have a longer term interest in their property and portfolio, and in income certainty."*

2.2.9 Therefore, the Government is clearly of the opinion that PRS, and particularly BtR, is one of the tenures that should be included in the mix of housing that local planning authorities should be making provision for, as set out in paragraph 62 of the NPPF.

2.2.10 A subsequent guide to BtR[5] identified a series of benefits to local authorities:

> *"8.1 Supporting the Local Community*
>
> *The development of new Build to Rent housing can help Local Authorities to meet local demand for market rented housing and as, generally speaking, tenants only have the option to rent from a small-scale landlord, it will increase tenant choice.*
>
> *Build to Rent investment is an income focused business model. As a consequence, successful schemes will retain their customers for longer periods and maximise occupancy levels. In order to achieve this, investors will strive to keep their customers happy and this is another reason why they want to create truly sustainable communities. Placemaking, investment in the public realm and engagement with the local community will be interwoven with scheme designs.*
>
> *8.2 Supporting local growth*
>
> *Build to Rent can help increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing. Large-scale investors in Build to Rent will invest for the long-term and at scale. If they are persuaded by the long-term investment prospects of a large site or regeneration area then they may be willing to commit to a forward purchase of a Build to Rent scheme within it. Some may commit to developing the scheme themselves.*
>
> *Build to Rent also has the potential to increase the speed of housing delivery and place-making as the market absorption rate for private rented sector is higher than build for sale. This enables communities to become established more rapidly, bringing forward the speed with which new local amenities such as shops, leisure and schools can be supported by local demand. Increased house building also brings wider benefits to the local economy, including providing employment and training opportunities to local people and supporting local businesses. Build to Rent also has the potential to provide new housing in a market downturn.*
>
> *8.3 Financial*
>
> *Some Local Authorities may opt to become directly involved in the provision of Build to Rent given the potential to generate income or capital receipts and demonstrate best value. This might be by building homes themselves, via joint ventures with Build to Rent investors or by offering land for development.*
>
> *Increasing new housing supply will also generate additional income for local authorities through the New Homes Bonus, with an average of £8,000 for each new property built. It will also increase the local Council Tax base, providing an additional steady long-term income stream."*

2.2.11 The 2017 Housing White Paper[6] was a further step change in the Government's support for PRS:

> *"We will… encourage more institutional investors into housing, including for building more*

[4] DCLG. (October 2013). Government Response to the Communities and Local Government Select Committee Report: The Private Rented Sector.

[5] DCLG. (March 2015). Accelerating Housing Supply and Increasing Tenant Choice in the Private Rented Sector: A Build to Rent Guide for Local Authorities.

[6] DCLG. (February 2017). Fixing Our Broken Housing Market.

homes for private rent, and encourage family-friendly tenancies…"

2.2.12 The White Paper then stated that:

"The Government is separately consulting on a range of measures to support more Build to Rent developments. Our key proposals are to:

- *change the National Planning Policy Framework so authorities know they should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing;*
- *ensure that family-friendly tenancies of three or more years are available for those tenants that want them on schemes that benefit from our changes. We are working with the British Property Federation and National Housing Federation to consolidate this approach across the sector."*

2.2.13 Consequently, the NPPF was amended to include the following definition of BtR:

"Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control."

2.2.14 An entirely new section was then added to the PPG to assist local authorities in promoting BtR:

"Build to rent is a distinct asset class within the private rented sector, and has been defined in the National Planning Policy Framework glossary, in order to simplify its treatment within the planning system.

As part of their plan making process, local planning authorities should use a local housing need assessment to take into account the need for a range of housing types and tenures in their area including provisions for those who wish to rent. Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for build to rent homes in the area, and how it can meet the housing needs of different demographic and social groups.

If a need is identified, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent. This should recognise the circumstances and locations where build to rent developments will be encouraged – for example as part of large sites and/or a town-centre regeneration area.

2.2.15 It is clear therefore that the Government expects PRS, and particularly BtR, to be a mainstay of the housing supply and is seeking to provide a policy and guidance to facilitate this.

2.3 Local Planning Policy

2.3.1 The Greater Cambridge Housing Strategy recognises that:

"Greater Cambridge is an expensive place to buy or rent a home. High prices are fuelled by high demand, which itself is fuelled by the strength of the local economy and in-migration of highly skilled workers. For those on low incomes, the housing options are scarce with a reliance on social housing for rent; but even so called 'affordable rent' at up to 80% of market rents is unaffordable to many.

There is also a growing 'affordability gap' where middle income households are being squeezed out of the market; with limited housing options for low cost home ownership or the private rented sector. The demand for housing for these groups far outstrips the current supply."

2.3.2 It goes on to state that:

"The councils want to gain a better understanding of the local need and demand for purpose-built private rented sector (PRS) accommodation; and of the relationship between large PRS schemes and the ability to create settled and cohesive communities.

We recognise that PRS can meet the needs of households on a range of incomes, from those who are unlikely to be considered for social housing for rent to those who can afford but do not want to own their own home. We also recognise PRS can help accelerate overall housing build-out rates on large strategic sites. Subject to clear evidence of need, we may consider proposals for new PRS as part of a wider housing mix. Any such homes provided should remain available as PRS for an agreed period.

They need to be of high quality, well managed and offer longer term tenancies, as well as options for tenants to end tenancies sooner where it meets their needs.

Where the need for PRS has been identified we will seek a range of unit sizes and household types and income levels, including appropriate provision of Affordable Private Rent."

2.3.3 Consequently Annex 9 of the Housing Strategy includes a specific BtR policy that both Councils have deemed to be a material consideration in the determination of BtR planning applications. Paragraph 15 of this annex states that:

"A robust market report will be needed to clearly demonstrate how any scheme would meet local need and demand. Information will also be required on how schemes and management will support the place-shaping agenda."

2.3.4 This report meets the first requirement for a market report while support for the place-shaping agenda is set out in the Design and Access Statement that also accompanies the planning application.

2.3.5 The current adopted South Cambridgeshire Local Plan does not provide any policies that specifically consider PRS or BtR. However, paragraph 7.36 does end by stating that:

> *"Affordability within the private sector is a major concern for the District. The increase in size of deposit required for both market and shared ownership means there is likely to be a significant demand for private rented accommodation from low to middle income households. We will support the private rented sector to grow through build to let, to meet the growing demand for rented homes as part of the market element of housing developments."*

3 The Housing Market

3.1 Changes in Tenure over Time

3.1.1 PRS is not a new concept; indeed, the Landlord and Tenant Act was first given royal assent in 1709. According to ONS, across England and Wales in 1918 some 77% of households were renting of which only 1% were socially renting[7]. Between the two world wars changes in Government policy saw a significant growth in subsidised social renting and a resultant decrease in private renting. By 1939 the social rented sector accounted for 10% of all households in England and Wales whilst private renting had decreased to 58%.

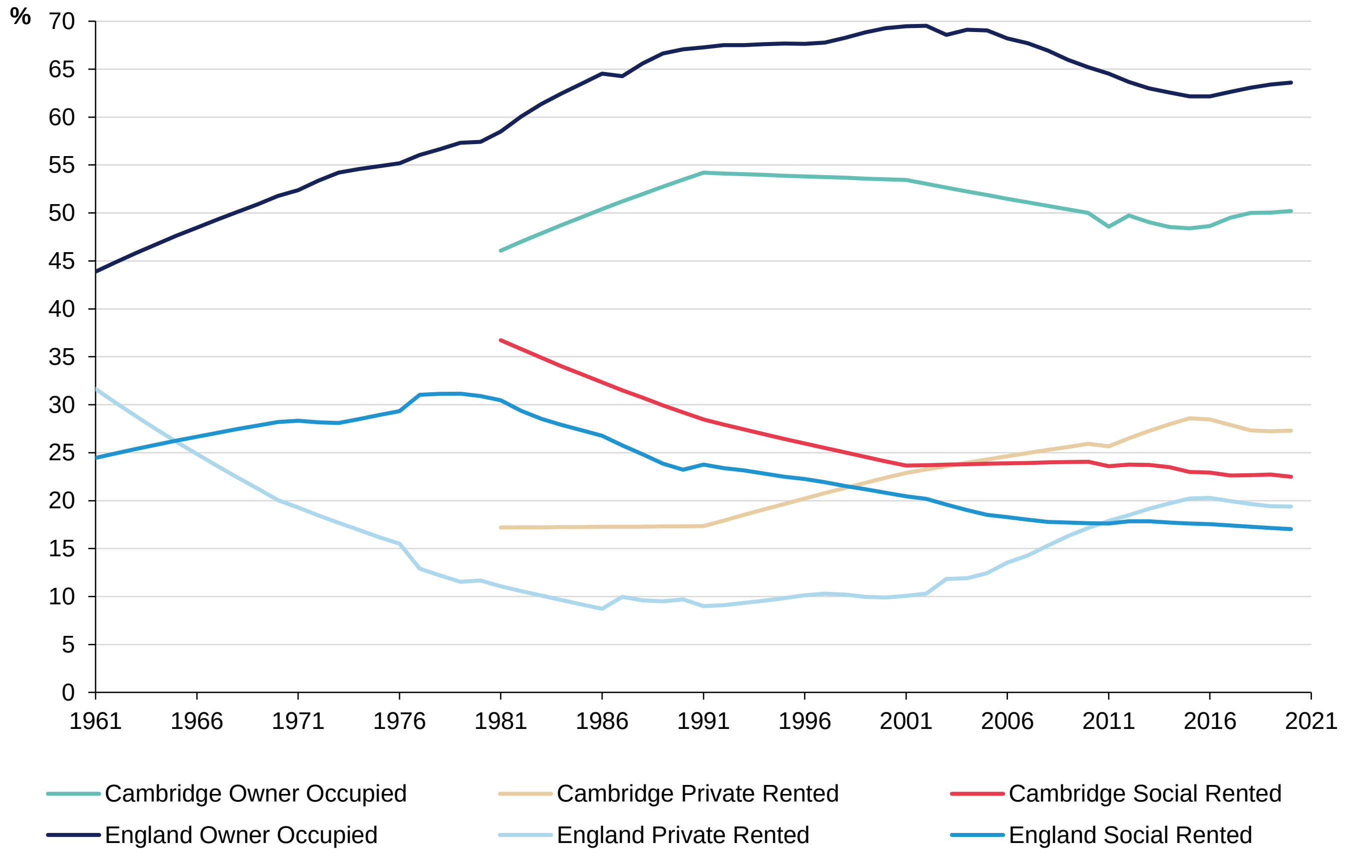
3.1.2 After the Second World War, much of the rebuilding was in the social housing sector, further depressing the proportion in PRS. As wages began to grow faster than house prices, owner occupation increased, fully endorsed by the Government as a means of, theoretically at least, accruing individual wealth and limiting household deprivation.

3.1.3 By 1961, in England, owner occupation had outstripped both the social and private rental sectors (**Figure 3.1**). This trend continued until 2002 when the percentage of owner occupation peaked at 69.5%. The social rented sector also continued to gain on the private rented sector until 1979 when the introduction of the 'right to buy' scheme resulted in much of the social rented stock moving to owner occupation.

3.1.4 By 1986, PRS had declined to just 8.7% of housing stock, a decline of over 67% in 68 years. For over twenty years PRS was relatively stagnant at approximately 9.7%. However, by 2003 demand for additional housing was significantly outstripping supply, inflating house prices. Furthermore, the 'right to buy' scheme had significantly reduced the amount of social housing available. Consequently, many households had little option other than to enter the private rented market – the 'inbetweens'[8]. PRS then continued to grow, reaching 20.3% by 2016. Since then PRS has average 19.7% over the five years to 2020.

3.1.5 As shown in **Figure 3.1**, the revival of the private rented sector in Cambridge has been similar to the national picture. However, owner occupation did not reach the levels seen nationally and peaked much earlier. Similarly, the private rented sector remained relatively strong and appears to have been steadily growing since 1991. It also appears that PRS overtook the social rented sector earlier in Cambridge (around 2004) than seen nationally.

Figure 3.1: Changes in Tenure over Time



Sources: DLUHC Table 104 dwelling stock: by tenure, ONS Census data & ONS subnational estimates of dwellings by tenure.

3.1.6 **Figure 3.2** shows the growth of PRS in Cambridge between 1991 and 2011 relative to other tenures. Importantly, this separates student housing from the rest of PRS. This clearly shows that the majority of growth in the City since 1991 has been in PRS, which grew by 95% compared to 2% decrease in the social rented and a 6% increase in owner occupied housing. It is unlikely that many newly constructed houses were purpose built for PRS, it has occurred on an ad-hoc basis to meet the demands of households that cannot afford to buy their own home.

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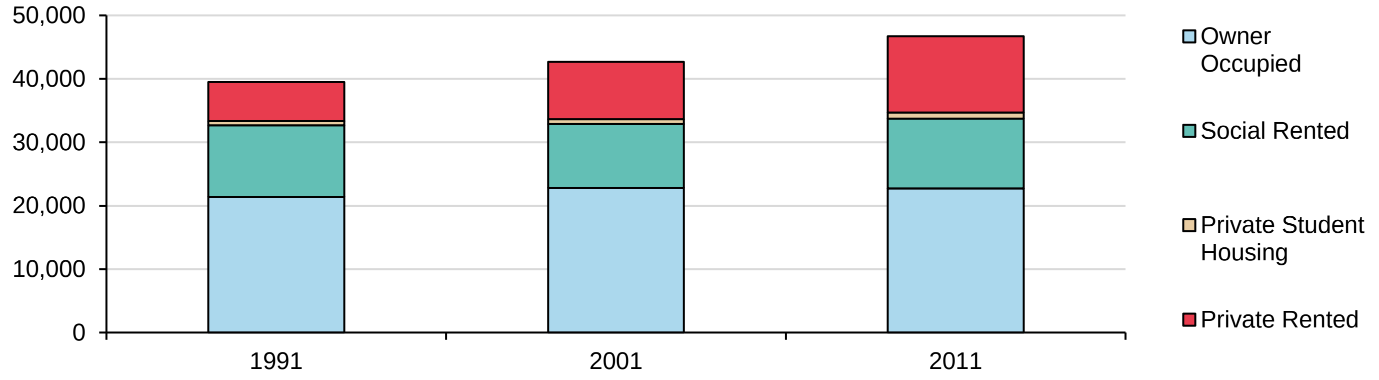
7 ONS. (April 2013). A Century of Home Ownership and Renting in England and Wales.

8 CIH. (April 2010). Future Directions in Intermediate Renting: A Discussion Paper.

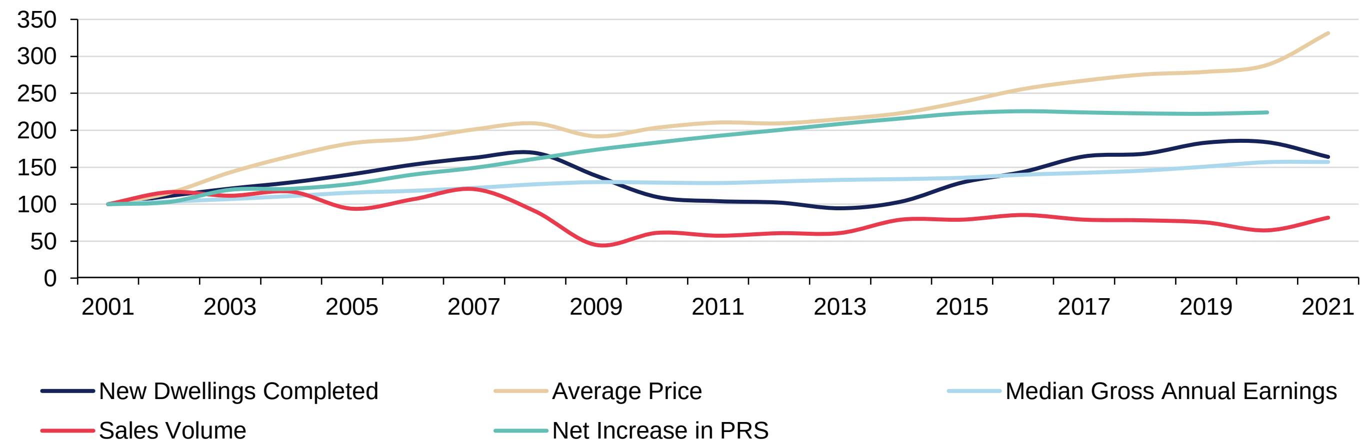
Figure 3.2: Growth of the PRS in Cambridge, excluding Student Housing



Source: ONS 1991, 2001 & 2011 Censuses

3.1.7 When the housing market crashed in 2008 home ownership became more difficult (**Figure 3.3**). While house prices did decline for a short period, the limited amount of new construction, tighter requirements on mortgage lending and low annual growth in earnings meant few households could take the opportunity to own their own home. After only a short respite house prices began to rapidly increase again. Consequently, since 2001, PRS has increased from 10.1% to 19.4% of housing stock in 2020, overtaking the social rented sector in 2011 for the first time since the early 1960s.

Figure 3.3: Effect of the 2008 Recession on the Housing Market in England (Index: 2001 = 100)



Source: DLUHC & ONS

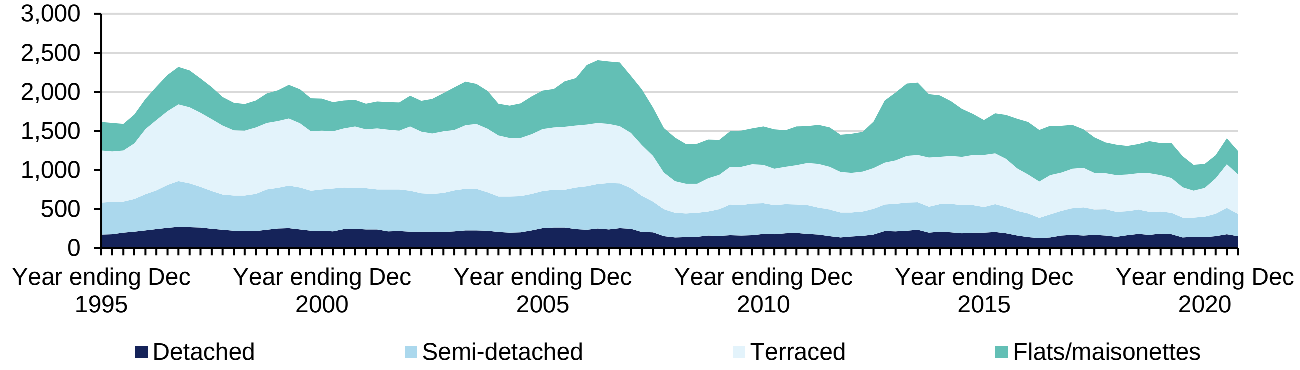
3.1.8 In Cambridge, **Figure 3.1** clearly shows that PRS grew at a significantly greater rate than the wider housing market until 2016. Since then the proportion has remained largely unchanged, although still significantly above the proportion seen across the whole of England. With house prices likely to stay significantly higher than the national average, coupled with a strong desire for the City to increase its employment base linked to the Universities, PRS will undoubtedly continue to grow to meet the needs of those that do not wish to buy or fall between the social rented sector and those that can afford to buy.

3.2 House Prices

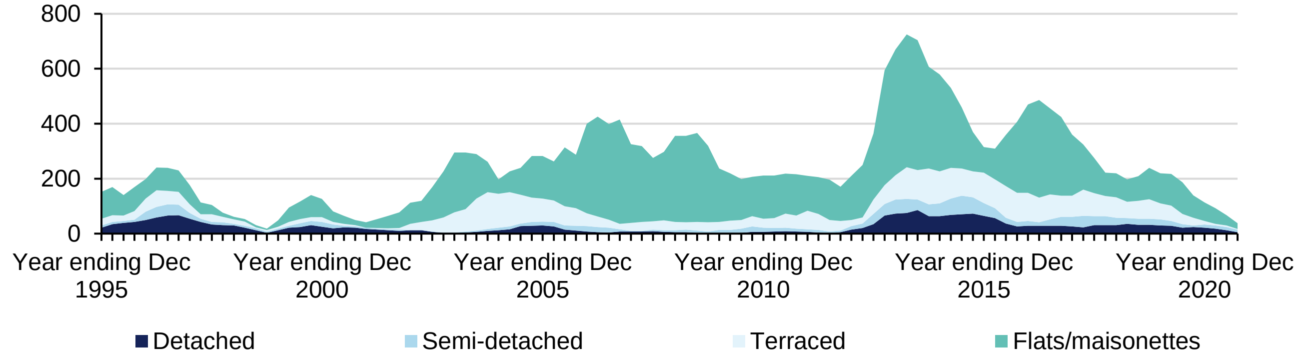
3.2.1 House prices are still the predominant signal on the health of the housing market as home ownership continues to be the main form of tenure, even in Cambridge. The prices themselves are simply a function of supply and demand. Supply in Cambridge is however in decline as set out in **Figure 3.4**.

Figure 3.4: Number of Residential Property Sales in Cambridge

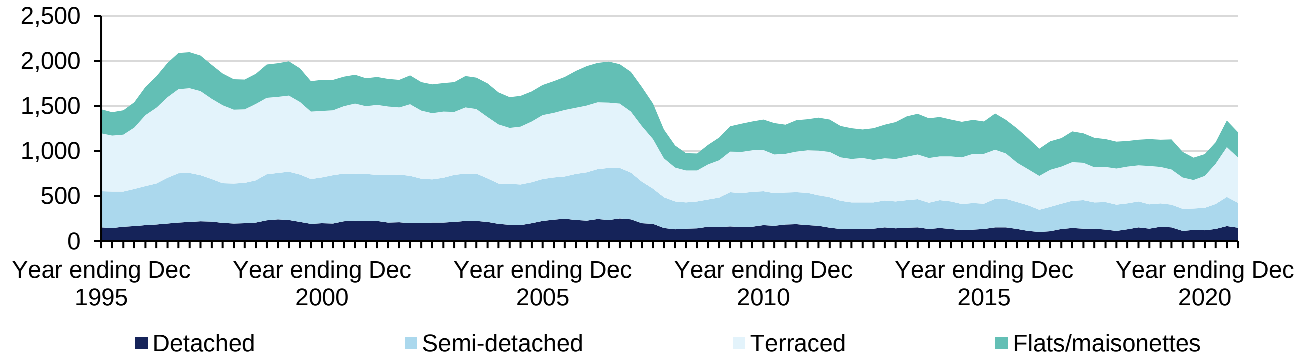
All Properties



Newly Built Properties



Existing Properties



3.2.2 **Figure 3.4** clearly shows that the number of house sales has been in decline since the 2008 recession. While there was some recovery after this, driven by newly built stock, this has been short-lived for several reasons.

3.2.3 First, as can be seen in the second graph, the supply of newly built dwellings has diminished significantly over the last decade. This is anticipated with the amount of available land for housing within the local authority boundary becoming very limited. This of course is recognised in the South Cambridgeshire adopted Local Plan, which aims to increase supply on the periphery of the City as the supply within the City itself is exhausted.

3.2.4 Second, sale numbers amongst existing stock is particularly sensitive to national or international events with sellers being quick to remove their house from the market at any indication of an economic downturn. Such was the case at the Brexit referendum and the start of the Covid-19 pandemic.

3.2.5 But there is also an underlying trend towards home owners remaining in their properties for longer. This reflects the ageing population with older populations generally showing far greater inertia than younger populations, often remaining in dwellings that are far too large for the needs.

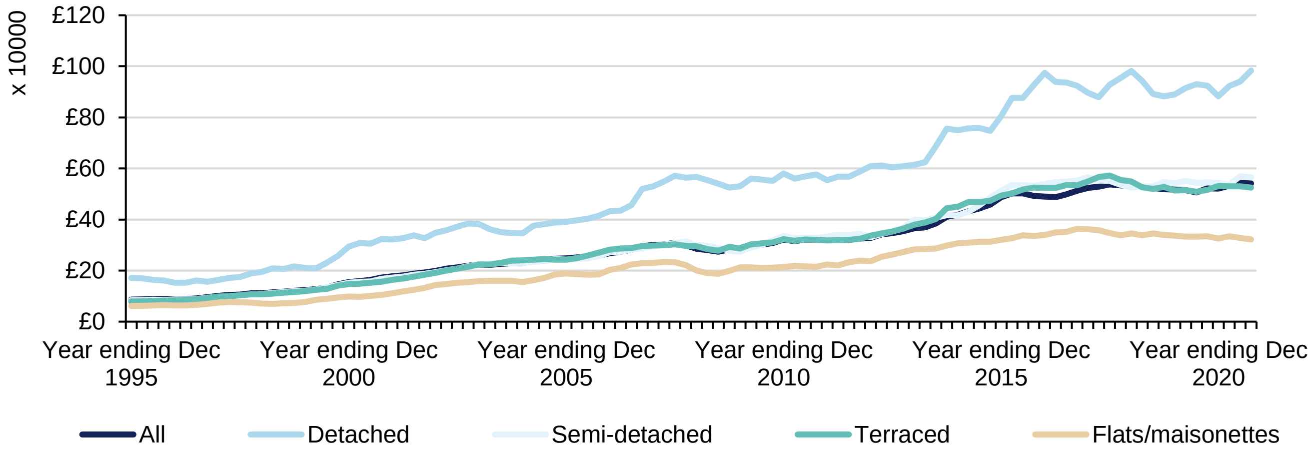
3.2.6 With the level of demand remaining very high due to the continued growth in jobs associated with the life science cluster, this decline in the supply of houses for sale has serious implications for house prices.

3.2.7 **Figure 3.5** sets out the house prices by type. Detached houses clearly attract a premium that is likely to be in part due to their limited availability rather than just the additional dwelling and plot sizes they tend to have over other types. Terraced and semi-detached houses dominate the market, particularly amongst existing properties. There is little difference in terms of price between these two types.

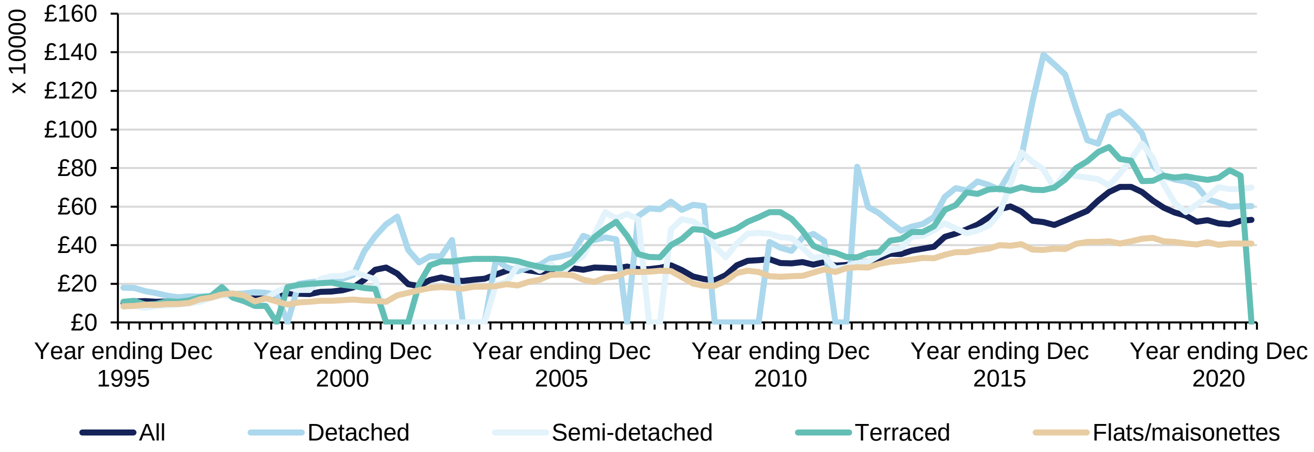
3.2.8 Flats show the most stable price trajectory, reflecting the greater volume coming to the market as a proportion of the available stock. This is because flats tend to have a greater turnover in residents than other types. Prices have shown little growth since 2016 with small declines amongst existing stock.

Figure 3.5: Mean House Prices in Cambridge

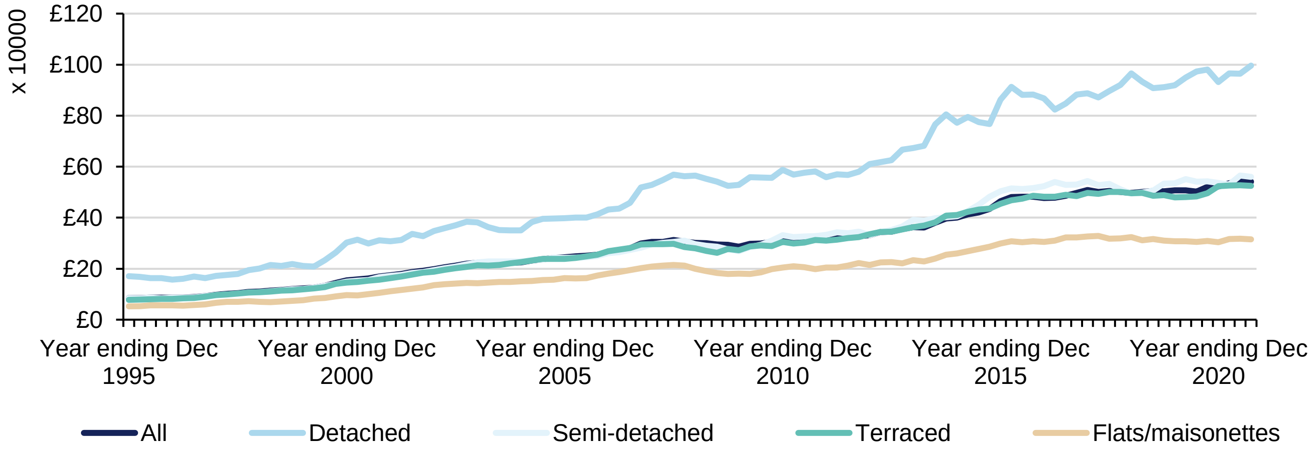
All Properties



Newly Built Properties



Existing Properties



3.3 Private Rents

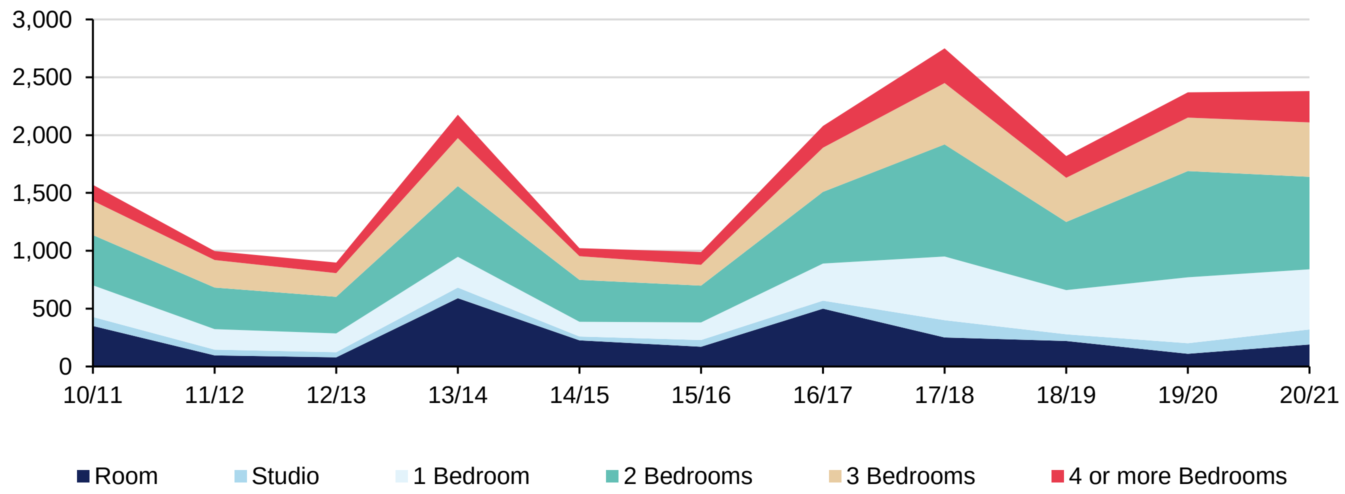
3.3.1 **Figure 3.6** sets out the rents agreed in Cambridge between 2010/11 and 2020/21, showing that the market is dominated by 2-bedroom dwellings followed by 1-bedroom dwellings. This is most likely a reflection of most PRS properties being flats rather than houses. While there have been significant fluctuations in the number of rents agreed, overall it appears the market is continuing to grow, which is fundamental when compared to the lack of activity in the sales market. The peaks may also be a response to more stock coming to market, particularly that seen in 2017/18, which corresponds to a significant number of sales of newly built properties, see **Figure 3.5**.

3.3.2 **Figure 3.7** shows mean rent levels in Cambridge by unit size. This shows that the sudden increase in supply had no noticeable effect on the long-term trend of increasing rent values. Unsurprisingly, **Figure 3.7** also shows a high level of stratification with rents appearing to have reached a plateau since 2015/16. This is largely consistent with the plateau of flat sales prices seen in **Figure 3.5**.

3.3.3 Larger dwellings (4+ bedrooms) are clearly far more expensive than the rest of the stock. Whilst this is unsurprising, the degree of separation between these and the 3-bedroom dwellings is notable. This is likely a reflection of the very limited supply of such dwellings in the City.

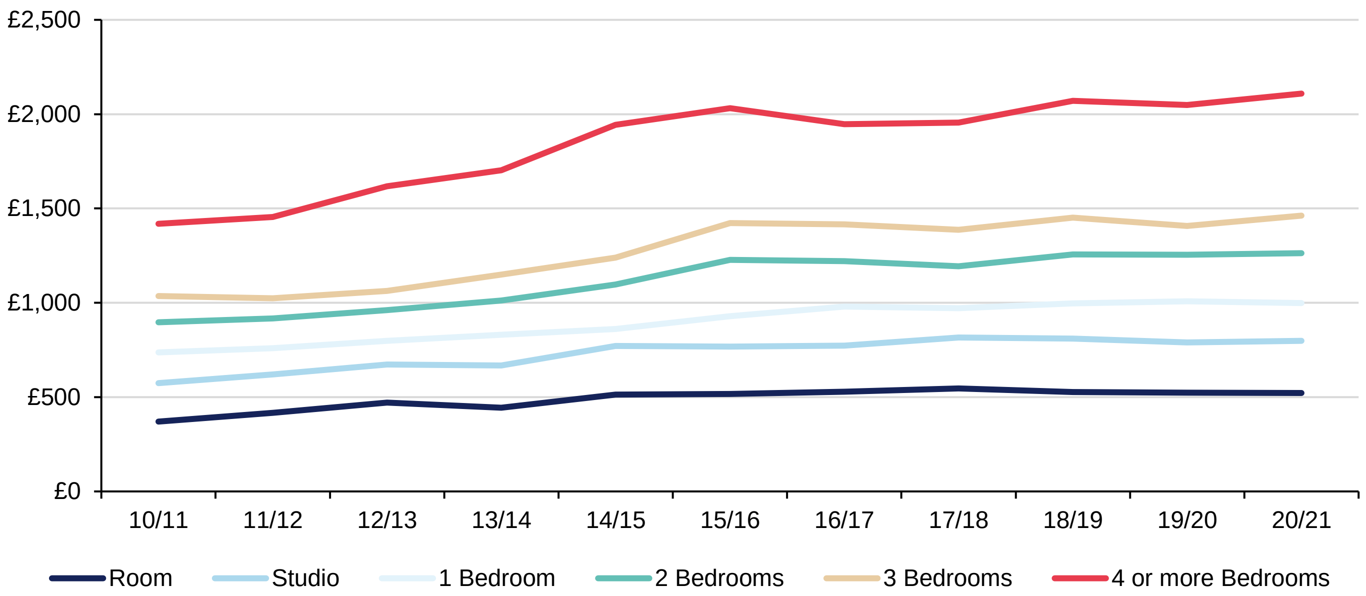
3.3.4 **Figure 3.8** indexes the number of rents agreed in various geographic areas, starting from June 2011. Unsurprisingly, Cambridge (the smallest geographic area) shows the most volatility. It is however noticeable that the both Cambridgeshire and the East of England seemed to have been influenced by the trends seen in Cambridge – an indication of how important the Cambridge market is to the surrounding area. It is also noticeable that the PRS in Cambridge has grown at a far greater rate than any other geographic area.

Figure 3.6: Number of Rents Agreed in Cambridge



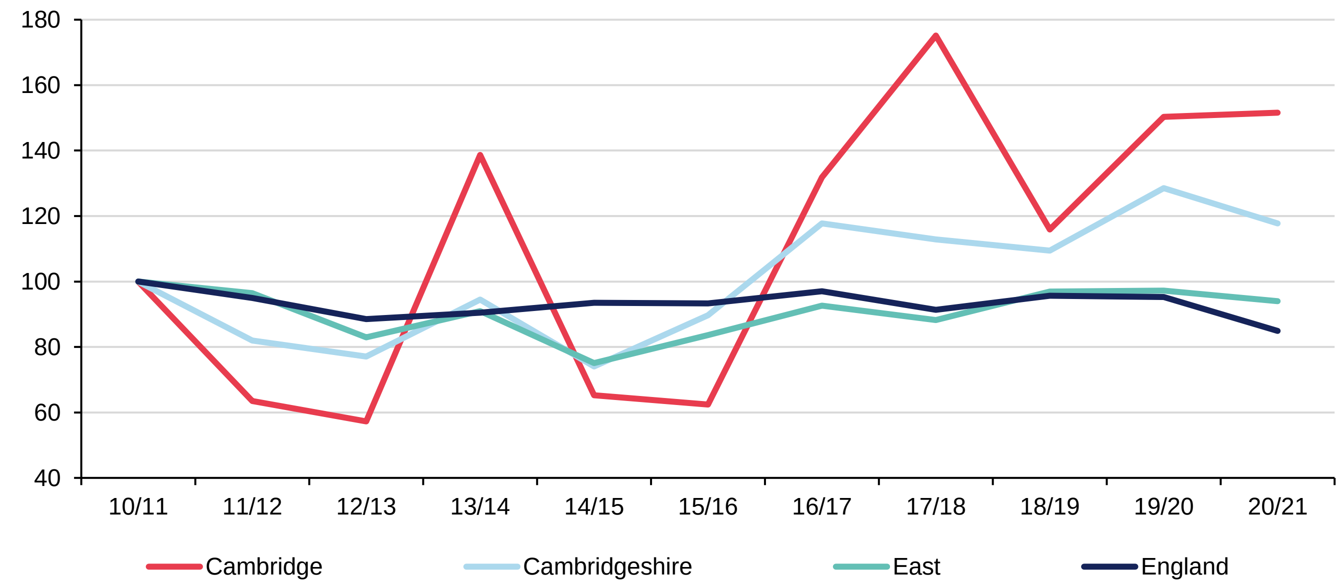
Source: VOA & ONS

Figure 3.7: Mean Rents by Unit Size in Cambridge



Source: VOA & ONS

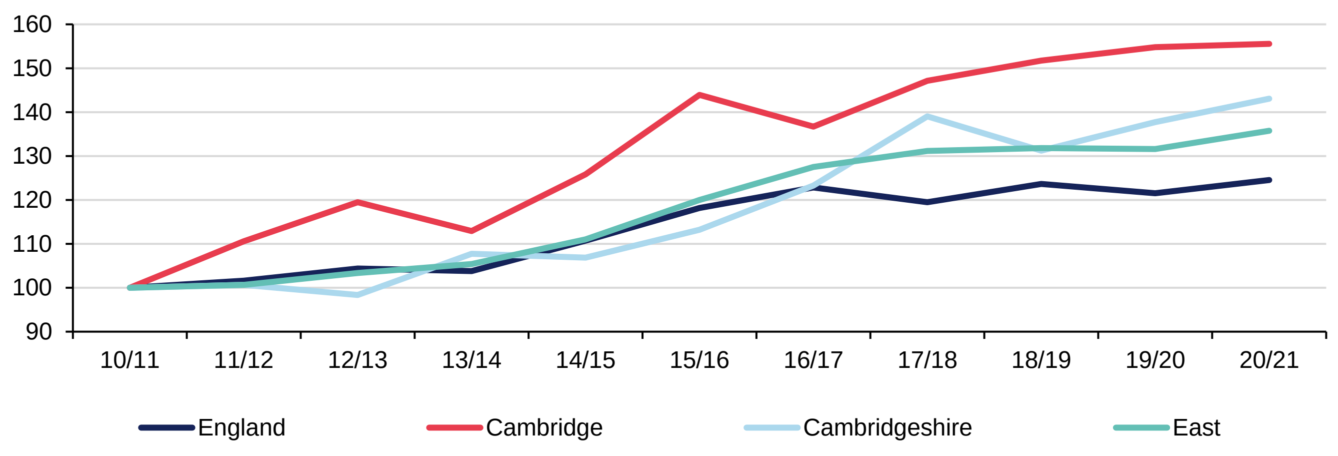
Figure 3.8: Indexed Change in the Number of Rent Agreements (10/11 = 100)



Source: VOA & ONS

3.3.5 **Figure 3.9** shows the indexed change in mean rents for the same geographic areas. This shows that while **Figure 3.7** shows little growth in rents from 2015/16, the growth that does occur is still greater than seen at other geographic areas.

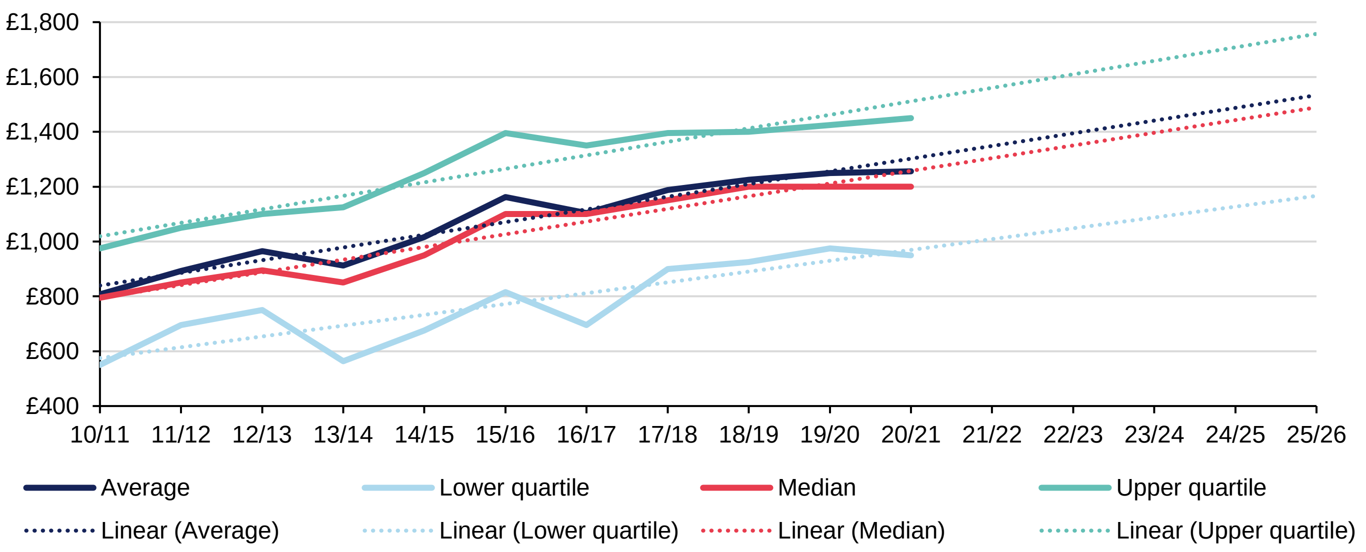
Figure 3.9: Indexed Change in Rent Prices (10/11 = 100)



Source: VOA & ONS

3.3.6 **Figure 3.10** shows the mean, median, lower and upper quartile rents for all agreements made in Cambridge between 2010/11 and 2020/21, and a forecast of how these might change over the next five years if they were to follow a linear trend. It is particularly notable that if this linear trend continues a dwelling currently within the lower quartile will be almost as expensive as current median rents within five years.

Figure 3.10: Current and Projected Rents for All Unit Sizes in Cambridge



Source: VOA & ONS

3.4 Housing Affordability

3.4.1 **Table 3.1** sets out the four key housing affordability ratios[9]. Residence-based earnings refer to the area in which the employee lives while workplace-based earnings refer to the earnings recorded for the area in which the employee works. The latter therefore measures the extent to which employees could afford to live where they work, which is not necessarily where they already live.

3.4.2 These show that housing affordability in Cambridge is comparable significantly above the County and the national average. In particular, the lower quartile house price to lower quartile workplace-based gross annual earnings ratio is notably higher than the national average. This means that people working in the City will struggle to afford to live in the City, particularly those on the lowest wages.

Table 3.1: House price to earnings ratios, 2021

Ratio	Cambridge	Cambridgeshire	England
Median house price to median workplace-based gross annual earnings	12.61	9.81	9.05
Median house price to median residence-based gross annual earnings	12.19	9.61	9.05
Lower quartile house price to lower quartile workplace-based gross annual earnings	12.99	9.64	8.04
Lower quartile house price to lower quartile residence-based gross annual earnings	12.71	9.45	8.04

3.4.3 Perhaps more important is how growth in earnings over the last ten years compares with the growth in house prices and rents over the same period, **Figure 3.11** sets the picture for median earnings while **Figure 3.12** sets the same for lower quartile earnings. These show that for those households within the median bracket, rents have increased by the same degree as house prices, suggesting that they could be equally unaffordable for many.

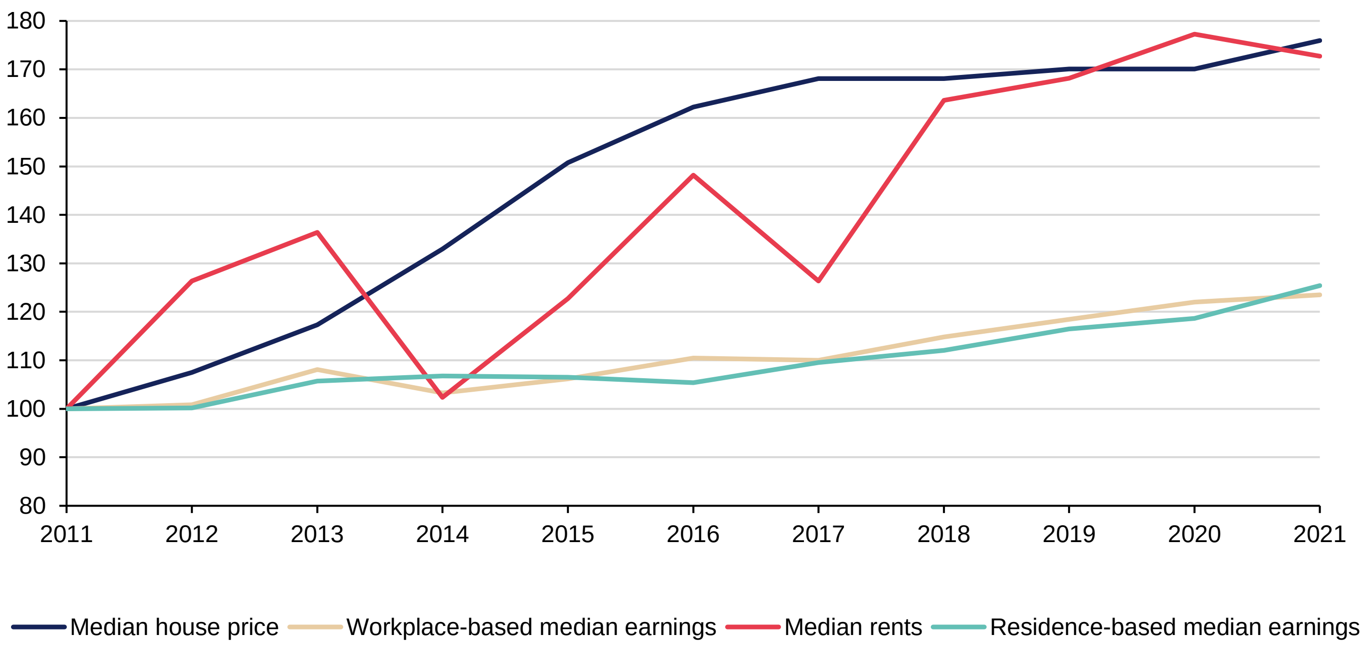
3.4.4 For those in the lower quartile bracket the picture is very different as growth in rents has been considerably less than house prices, suggesting that there is less demand at this end of the market. This is perhaps not surprising as many of these are likely to be households that may also qualify for affordable housing.

3.4.5 Consequently, echoing the findings of the CIH referred to in Chapter 2, the greatest demand for PRS is not at the lower quartile end of the market but those that fall 'in-between', i.e. those on comparably good earnings but either, have yet to gather the deposit needed to buy a dwellings,

9 ONS. (March 2022). Housing affordability in England and Wales: 2021.

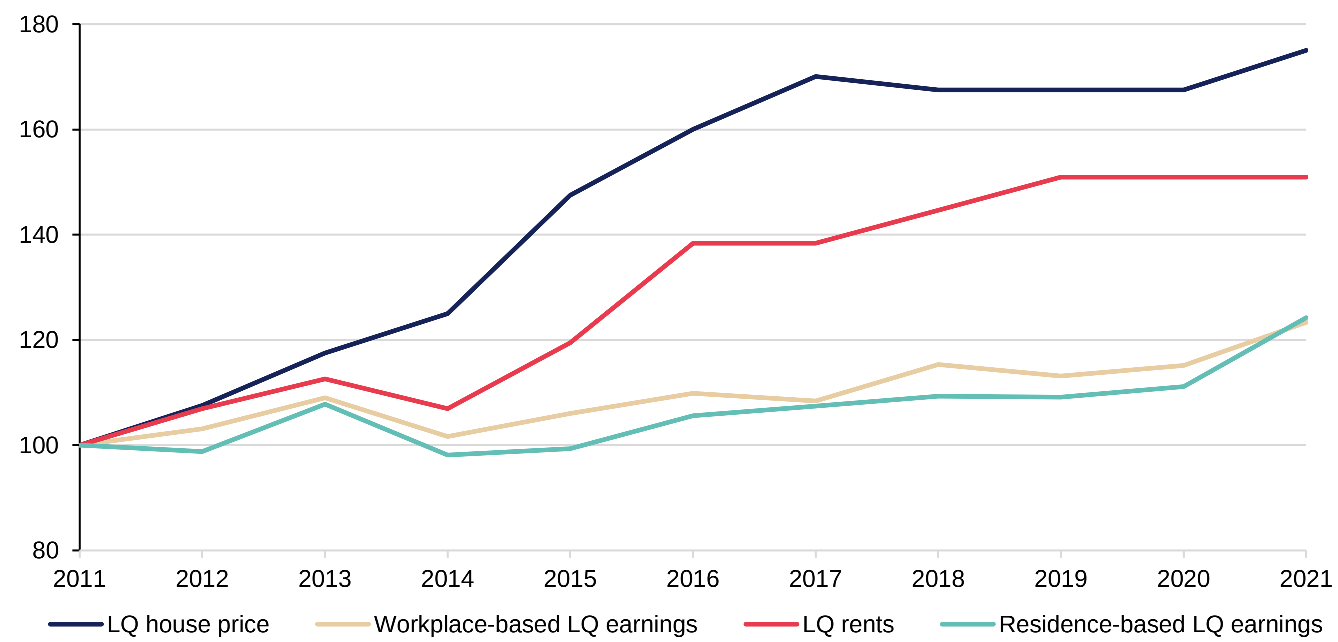
or have yet to decide where they wish to reside for the longer term.

Figure 3.11: Indexed Median House Price and Rent Growth Compared to Median Earning Growth in Cambridge (2011 = 100)



Source: VOA & ONS

Figure 3.12: Indexed Lower Quartile House Price and Rent Growth Compared to Lower Quartile Earning Growth in Cambridge (2011 = 100)



Source: VOA & ONS

3.5 Characteristics of the Private Rented Sector Stock

3.5.1 PRS stock has different characteristics to other tenures. Nationally there is a preference in PRS for denser types of accommodation compared to all stock with less than half the proportion of detached houses and approximately twice as many flats (**Table 3.2**). In Cambridge, the housing stock is denser in any case due to the largely urban nature of the local authority area, but there is still a distinct shift towards proportionally-denser types in PRS compared to other tenures.

3.5.2 Nationally, PRS appears to have a comparable range of household sizes when compared to all tenures (**Table 3.3**). In Cambridge, however, there appears to be a skew towards larger households with 3.5% fewer one-person households in PRS compared to all tenures. This skew might be partially attributable to student households although the proportions of households with 5+ people are sufficiently similar to England as a whole to suggest the effect is limited.

Table 3.2: Accommodation Type, 2011

		Cambridge				England	
		All Households		Private Rented		All Households	Private Rented
		No.	%	No.	%	%	%
House	Detached	4,897	10.5	830	6.4	22.4	10.4
	Semi-detached	12,682	27.1	2,270	17.5	31.2	20.3
	Terraced	14,050	30.1	3,598	27.7	24.5	25.4
Other	Purpose-built flats	12,658	27.1	4,536	34.9	16.5	27.4
	Part of a converted house	1,914	4.1	1,366	10.5	4.0	12.2
	Other	513	1.1	394	3.0	1.3	4.3
All households		**46,714**	**100**	**12,994**	**100**	**100**	**100**

Source: ONS 2011 Census Table DC4402EW

Table 3.3: Household Size

	Cambridge				England	
	All Households		Private Rented		All Households	Private Rented
	No.	%	No.	%	%	%
1 person	15,848	33.9	3,815	29.4	30.2	32.8
2 people	14,791	31.7	4,430	34.1	34.2	31.9
3 people	7,161	15.3	2,204	17.0	15.6	16.4
4 people	5,721	12.2	1,568	12.1	13.0	11.2
5 people	2,140	4.6	619	4.8	4.7	4.7
6+ people	1,053	2.3	358	2.8	2.4	3.0
All	**46,714**	**100**	**12,994**	**100**	**100**	**100**

Source: ONS 2011 Census Table DC4402EW

3.5.3 When household size is considered against the number of bedrooms, it is clear that PRS is far more densely populated (**Table 3.4**). Whilst the median ratio is still approximately one person per bedroom across all tenures, the proportion of PRS households that have a ratio of more than one person per bedroom is notably greater in Cambridge and across England.

3.5.4 This preference in PRS towards denser types of housing, slightly larger household size and on average more persons per bedroom has resulted in a more efficient use of the housing stock. **Table 3.5** shows that the proportion of households with an occupancy rating of zero (i.e. a balanced household size for the number of bedrooms available) is far greater in the PRS than across all tenures. There is also a higher proportion with a negative occupancy rating (i.e. insufficient number of bedrooms for the household size); however, the numbers are still small and many could be attributed to lifestyle choice rather than an indication of actual overcrowding.

Table 3.4: Persons per Bedroom

	Cambridge				England	
	All Residents		Private Rented		All Residents	Private Rented
	No.	%	No.	%	%	%
Up to 0.5 persons	11,879	25.4	2,025	15.6	27.5	20.2
0.5 to 1.0 persons	24,356	52.1	7,042	54.2	50.7	50.3
1.0 to 1.5 persons	5,716	12.2	1,773	13.6	12.8	14.1
Over 1.5 persons	4,763	10.2	2,154	16.6	8.9	15.4
All households	**46,714**	**100**	**12,994**	**100**	**100**	**100**

Source: ONS 2011 Census Table DC4407EW

Table 3.5: Occupancy Rating by Bedrooms

	Cambridge				England	
	All Residents		Private Rented		All Residents	Private Rented
	No.	%	No.	%	%	%
+2 or more	14,175	30.3	1,872	14.4	34.3	14.8
+1	14,236	30.5	3,946	30.4	34.4	34.2
0	15,736	33.7	5,871	45.2	26.7	42.3
-1 or less	2,567	5.5	1,305	10.0	4.6	8.8
All households	**46,714**	**100**	**12,994**	**100**	**100**	**100**

Source: ONS 2011 Census Table LC4108EW

3.6 Conclusions

3.6.1 Cambridge is clearly an expensive place to live with many who work in the City no longer able to afford to live there. With a growing workforce, fuelled by the Cambridge phenomenon, demand for housing remains exceptionally high and is expected to continue to grow.

3.6.2 However, land in the City is very limited and consequently the availability of large properties is particularly small. This has helped to skew the economy with these large properties more suited to the new settlements and urban extensions on the periphery of the City and the remaining sites being developed for higher density forms of housing. As discussed in Chapter 1, higher density development in urban areas is particularly attractive to BtR investors.

3.6.3 Cambridge is particularly attractive because the market for higher density development is clearly not being driven by demand within those in the lower quartile bracket or students. It is those on comparably good earnings but are not yet in a position to buy their own home, particularly in Cambridge – the 'in-betweens'. This is broadly consistent with analysis undertaken by Savills on the BtR market in Greater Cambridge and West Suffolk (June 2020) using Experian Mosaic data.

3.6.4 It is also consistent with the findings of Arc4 in their BtR Market Strategic Overview and Summary of Site-Specific Appraisals (March 2021) in which they stated specifically in relation to the North East Cambridge area (emphasis added):

"North East Cambridge is within an up and coming area including land within Cambridge and South Cambridgeshire, with lots of new development planned including. hotels, car parks and cafes. It has the potential to become a new 'hub' in the city. The Science Park is also located here, attracting workers, and there are excellent transport links. The emerging draft North East Cambridge Area Action Plan identifies potential for at least 8,000 new residential units made up of a range of housing types, sizes and tenures.

The new homes will be available to meet many needs, and local workers and housing tethered to employment use are being considered as target groups.

Cambridge is unusual in comparison to similarly sized regional cities as it currently has no Build to Rent homes under construction, although some potential schemes are under discussion. One of the drivers for Build to Rent growth is likely to be affordability and agents confirmed there is strong rental demand both from young professionals looking to live in the city centre, and increasingly from families looking for homes in more suburban or rural locations. The rental market in Cambridge performs well, property is letting quickly, and rents are increasing.

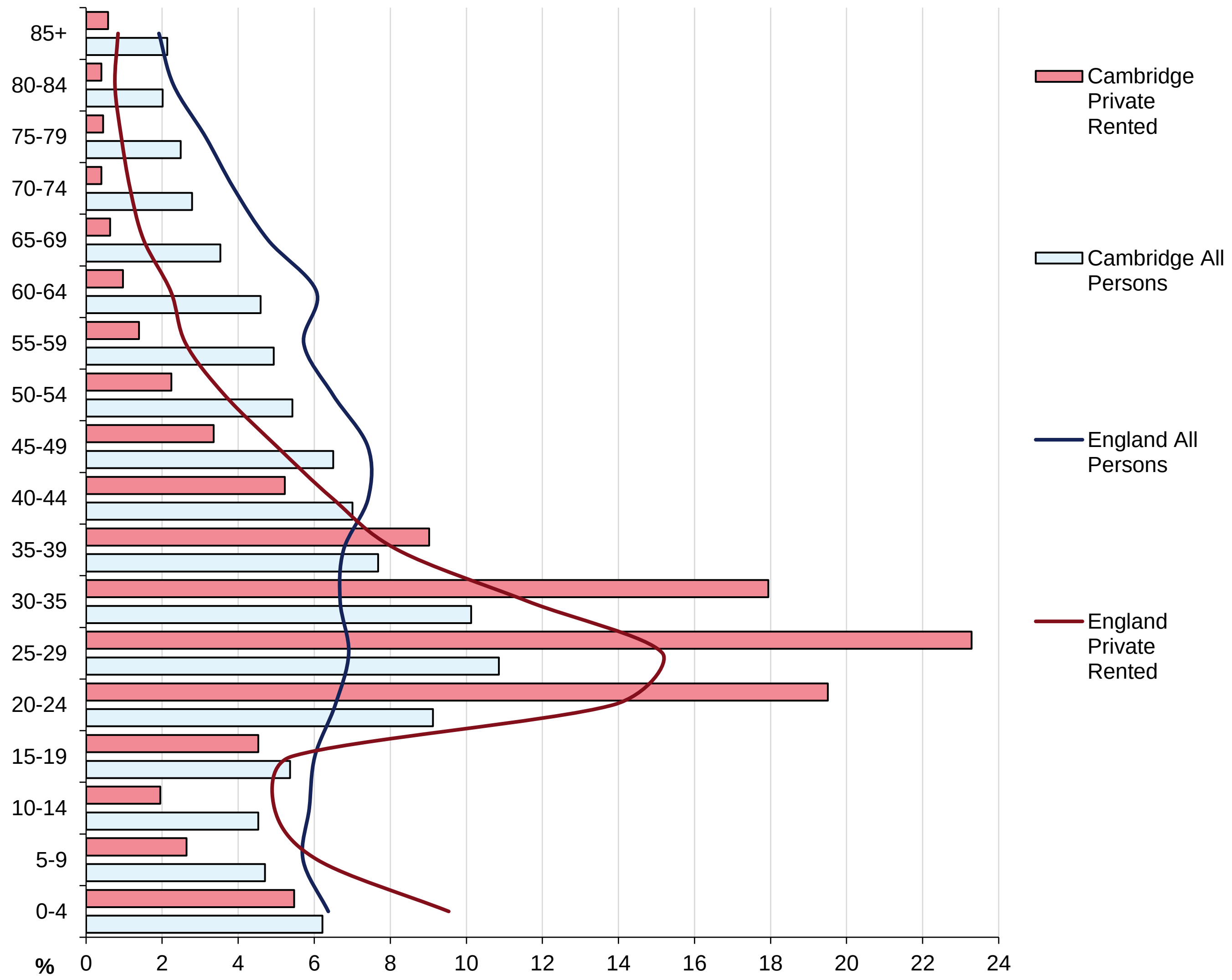
***The market is showing signs of a growing demand for a higher specification offer. Agents felt that it was an ideal location for renting and would provide a range of houses and apartments**."*

4 Demographics of the Private Rented Sector

4.1 Age Profile of the PRS Population

4.1.1 According to the 2011 Census, 30,988 people in Cambridge (28.9% of residents living in households) live in PRS. This is significantly greater than the 18.0% seen across England. The age profile of this population is also significantly different to England as a whole (**Figure 4.1**).

Figure 4.1: Age Profile of Private Tenants in Cambridge and England



Source: ONS 2011 Census Table CT0163

4.1.2 PRS has proportionally considerably fewer children than all tenures across England and especially in Cambridge. In terms of those aged 0-4, Cambridge has proportionally fewer in PRS, which is contrary to the national picture. In England, the proportion of 5-9 year olds is comparable across all tenures but in Cambridge there are considerably fewer in PRS. For those aged 10-19 both Cambridge and England show considerably fewer in PRS compared to all tenures. Overall **Figure 4.1** shows that, in terms of adults, PRS has a considerably younger age profile in both Cambridge and England compared to the total populations. This is particularly the case amongst those aged 20-35; particularly in Cambridge, which equates to 18,821 people.

4.1.3 Whilst some of this variation between Cambridge and England may be due to students living in PRS, it is unlikely to be as significant as what might be assumed. **Table 4.1** shows that whilst the student population aged 16+ accounts for 25.2% of the total population, it only accounts for 13.7% of the household population, due to the high proportion of students living in communal establishments.

Table 4.1: Students Aged 16+ by Type of Accommodation and Proportion of the Population, 2011

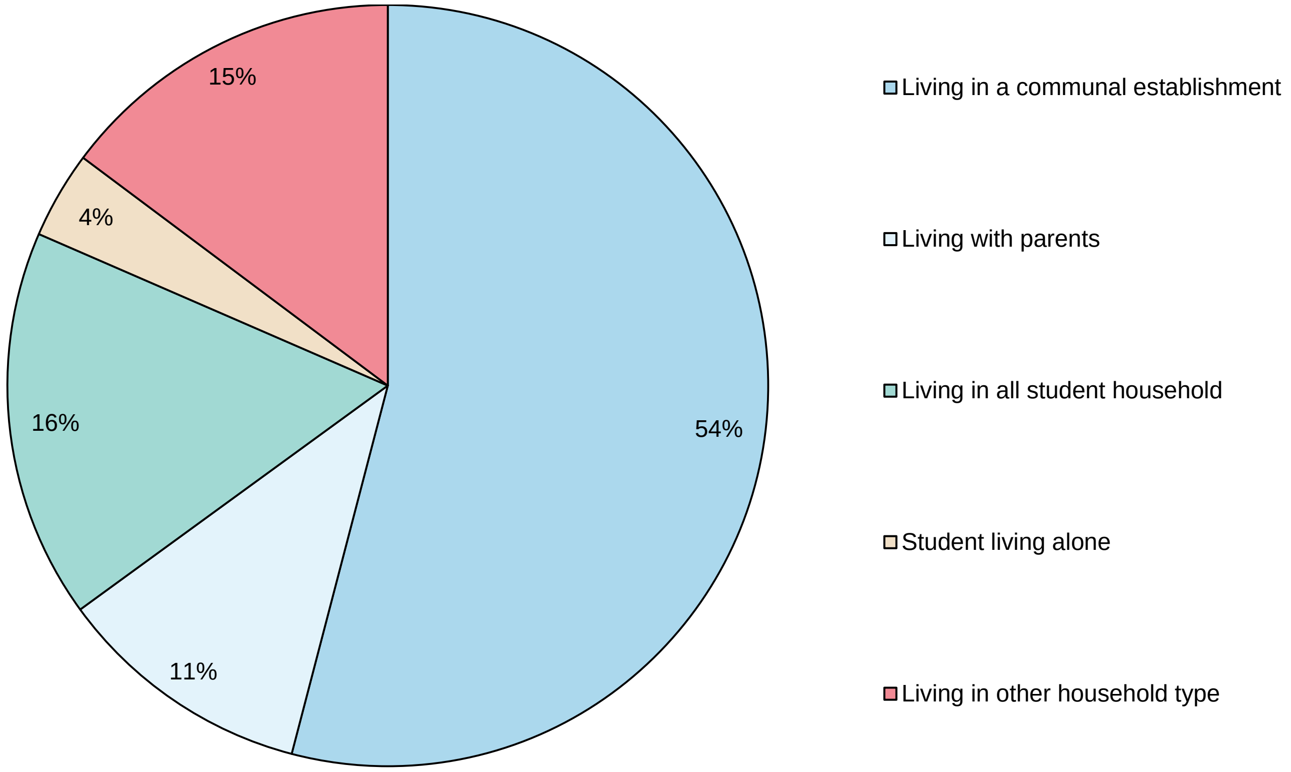
	Cambridge		England	
	No.	%	No.	%
Student population	26,732	25.2	3,511,345	8.2
Communal establishment population	16,258	100	912,264	100
Student population in communal establishments	14,453	88.9	344,140	37.7
Household population	89,749	100	42,077,356	100
Student population in households	12,279	13.7	3,167,205	7.5
- Living with parents	2,920	10.9	1,967,678	56.0
- Living in all student household	4,418	16.5	548,349	15.6
- Student living alone	989	3.7	115,463	3.3
- Living in other household type	3,952	14.8	535,715	15.3
Usual resident population	**106,007**	**100**	**42,989,620**	**100**

Source: ONS 2011 Census Tables CT0163 & LC4411EW

4.1.4 Of these 12,279 students living in households, only 4,418 lived in defined 'student households' (**Figure 4.2**), of which there are just 1,097. The remainder live with parents, on their own or in other households (e.g. students lodging with a family), all of which are likely to be spread over a range of tenures. Consequently, it is likely that most of the people aged 20-35 shown in **Figure 4.1** in PRS in Cambridge are not students.

4.1.5 Also of note in **Table 4.1** is the high proportion of students in communal establishments in Cambridge (88.9%) relative to England (37.7%) which clearly shows a far greater reliance on dedicated student housing in Cambridge. This reliance is unlikely to change in the near future and indeed the adopted Cambridge City Local Plan makes clear provision to protect existing student housing and promotes increased capacity.

Figure 4.2: Students Aged 16+ by Type of Accommodation in Cambridge



Source: ONS 2011 Census LC4411EW

4.2 Ethnicity

4.2.1 Whilst it is clear that PRS is more ethnically diverse in both Cambridge and England as a whole compared to the total population, no single group appears to be significantly proportionally greater than the total population (**Table 4.2**). Similarly, there is a slightly lower proportion of Christians in PRS compared to the total populations but the difference is spread across all other identified religions and beliefs (**Table 4.3**).

Table 4.2: Ethnic and Religious Diversity, 2011

	Cambridge				England	
	All Residents		Private Rented		All Residents	Private Rented
	No.	%	No.	%	%	%
White	89,764	83.6	24,030	77.5	85.5	78.6
Mixed/multiple ethnic group	3,286	3.1	1,044	3.4	2.2	3.3
Asian/Asian British	10,701	10.0	4,353	14.0	7.8	10.8
Black/Black British	1,806	1.7	634	2.0	3.5	5.0
Other ethnic group	1,788	1.7	927	3.0	1.0	2.2
All residents	**107,345**	**100**	**30,988**	**100**	**100**	**100**

Source: ONS 2011 Census Table DC4203EW

Table 4.3: Religion and Beliefs, 2011

	Cambridge				England	
	All Residents		Private Rented		All Residents	Private Rented
	No.	%	No.	%	%	%
Christian	49,597	46.2	23,365	42.7	59.4	51.3
Buddhist	1,283	1.2	795	1.5	0.4	0.6
Hindu	1,704	1.6	848	1.5	1.5	1.5
Jewish	605	0.6	238	0.4	0.5	0.4
Muslim	4,421	4.1	2,949	5.4	5.0	7.4
Sikh	170	0.2	83	0.2	0.8	0.4
Other religion	600	0.6	352	0.6	0.4	0.5
No religion	39,220	36.5	21,249	38.8	24.7	30.5
Religion not stated	9,745	9.1	4,836	8.8	7.1	7.4
All residents	**107,345**	**100**	**54,715**	**100**	**100**	**100**

Source: ONS 2011 Census Table DC4417EW

4.3 Health and Wellbeing

4.3.1 **Table 4.4** sets out the proportion of the population that reported being in either bad or very bad health in the 2011 Census. However, this was an entirely subjective measure so the accuracy of small samples can be questionable; however, for larger samples it can be a useful tool.

4.3.2 The data shows that broadly the population in Cambridge is far healthier than England as a whole, no matter the tenure of their housing. However, within both Cambridge and England it is clear that PRS does have a higher proportion of people in poor health compared to the total household population. Indeed, in the 25-49 age range, it appears that 66.4% of all people in England in poor health live in PRS. For Cambridge, this increases to 79.8%, although the sample size is too small to be completely reliable.

4.3.3 **Table 4.5** sets out the proportion of the population that have their day-to-day activities limited by a long-term health problem or disability. This measure, also from the 2011 Census, is related to criteria for health and disability in legislation and is generally considered more accurate than the general health measure. However, with changes in these criteria, particularly in relation to the ability to work and eligibility for welfare payments, this data should also be considered with care.

4.3.4 This appears to confirm that there are a higher proportion of people in poor health in PRS compared to the total household population, although the overall numbers are still very small. For the 25-49 age range, it appears that 56.5% of all people in England who have a long-term health problem or disability live in PRS. For Cambridge, this increases to 70.5%. In both cases these are proportionally less than those in the same age range who were in poor health.

Table 4.4: General Health - Bad/Very Bad Health, 2011

	Cambridge				England	
	All Residents		Private Rented		All Residents	Private Rented
	No.	%	No.	%	%	%
0-15	93	0.5	73	0.8	0.6	1.0
16-24	133	0.9	100	1.0	1.1	1.5
25-49	1,147	2.5	915	3.5	3.3	5.7
50-64	1,124	7.0	748	15.4	8.7	20.1
65+	1,658	11.9	724	17.4	14.5	24.1
All in bad/very bad health	**4,155**	**3.9**	**2,560**	**4.7**	**5.3**	**7.5**

Source: ONS 2011 Census Table DC3409EW

Table 4.5: Long Term Health Problem or Disability - Day to Day Activities Limited a Little/a Lot, 2011

	Cambridge				England	
	All Residents		Private Rented		All Residents	Private Rented
	No.	%	No.	%	%	%
0-15	574	3.3	345	3.9	3.7	4.8
16-24	651	4.5	454	4.3	5.2	6.1
25-49	3,586	7.9	2,527	9.6	9.6	14.1
50-64	3,079	19.2	1,556	32.0	23.1	40.8
65+	6,807	48.9	2,546	61.1	51.5	66.6
All	**14,697**	**13.7**	**7,428**	**13.6**	**17.2**	**19.1**

Source: ONS 2011 Census Table DC3408EW

4.3.5 The opposite trend is seen in Cambridge in terms of the proportion that are economically inactive due to long term health problem or disability (see **Table 4.8**). For example, in the 35-49 age range, 4.5% of all HRPs[10] are on long term leave due to illness or disability, compared to 1.7% of HRPs in PRS. These statistics need to be considered carefully since they only relate to the HRP rather than the total household population. However, they appear to suggest that, whilst there are higher proportions in PRS with long term health problems or disability; most continue to be economically active.

4.4 Household Composition

4.4.1 **Table 4.6** sets out the household composition for Cambridge and England, excluding households comprising all full-time students, which allows for better comparison between the two geographies. For completeness, the data for these households is set out in **Table 4.7**.

Table 4.6: Household Composition (excluding households comprising all full-time students), 2011

		Cambridge				England	
		All Households		Private Rented		All Households	Private Rented
		No.	%	No.	%	%	%
1-Person	65+	5,194	11.4	373	3.1	12.4	6.0
	Other	10,654	23.4	3,442	28.6	18.0	27.8
1-Family	All 65+	2,671	5.9	87	0.7	8.2	1.7
1-Family – couple	No children	8,191	18.0	2,984	24.8	17.7	17.3
	Dependent children	8,116	17.8	1,666	13.9	19.4	17.0
	All children non-dependent	1,835	4.0	86	0.7	6.1	1.7
1-Family - lone parent	Dependent children	1,977	4.3	249	2.1	7.2	12.0
	All children non-dependent	1,235	2.7	100	0.8	3.5	2.0
Other	With dependent children	1,149	2.5	284	2.4	2.7	3.3
	All 65+	107	0.2	8	0.1	0.3	0.1
	Other	4,488	9.8	2,735	22.8	4.5	10.9
All Households		**45,617**	**100**	**12,014**	**100**	**100**	**100**

Source: ONS 2011 Census Table DC4101EW

Table 4.7: Households Comprising All Full-Time Students, 2011

		Cambridge				England	
		All Households		Private Rented		All Households	Private Rented
		No.	%	No.	%	%	%
Other	All full-time students	1,097	2.3	980	7.5	0.6	2.8
All Households		**46,714**	**100**	**12,994**	**100**	**100**	**100**

Source: ONS 2011 Census Table DC4101EW

10 A Household Reference Person is an individual person within a household that acts as a reference point to characterising the whole household.

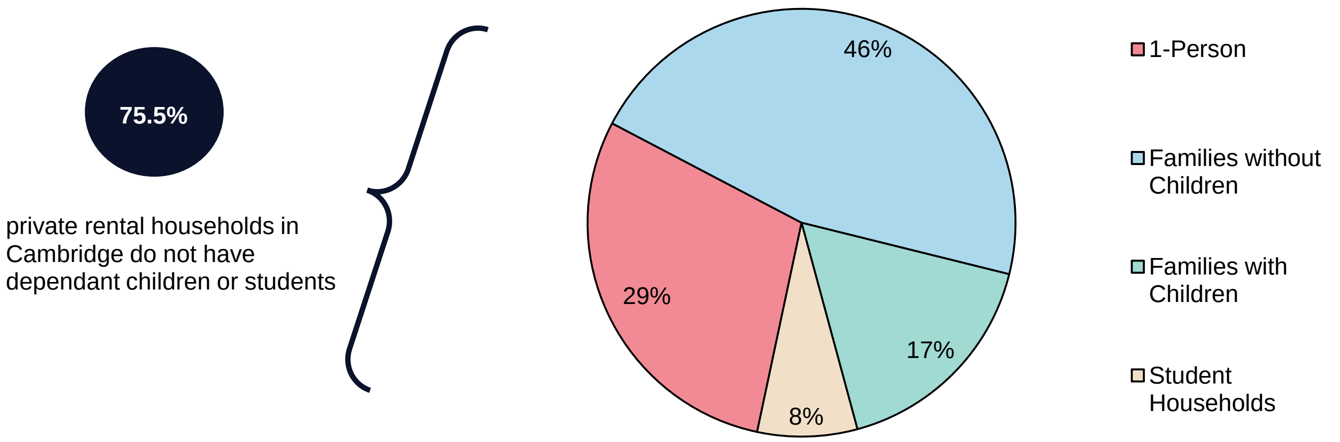
The data shows that there is a similar pattern of household composition for Cambridge and England, although in Cambridge the variations between all households and households in PRS are considerably greater. In broad terms:

- There are far fewer households in PRS that include dependent children[11].
- There are far fewer households, either single or multiple persons, in PRS that comprise entirely of people aged 65 and over.
- There are fewer households in PRS that include non-dependent children[12].

4.4.2 The main notable difference between Cambridge and England as a whole is the proportion of 'Other' households. In Cambridge, some 22.8% of all households in PRS fall into this category whilst it is only 10.9% in England. It is likely that most of these households are Households in Multiple Occupation (HMOs) comprising unrelated (probably young) adults that do not have the financial resources to purchase their own home.

4.4.3 It is also of note that in Cambridge 75.5% of PRS households do not have dependent children or comprise all-students (**Figure 4.3**). This is the highest proportion of any local authority in England outside of London. Clearly these are households that are more suited to smaller dwelling sizes, such as those proposed here.

Figure 4.3: Prevalence of Households without Dependent Children or All-Students in Cambridge



Source: ONS 2011 Census Table DC4101EW

4.5 Economic Profile of the PRS Population

4.5.1 **Table 4.8** shows that amongst household representatives aged 16-34, economic activity is higher in PRS accommodation in Cambridge, although it is comparable across tenures in England. Amongst those aged 35-64 economic activity rate in PRS in Cambridge is high, and unemployment and inactivity due to long term sickness are low; the opposite occurs across England as a whole. Across both Cambridge and England unemployment and inactivity due to long term sickness are notably lower in PRS.

Table 4.8: Economic Activity by Age of Household Representative Person, 2011

			Cambridge				England	
			All Residents		Private Rented		All Residents	Private Rented
			No.	%	No.	%	%	%
16-34	All		12,950	100	7,872	100	100	100
	Economically active	All	10,886	84.1	6,697	85.1	86.8	86.2
		Employee	8,829	68.2	5,483	69.7	68.1	66.1
		Self-employed	668	5.2	316	4.0	8.7	8.1
		FT students in employment	957	7.4	758	9.6	3.3	5.6
		Unemployed	333	2.6	74	0.9	6.0	5.4
		FT students unemployed	99	0.8	66	0.8	0.7	1.0
	Economically inactive	All	2,064	15.9	1,175	14.9	13.2	13.8
		Retired	3	0.0	1	0.0	0.0	0.0
		Students	1,383	10.7	1,083	13.8	3.7	5.7
		Looking after home/family	308	2.4	22	0.3	5.1	4.5
		Long-term sick/disabled	205	1.6	16	0.2	2.2	1.5
		Other	165	1.3	53	0.7	2.2	2.1
35-49	All		13,613	100	3,540	100	100	100
	Economically active	All	12,509	91.9	3,342	94.4	91.3	88.0
		Employee	10,170	74.7	2,823	79.7	71.1	65.2
		Self-employed	1,813	13.3	381	10.8	15.4	14.8
		FT students in employment	114	0.8	55	1.6	0.7	1.1
		Unemployed	404	3.0	80	2.3	4.1	6.7
		FT students unemployed	8	0.1	3	0.1	0.1	0.2

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11 A dependent child is any person aged 0 to 15 in a household (whether or not in a family) or a person aged 16 to 18 in full-time education and living in a family with his or her parent(s) or grandparent(s). It does not include any people aged 16 to 18 who have a spouse, partner or child living in the household.

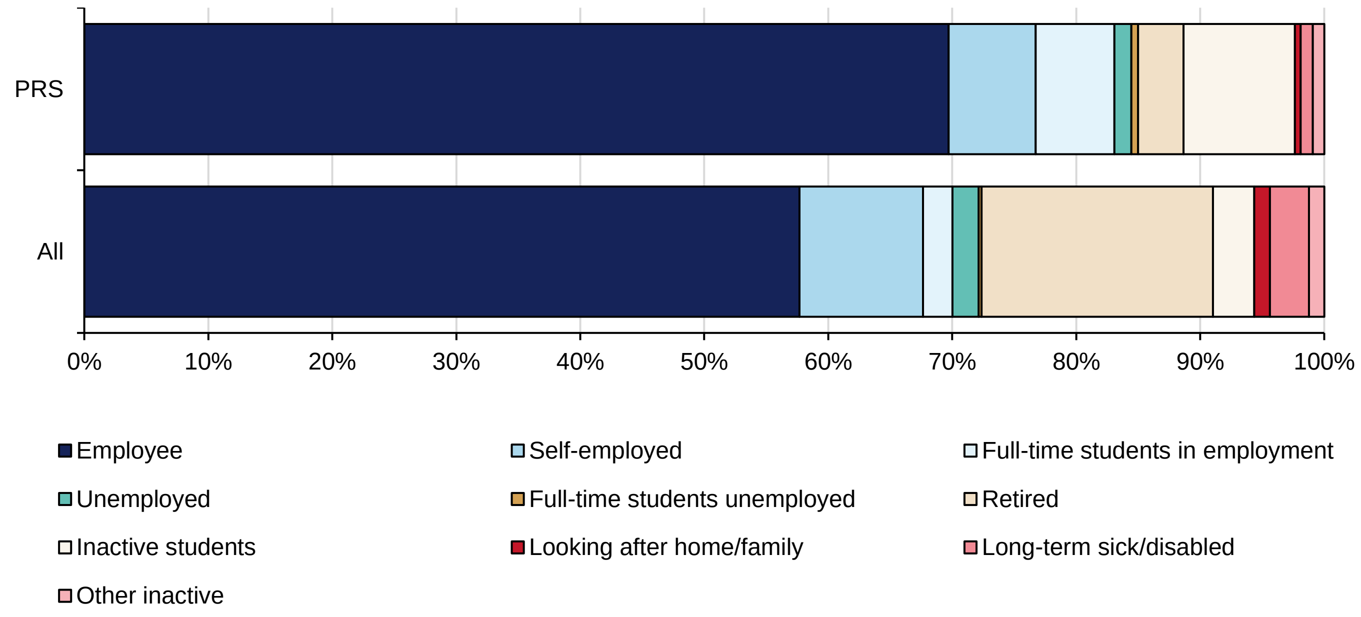
12 There is no age limit applied to the definition of a child. For example, a married couple living with their son aged 40 would be classified as a family consisting of a married couple and their child unless the son has a spouse, same-sex civil partner, partner or child living in the household. Therefore, non-dependent children can be of any age and households with non-dependent children simply identify those with at least two generations of the same family where all are aged 16 or over.

			Cambridge				England	
			All Residents		Private Rented		All Residents	Private Rented
			No.	%	No.	%	%	%
	Economically inactive	All	1,104	8.1	198	5.6	8.7	12.0
		Retired	18	0.1	2	0.1	0.1	0.1
		Students	130	1.0	73	2.1	0.5	1.1
		Looking after home/family	190	1.4	29	0.8	2.1	2.9
		Long-term sick/disabled	616	4.5	61	1.7	4.6	5.6
		Other	150	1.1	33	0.9	1.3	2.2
50-64	All		10,328	100	997	100	100	100
	Economically active	All	8,647	83.7	876	87.9	80.4	76.9
		Employee	6,751	65.4	670	67.2	61.3	54.5
		Self-employed	1,631	15.8	172	17.3	16.0	16.0
		FT students in employment	31	0.3	10	1.0	0.2	0.3
		Unemployed	233	2.3	23	2.3	2.9	6.0
		FT students unemployed	1	0.0	1	0.1	0.0	0.1
	Economically inactive	All	1,681	16.3	121	12.1	19.6	23.1
		Retired	843	8.2	44	4.4	11.0	8.8
		Students	27	0.3	8	0.8	0.1	0.3
		Looking after home/family	82	0.8	8	0.8	0.9	1.3
		Long-term sick/disabled	587	5.7	41	4.1	6.2	10.2
		Other	142	1.4	20	2.0	1.3	2.5
65+	All		9,809	100	574	100	100	100
	Economically active	All	1,756	17.9	120	20.9	12.9	14.2
		Employee	1,187	12.1	74	12.9	8.3	8.9
		Self-employed	540	5.5	41	7.1	4.4	4.9
		FT students in employment	7	0.1	3	0.5	0.0	0.0
		Unemployed	21	0.2	2	0.3	0.2	0.4
		FT students unemployed	1	0.0	0	0.0	0.0	0.0
	Economically inactive	All	8,053	82.1	454	79.1	87.1	85.8
		Retired	7,848	80.0	429	74.7	84.7	81.5
		Students	14	0.1	2	0.3	0.1	0.2
		Looking after home/family	8	0.1	1	0.2	0.1	0.2
		Long-term sick/disabled	63	0.6	7	1.2	0.9	1.8
		Other	120	1.2	15	2.6	1.2	2.1

Source: ONS 2011 Census Table DC4601EW

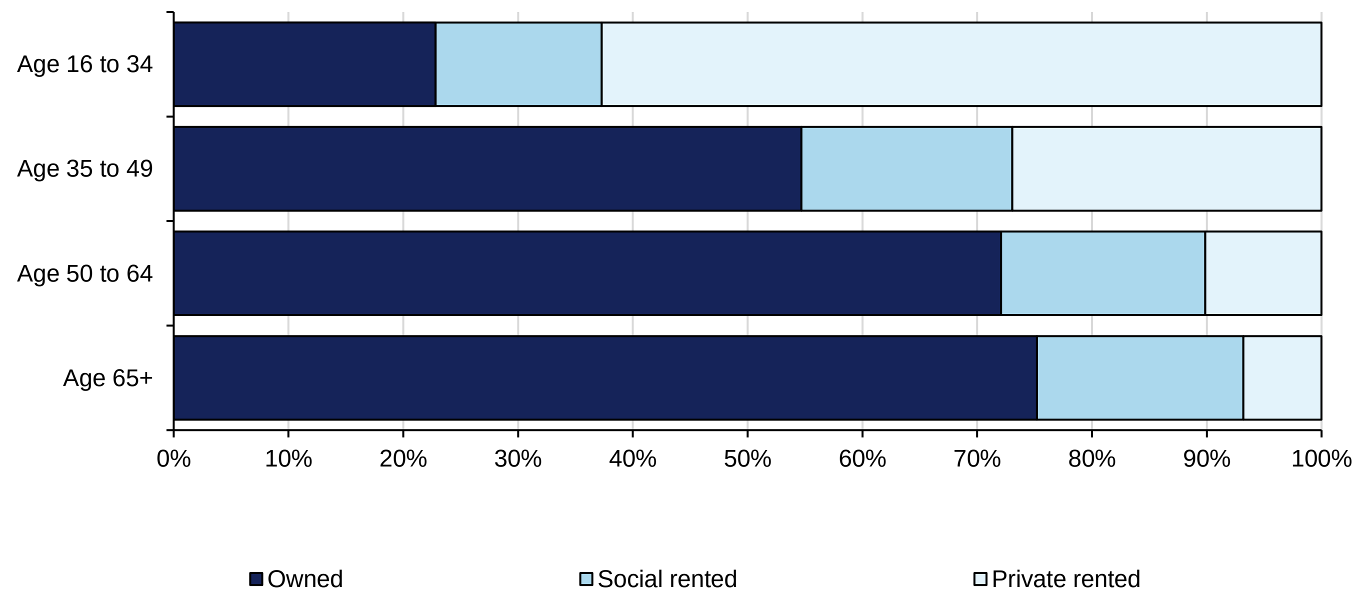
4.5.2 In Cambridge, the proportion of household representatives that are employees in PRS is 12% higher than the average across all tenures (**Figure 4.4**). While the proportion of self-employed is lower in the private rented sector, the proportion of full time students in employment is almost three times the average across all tenures. In terms of the population in employment, there are clear variations in tenure depending on age (**Figure 4.5**). Some 62.7% of household representatives aged 16-34 live in PRS, which is the third highest of any local authority in England outside of London. Overall, in Cambridge some 33.0% of the household representative persons in employment live in PRS; the sixth highest in England outside London (**Figure 4.6**).

Figure 4.4: Economic Activity and Inactivity in PRS in Cambridge, 2011



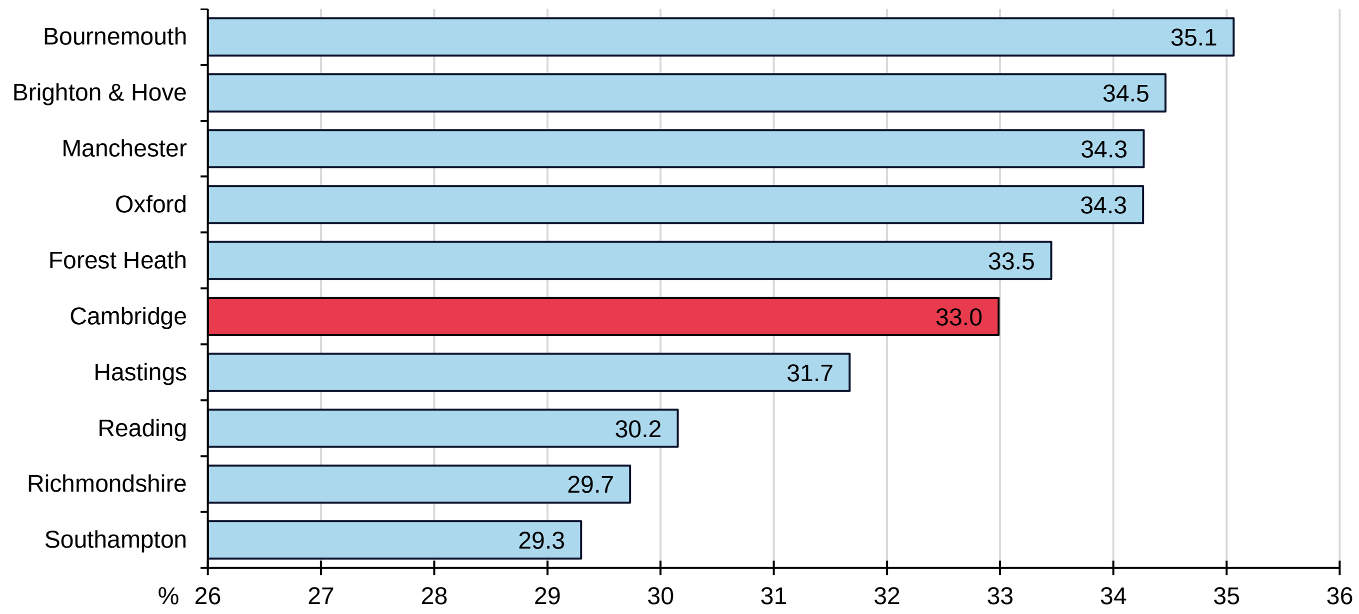
Source: ONS 2011 Census Table DC4601EW

Figure 4.5: Tenure of Household Representatives in Employment by Age in Cambridge, 2011



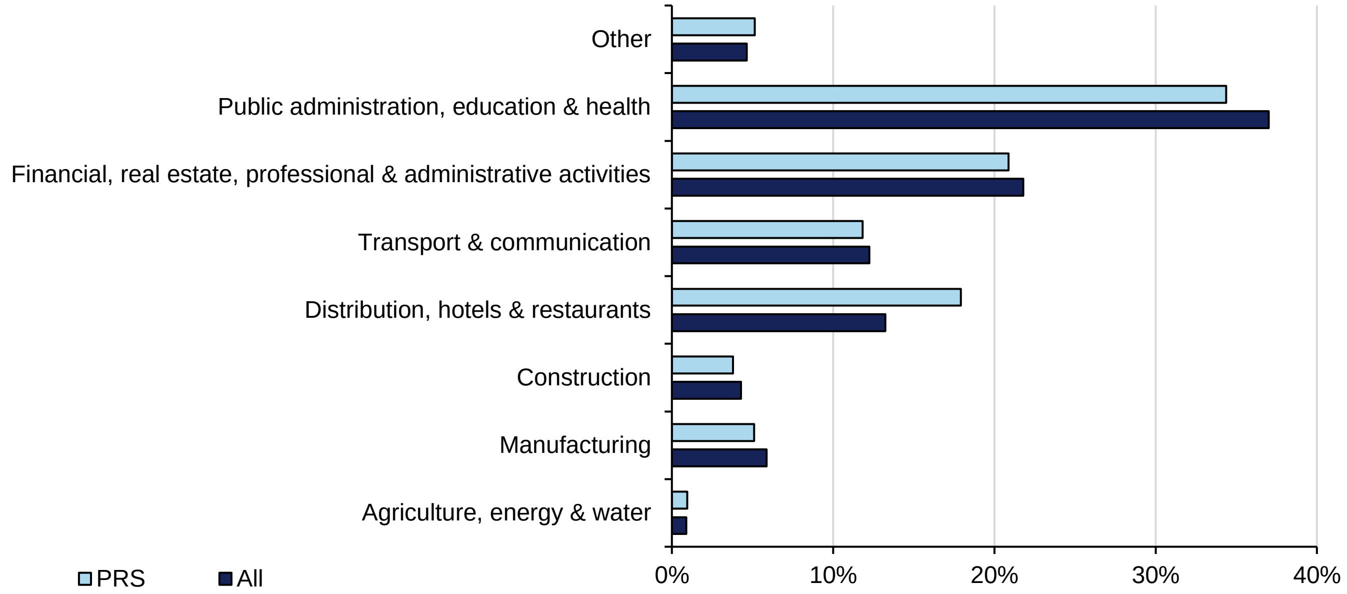
Source: ONS 2011 Census Table DC4601EW

Figure 4.6: Top 10 Areas Outside London for HRPs in PRS Housing



Source: ONS 2011 Census Table DC4601EW

Figure 4.7: Industry of Household Representatives in Cambridge, 2011



Source: ONS 2011 Census Table LC4602EW

4.5.3 **Table 4.9** sets out the broad industries that household representative persons work in. Across England the variation between PRS and other tenures does not appear to be significant. Within Cambridge, the most notable variations are a lower representation in the construction sector in PRS and a slightly higher representation in financial, real estate, professional and administrative activities (**Figure 4.7**).

Table 4.9: Industry of Household Representative Person, 2011

	Cambridge				England	
	All Residents		Private Rented		All Residents	Private Rented
	No.	%	No.	%	%	%
All	32,698	100	10,786	100	100	100
Agriculture, energy & water	295	0.9	72	0.7	2.7	2.7
Manufacturing	1,922	5.9	538	5.0	10.7	8.1
Construction	1,401	4.3	217	2.0	9.3	7.4
Distribution, hotels & restaurants	4,330	13.2	1,670	15.5	18.4	22.5
Transport & communication	4,007	12.3	1,418	13.1	10.9	10.5
Financial, real estate, professional & admin activities	7,123	21.8	2,628	24.4	17.9	19.2
Public administration, education & health	12,104	37.0	3,642	33.8	25.8	23.7
Other	1,516	4.6	601	5.6	4.3	6.0

Source: ONS 2011 Census Table LC4602EW

4.5.4 **Table 4.10** shows that there is considerable variability in employment occupation between tenures depending on the age of the household representative person in Cambridge and across England. For England, many of these variations are likely to reflect the relatively small population compared to the vast geographic area covered. As such these statistics, should be treated with care. In Cambridge, however, whilst the sample size is smaller still, the geographic area is considerably smaller and the statistics are likely to be more meaningful. In Cambridge, amongst household representatives of all age ranges there is a higher representation of more professional occupations in PRS. There are also generally fewer household representatives in PRS in elementary occupations or employed as process, plant and machine operatives.

Table 4.10: Occupation by Age of Household Representative Person, 2011

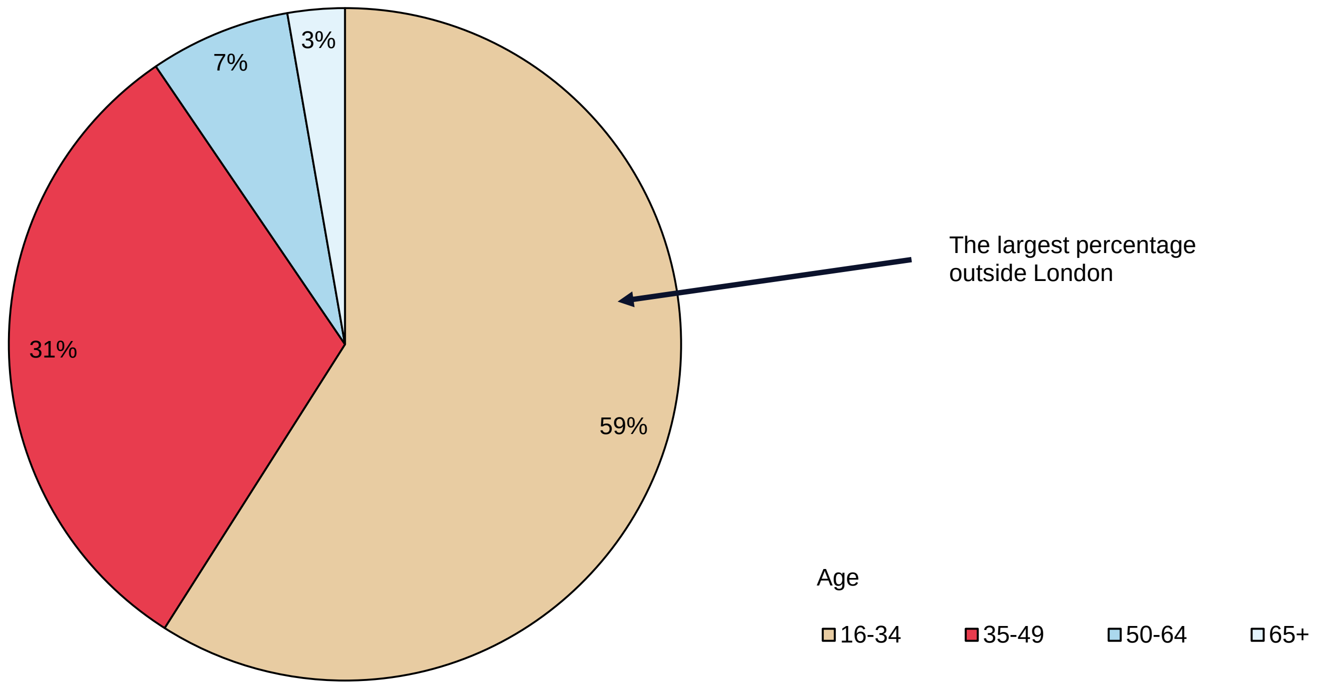
		Cambridge				England	
		All Residents		Private Rented		All Residents	Private Rented
		No.	%	No.	%	%	%
16-34	All	10,454	100	6,557	100	100	100
	Managers, directors & senior officials	699	6.7	447	6.8	9.5	8.6
	Professional occupations	4,867	46.6	3,303	50.4	20.2	19.7
	Associate professional & technical occupations	1,276	12.2	843	12.9	16.4	16.2
	Administrative & secretarial occupations	650	6.2	387	5.9	8.6	8.7
	Skilled trades occupations	574	5.5	279	4.3	12.4	10.9
	Caring, leisure & other service occupations	561	5.4	241	3.7	7.6	8.1
	Sales & customer service occupations	638	6.1	399	6.1	8.0	9.2

		Cambridge				England	
		All Residents		Private Rented		All Residents	Private Rented
		No.	%	No.	%	%	%
	Process, plant & machine operatives	292	2.8	140	2.1	6.6	6.1
	Elementary occupations	897	8.6	518	7.9	10.6	12.5
35-49	All	12,097	100	3,259	100	100	100
	Managers, directors & senior officials	1,462	12.1	349	10.7	15.0	13.2
	Professional occupations	5,171	42.7	1,619	49.7	19.7	18.0
	Associate professional & technical occupations	1,435	11.9	370	11.4	13.9	13.2
	Administrative & secretarial occupations	632	5.2	162	5.0	8.2	7.6
	Skilled trades occupations	978	8.1	189	5.8	13.7	12.8
	Caring, leisure & other service occupations	672	5.6	158	4.8	6.9	8.7
	Sales & customer service occupations	349	2.9	97	3.0	4.8	5.8
	Process, plant & machine operatives	577	4.8	117	3.6	9.1	8.9
	Elementary occupations	821	6.8	198	6.1	8.6	11.7
50-64	All	8,413	100	852	100	100	100
	Managers, directors & senior officials	996	11.8	106	12.4	13.6	13.5
	Professional occupations	2,935	34.9	321	37.7	17.7	14.6
	Associate professional & technical occupations	836	9.9	87	10.2	10.8	9.3
	Administrative & secretarial occupations	705	8.4	49	5.8	10.3	8.1
	Skilled trades occupations	772	9.2	53	6.2	14.7	14.3
	Caring, leisure & other service occupations	564	6.7	68	8.0	7.2	9.4
	Sales & customer service occupations	288	3.4	22	2.6	4.9	5.6
	Process, plant & machine operatives	474	5.6	35	4.1	11.0	11.4
	Elementary occupations	843	10.0	111	13.0	9.8	13.8
65+	All	1,734	100	118	100	100	100
	Managers, directors & senior officials	185	10.7	17	14.4	14.2	14.1
	Professional occupations	618	35.6	46	39.0	15.4	13.8
	Associate professional & technical occupations	169	9.7	12	10.2	9.2	8.4
	Administrative & secretarial occupations	144	8.3	6	5.1	10.6	8.5
	Skilled trades occupations	150	8.7	11	9.3	15.1	17.1
	Caring, leisure & other service occupations	86	5.0	7	5.9	7.1	7.8
	Sales & customer service occupations	94	5.4	6	5.1	6.4	6.3
	Process, plant & machine operatives	98	5.7	0	0.0	10.0	10.0
	Elementary occupations	190	11.0	13	11.0	12.0	14.0

Source: ONS 2011 Census Table DC4604EW

4.5.5 Furthermore, 7,317 (31.4%) household representative persons in Cambridge that work in managerial, administrative or professional occupations live in PRS. Of these, 59.0% are aged 16-34, which is the highest proportion for this age range in England outside London (**Figure 4.8**).

Figure 4.8: Household Representative Persons with Managerial, Administrative or Professional Occupations that live in Private Rented Accommodation by Age



Source: ONS 2011 Census Table DC4604EW

4.6 Conclusions

4.6.1 It is clear that the PRS population in Cambridge is very different from that seen nationally. The population is focussed in 20-35 age bracket, the very age range that BtR investors are focussing their products on. Most importantly, very few are students households with the majority of students living in communal accommodation. Some 75.2% of PRS households in Cambridge do not include children or students, the highest rate in England outside of London, which highlights the need for smaller dwellings that would have lower rents compared to larger dwellings.

4.6.2 There are considerably more in employment when compared to other tenures and generally have work in higher occupations. This echoes the findings of Chapter 3 that it is those on comparably good earnings but are not yet in a position to buy their own home, particularly in Cambridge – the 'in-betweens'.

5 Conclusions

5.1.1 The Government clearly supports the growth of the Private Rented Sector, particularly institutional Build to Rent, which generally offers a better quality product in terms of urban design, amenities and longer tenancy agreements.

5.1.2 BtR investors are particularly focused on those households that are generally within the 25-34 age bracket, that are not students, are in employment and predominantly in higher earning occupations. These are households that generally cannot yet in a position to buy a home but are unlikely to qualify for affordable housing or some other housing support.

5.1.3 This study has found that the particularly large PRS in Cambridge is already catering for a high demand from exactly the demographic that BtR investors are seeking. Against several measures, the Cambridge market is the most important in England outside of London.

5.1.4 There is however clear evidence that over the last decade median rents have increased at the same rate as median house prices, causing similar affordability constraints. This and the limited availability of suitable stock has led to many households that are on comparably good earnings that work in the City having to find accommodation elsewhere and commute. This situation is only going to increase with the continued rapid growth of employment opportunities in the City.

5.1.5 The demography of private renters in the City clearly lends itself to smaller dwelling sizes given the limited prevalence of children and the need to minimise rents to reflect the wages achievable by those aged 25-34 at the start of their careers, even amongst higher earning occupations.

5.1.6 Brookgate's proposals at the former Chesterton Sidings' Cowley Road in Cambridge, which include 270 BtR apartments are targeted at the very demographic, the 'in-betweens', that the housing market is not currently adequately serving. Therefore, the proposals are entirely consistent with the requirements of paragraph 62 of the NPPF and the Greater Cambridge Housing Strategy.

BIDWELLS