
Cambourne to Cambridge Busway

Date: 3 November 2025

Subject: LVU sensitivity test analysis and real house price growth

Background

1. The Applicant has produced two notes in response to Mr Leigh regarding analysis of Land Value Uplift (LVU) sensitivity tests and the application of real house price growth. The two notes are:
 - i) Response to Alternative Scenarios for Land Value Uplift (9 October) [CD29-60]
 - ii) Derivation of real house price growth assumptions (16 October 2025) [Appended]

Agreed position

2. The Applicant and Mr Leigh agree on the results of the LVU assessment undertaken by the Applicant of the alternative scenarios defined by Mr Leigh. The results are presented as the Calculated BCR metrics provided on page 3 of the '*Response to alternative scenarios for Land Value Uplift Assessment*'. [CD29-60, Tables on Page 3]
3. The Applicant and Mr Leigh agree on the annual real growth rate for house prices of 2.2% derived from a period of nine years (January 2014 – January 2023) as evidenced in the 16 October note '*Derivation of real house price growth assumptions*'. [Appended] This analysis was employed in the Economic Case Addendum [CD1-21.02, Page 22, Paragraph 4.4.31].

Application of CPIH and GDP deflator

4. Mr Leigh has applied CPIH-adjusted values (see graph below) to produce real growth values for house prices in South Cambridgeshire from 2005 to 2025.
5. The Applicant has applied the GDP deflator for the derivation of real growth for the purposes of the economic appraisal, which it considers should be applied and is in line with the Department for Transport's guidance (TAG) [CD26.01-APP-W6-4, Page 6, Para 3.2.21].

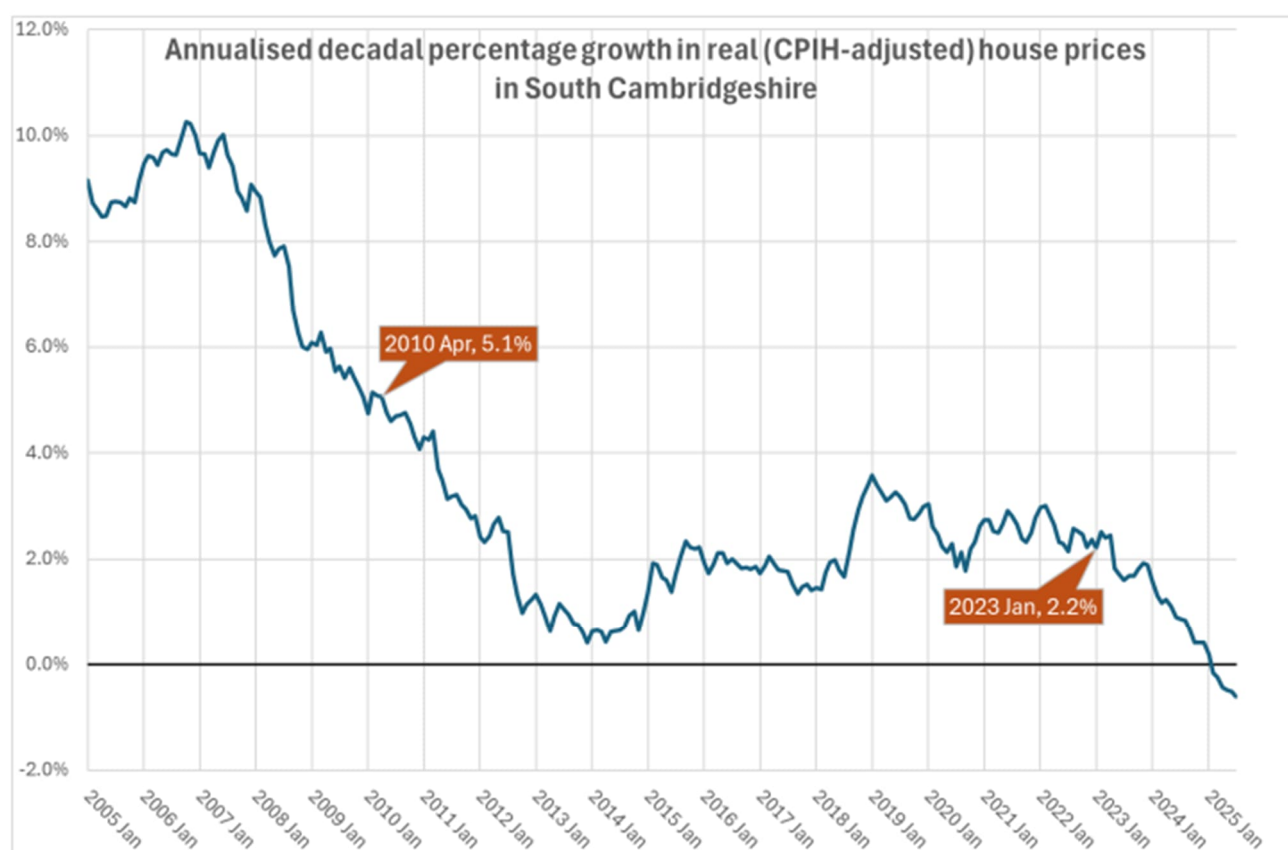


Figure 1: Annualised decadal percentage growth in real (CPIH-adjusted) house prices in South Cambridgeshire 2005–25

Cambourne to Cambridge Busway

Date: 16 October 2025

Subject: Derivation of 2.2% real house price growth applied in LVU analysis

Real House Price derivation

As set out in the OBC Economic Addendum [CD1-21.02, page 22, paragraph 4.4.32], a 2.2% annual real increase in house prices was applied for the estimation of the Gross Development Value based on the data available at the time.

In overview, the nominal average price for all property types for South Cambridgeshire for 2014 to 2023 inclusive were extracted from Land Registry records. These were rebased to 2014 prices using the GDP deflator set out in the TAG databook and the cumulative annual growth rate calculated.

A screenshot from the Excel spreadsheet model is presented below.

