

STUDENT HOUSING DEVELOPMENTS IN THE UK

CONTENTS

P 2

Student Housing Demand

P 5

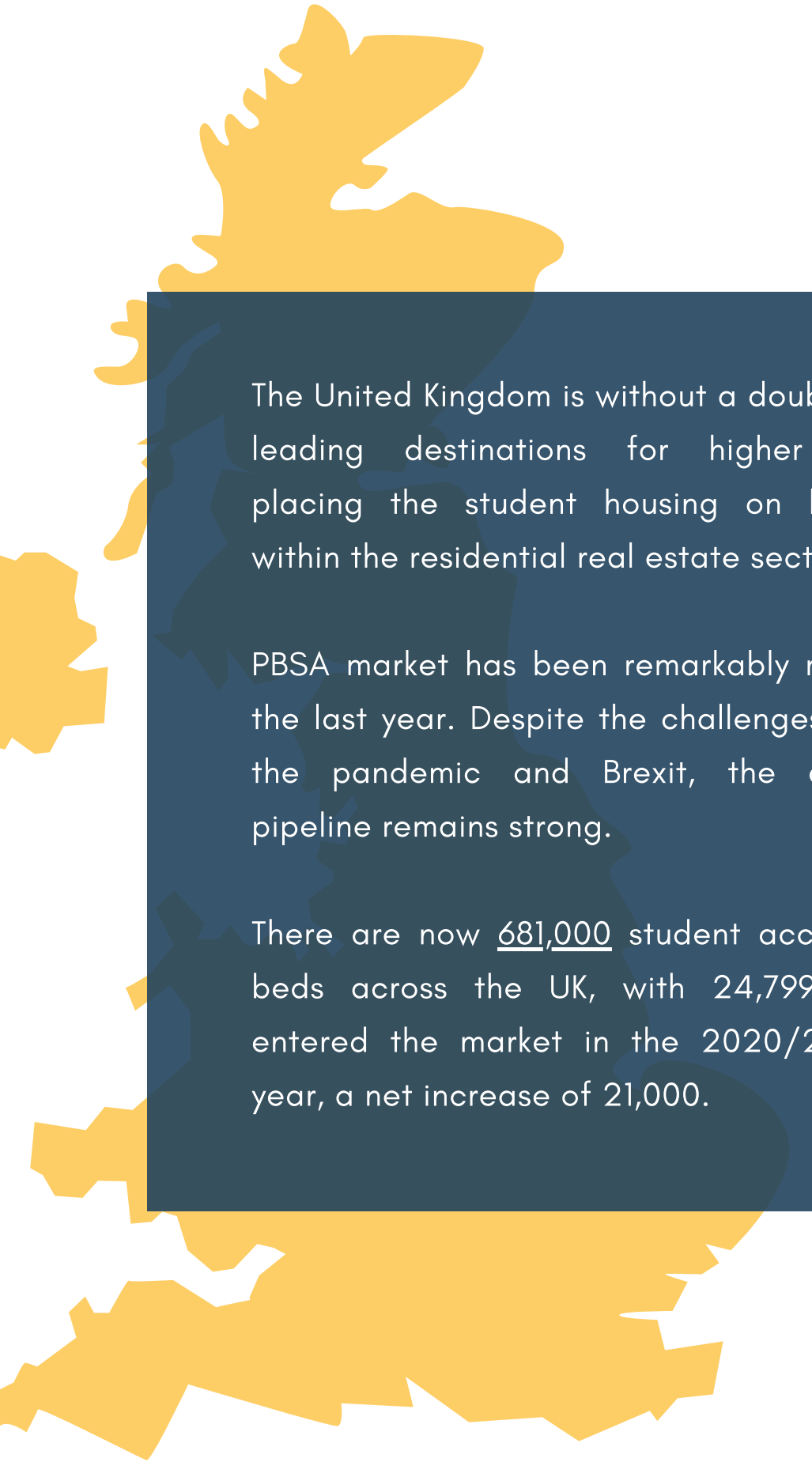
PBSA Developments

P 8

Student Housing Challenges & Opportunities

P 10

Universities' Challenges & Opportunities



The United Kingdom is without a doubt one of the leading destinations for higher education, placing the student housing on high priority within the residential real estate sector.

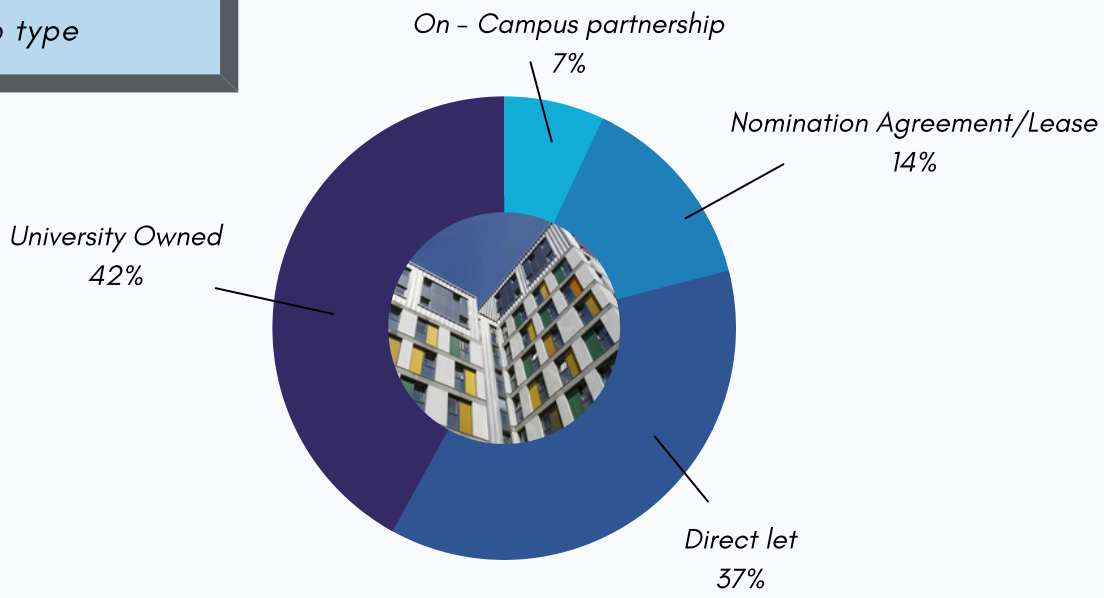
PBSA market has been remarkably resilient over the last year. Despite the challenges brought by the pandemic and Brexit, the development pipeline remains strong.

There are now 681,000 student accommodation beds across the UK, with 24,799 beds that entered the market in the 2020/21 academic year, a net increase of 21,000.

STUDENT HOUSING DEMAND

Purpose-built student accommodation (PBSA) in the United Kingdom (UK) is mainly university owned and direct let. The two ownership types making up for 79% of the stock supply as of the academic year 2020/2021.

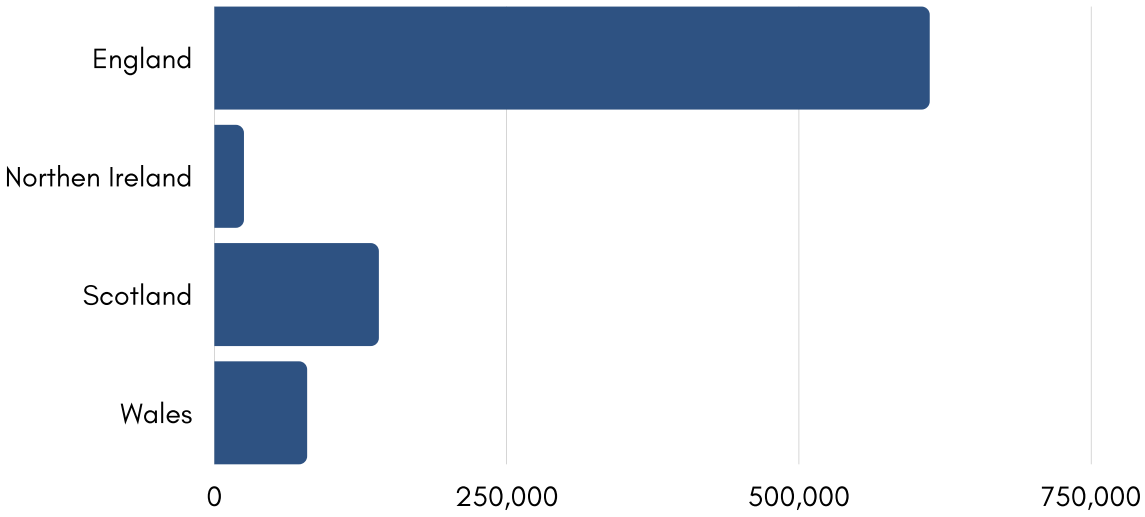
Distribution of PBSA stock in the UK in 2020/2021, by ownership type



While universities own 42% of the current PBSAs, they are increasingly relying on the private sector to cater to the increasing student numbers. In 2020 around 30% of full-time first-year students were living in private purpose-built student accommodation, up by 22%, compared to six years ago.

The record number of students that started Uni this autumn has increased the private student housing demand in Bournemouth by 84%, Bristol 67%, Glasgow 64%.

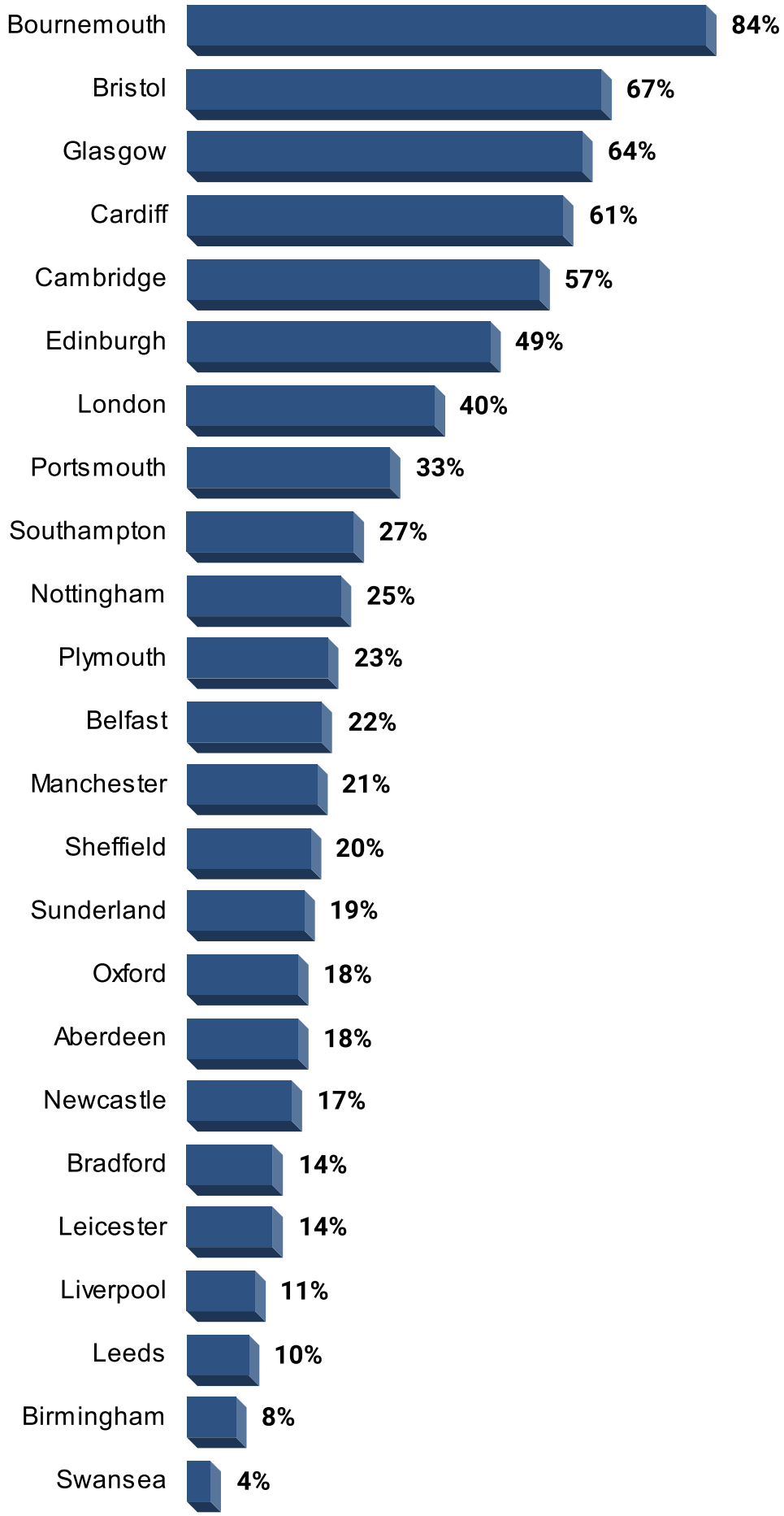
Applicants figures vs. Country of provider



The least in-demand areas for student accommodation were Birmingham (8%), Leeds (10%) and Liverpool (11%), followed by Swansea, where just 4% of listed student rental stock has already been let.

The following diagram, shows the current rental demand (rental stock let) for private student rentals across the UK:

Rental stock let in UK % /City



PBSA DEVELOPMENTS

There is not only a huge demand, the investment is particularly stable despite a tumultuous economical and political climate in the UK. The pipeline in the UK shows that the PBSA sector is resilient and it continues to attract investment.

While London maintains the largest pipeline of 14,235 student beds, the pipeline for Nottingham is 7,827, Bristol is 6,499, Leeds is 5,943 and Manchester is 5,578. Figures show that the PBSA offering in regional hubs continues to grow.

Liverpool's Purpose-Built Student Accommodation (PBSA) bed supply has increased by 1,544 in the 2021-22 academic year to date - a 5.8% uplift year-on- year. The North West has also seen Manchester attract 1,095 beds.

Swansea has also seen a regional uplift by 1,481 beds, Nottingham in the East Midlands by 1,362 beds, Lincoln by 1,176 beds and Sheffield in South Yorkshire by 1,351 beds.

The PBSA market continues to be a steady and profitable investment, and it has seized the attention of numerous international investors from Singapore and Dubai, who have



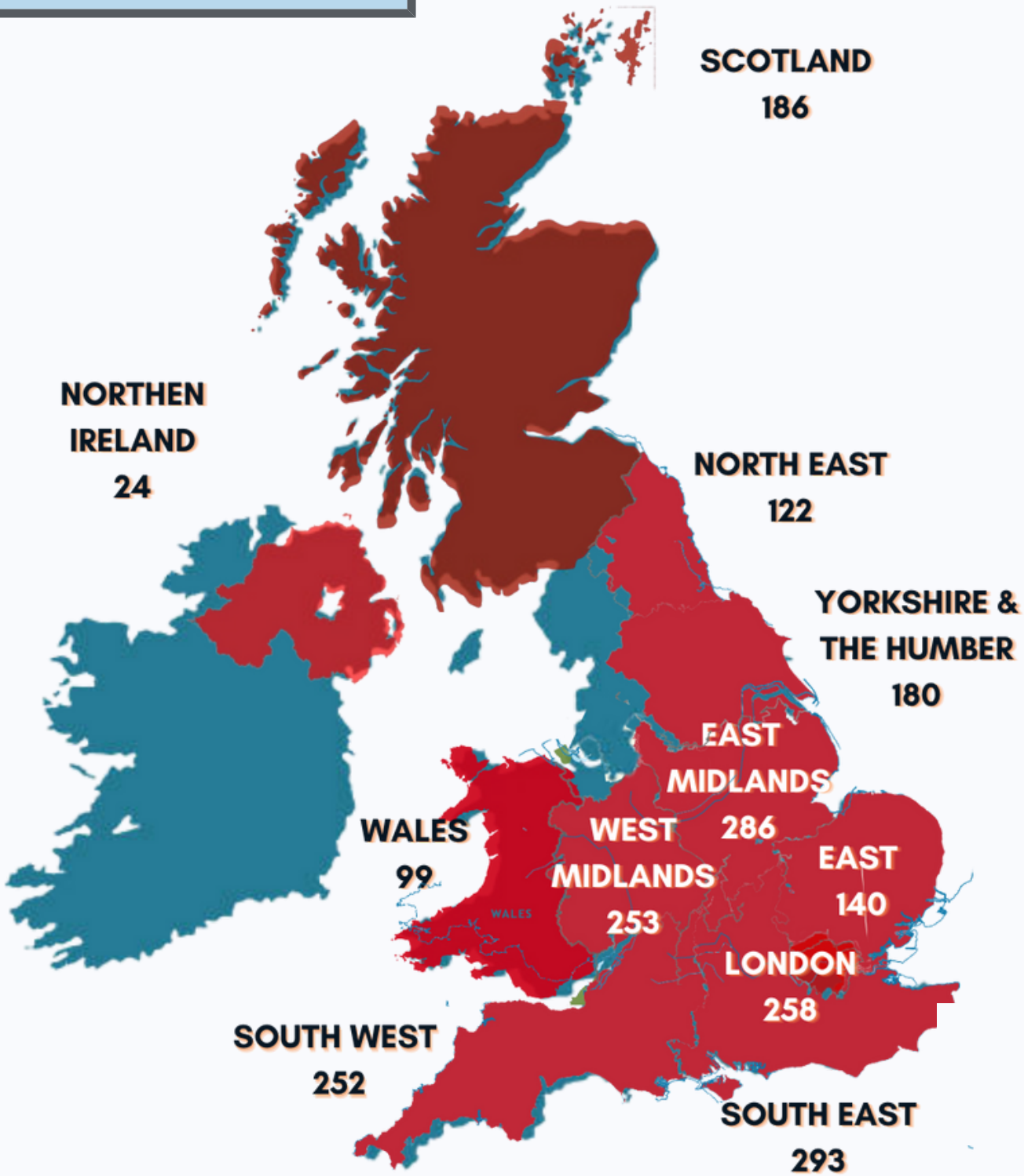
been purchasing huge PBSA portfolios in the UK's major cities.

This does not however mean that the market is saturated. In fact, these international investors are focusing on the main cities where there is guaranteed demand, overlooking the smaller UK cities where there is a low rate of PBSA development but an increasing demand for student housing.

According to the data gathered by Glenigan, we could identify that most PBSA developments in planning, started on the imminent completion stage, have been registered in the East Midlands, South East and South West England, and the least in Northern Ireland and Wales (diagram - page 8).

As to were investments to be made, in their latest research, Savillis mentioned that Bath, Birmingham, Brighton, Edinburgh, London, Manchester, Oxford and St Andrews are the top cities for Purpose-Built Student Accommodation developments this year.

PBSA developments in planning, started on the imminent completion stage in the UK



STUDENT HOUSING CHALLENGES & OPPORTUNITIES

Development Finance Today collaborated on a virtual roundtable with Beaufort Capital, on the topic of 'How student accommodation will evolve by 2030'.
The panel included four PBSA experts: Joanne Winchester, executive director at CBRE; Martin Blakey, CEO at Unipol Student Homes; Martin Corbett, CEO at Homes for Students; and Richard Simpson, CEO at Watkin Jones plc.

The event kicked off with presentations from all five panellists that provided their views on the PBSA sector from a funding, developing, operating and valuing perspective.

With regard to HMO's supply vs demand, given the role that this letting type play, the panellists' concluded that the number of HMOs has "probably peaked" as a result of the need to get additional planning requirements for C4 use, and the disincentives around BTL taxation.





Article 4 has has put the HMOs on hold, and the number of students living in this property type will likely decline, with more returning students living in PBSA.

When discussing the growing threat to the crucial student from China, considering the rising political tensions over Hong Kong and Xinjiang, the panellists' suggested focussing on the domestic demographic going forward, as it is a more affordable product.

Considering the student housing future, they expect another 10 years of expansion in the PBSA sector.

**Article 4 Direction on C4 HMOs - permitted development rights will no longer apply to small HMO development (Class C4). Planning permission will be required for such development proposals (HMOs with 3 to 6 unrelated persons). This does not affect Class C4 HMOs that existed prior to 6 December 2019.*

**BTL Taxation - Buy to Let Taxation - amount varies depending on the price of the property and region.*

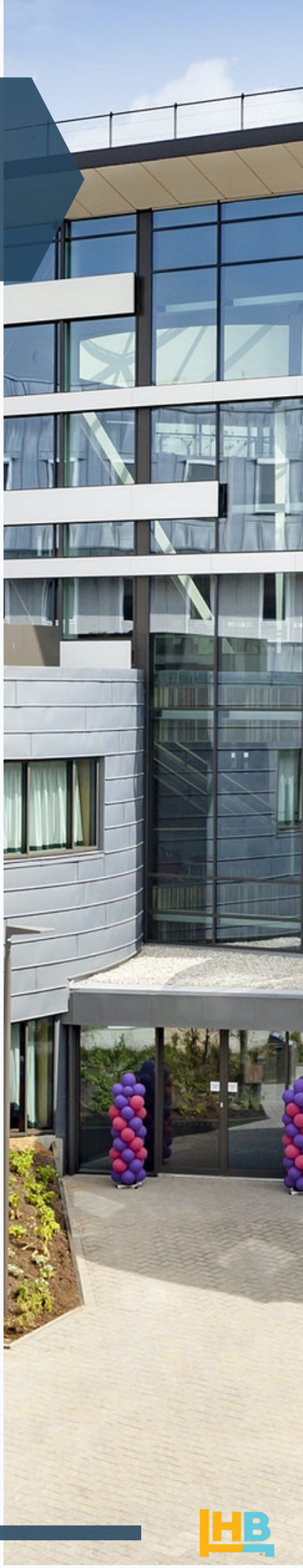
UNIVERSITIES' CHALLENGES & OPPORTUNITIES

StarRez housing software has dramatically changed the student experience at Bournemouth University. Using self-selection for bookings and automated communications.

They started by allowing students to go online and select their rooms themselves and could also book a time slot to attend inductions.

By year four and five, it became even more streamlined and students could use time slots to leave and receive all the necessary instructions. They also introduced PortalX and that gave staff the option for Conditional students to reserve their rooms as well as the usual Unconditional bookings.

The transparency, consistency and the work placement opportunities for every undergraduate student, might be the factors that increased the students' demand at Bournemouth University.





Hundreds of students at the University of Bristol had to accommodate in the city of Bath as the spaces in Bristol have been fully allocated.

There has been a "unprecedented demand" for places at the university. Teacher that assessed A-Level grades, have seen the number of applicants who met their offer raising to 75% from the usual level of 46%.

The University of Bristol said that many non-guaranteed applicants did not receive university allocated accommodation, and they offered a shared room or accommodation in a neighbouring suburb or town, such as Bath.

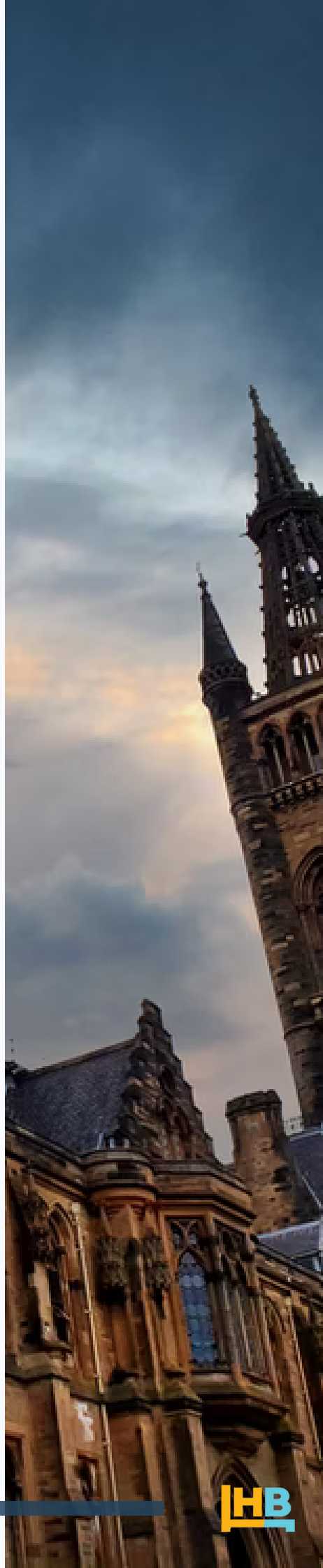
The demand has grown aggressively since the introduction of £9,000 annual tuition fees in 2012 and the removal of the government's cap on undergraduate numbers. In the 2012-13 academic year Bristol had the equivalent of 18,000 full-time students on undergraduate and postgraduate courses. By 2018-19 it had almost 24,000 - an increase of nearly a third.

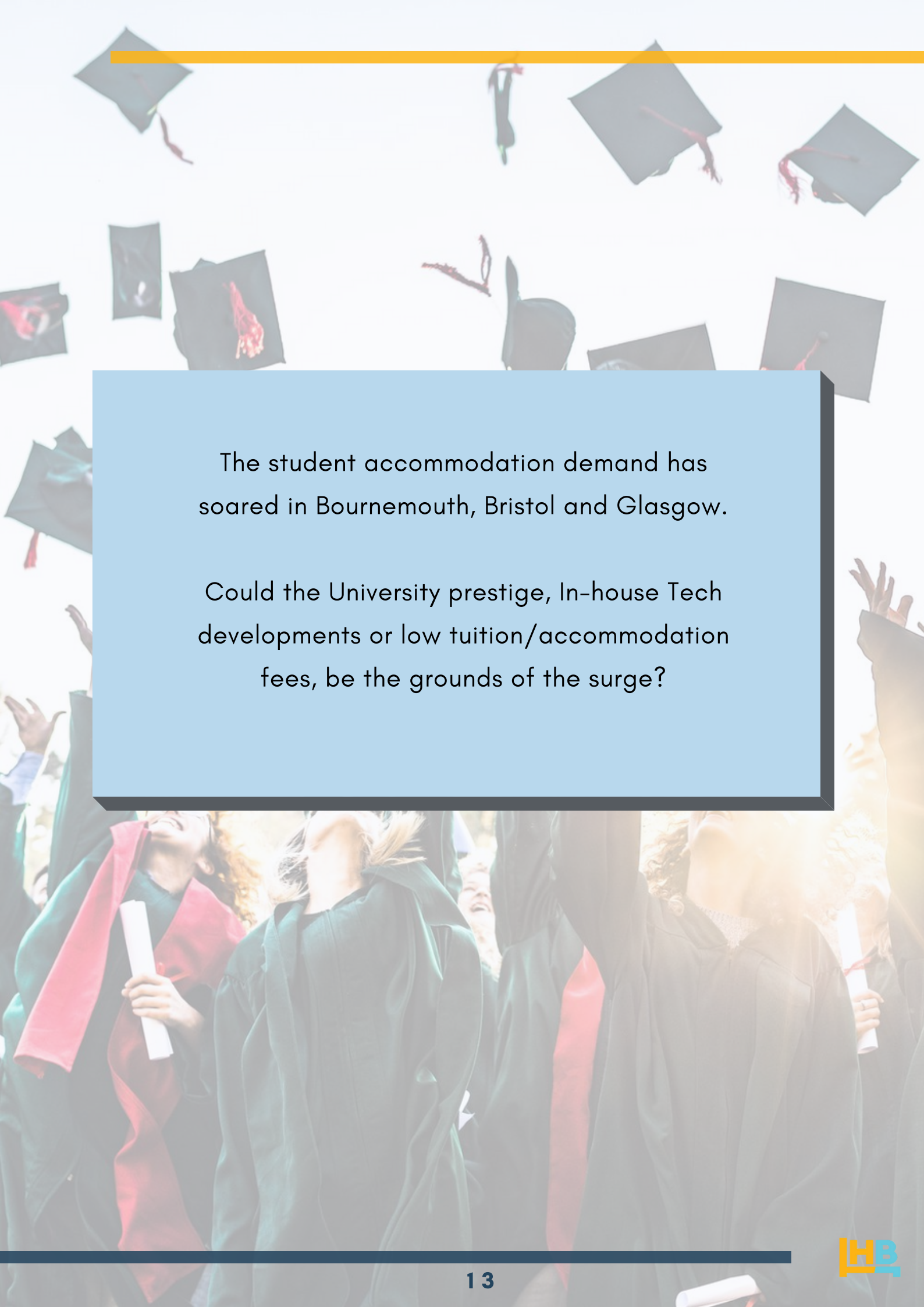
The University of Glasgow has been named Scottish University of the Year in The Times & The Sunday Times Good University Guide 2022.

The University rose for the fifth consecutive year to its highest ever position of 12th out of 135 UK institutions. The results highlighted positive scores for student experience and teaching quality, and positive impact on their Campus Development Programme. The results show that the University:

- Is ranked first in the UK in three subjects: Food Science, Sports Science & Dentistry
- Has 20 subjects ranked in the top five
- Has 32 subjects ranked in the Top 10

Teaching Quality and Student Experience both saw significant improvements, with Student Experience now ranked in the top 25 in the UK . The results outline the constant inputs, making it the current Times Higher Education (THE) University of the Year.





The student accommodation demand has soared in Bournemouth, Bristol and Glasgow.

Could the University prestige, In-house Tech developments or low tuition/accommodation fees, be the grounds of the surge?



Student housing development pipeline remains resilient, the sector now worth around £60bn. It has maintained its reputation as the go-to alternative asset of choice for investors.

Since the UK's position as an academic powerhouse has outlined any pandemic uncertainties, we can presume that the PBSA future is bright.



Our mission is to help students find accommodation effortlessly

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