



**MANCHESTER
CITY COUNCIL**

TOWN AND COUNTRY PLANNING ACT 1990 (AS AMENDED) SECTION 78

**TOWN AND COUNTRY PLANNING APPEALS
(INQUIRIES PROCEDURE) RULES 2000**

**APPEAL BY
Fusion Manchester DevCo Ltd**

**AT
Land at Deansgate South
Manchester**

**PROOF OF EVIDENCE BY NICHOLAS COLE BA (HONS)
EXECUTIVE SUMMARY**

Planning Inspectorate Reference: APP/B4215/W/21/3287525

Planning Application Ref: 129406/FO/2021

Scope of evidence & Background

This summarises the proof of evidence that addresses the Council's contention that the Appellant has failed to demonstrate robustly that there is unmet need for the proposed student accommodation.

The Appellant's projections for growth in the demand pool for student accommodation

It is the Appellant's position¹ that the demand pool for accommodation in Manchester could grow by 1.5% p.a. from 47,495 in 2018/19 to 55,940 in 2029/30, an increase of 8,445 students. It appears that these projections are based upon three elements, which have been identified by the Appellant in CD-A12.

1. Recent growth in student numbers is assumed to continue into the future
2. A key element of this is continued growth in international students
3. The recovery from the UK 18-year-old demographic dip which will cause the number of 18-year-olds in the UK will increase by 25% between 2020 and 2030, with the assumption that this will fuel significant growth in the numbers of places offered at Manchester Universities

I contend that there are significant weaknesses in the Appellant's methodology regarding their projected growth in the student demand pool and I will present evidence which proves that their case is not robust.

Historic trends in Manchester's student population

The number of enrolments in Manchester recovered following a significant drop off in response to student fees increasing in 2012/13 (Appendix 1). The increase in student numbers reported in the Appellant's evidence (from the 2013/14 academic year up until 2019/20) should therefore be considered predominately as a recovery in the student

¹ set out in CD-A12

population and not characterised as growth which can be forecast forward. A more appropriate and accurate interpretation shows that the number of students enrolled at UoM and MMU recovered to a level commensurate with enrolments before the tuition fees introduction by 2016/17. Importantly, from that point onwards, total enrolments at both Universities remained broadly stable in the period up to 2019/20 (equivalent to 0.6% growth in total over the three-year period²).

The sharp increase in the number of students enrolled at UoM and MMU for the 2020/21 academic year (Appendix 1) was the unintended consequence of the move to teacher assessed grades which replaced exams cancelled by the pandemic. Whilst this will inevitably take a while to flatten out, it is not a robust approach to take this one-off event as evidence for a trend towards sustained future growth.

Finally, Manchester's student population has been internationalising without growing significantly. Non-EU students living in Manchester have increased by 14% between 2016/17 and 2019/20 whilst UK students have decreased by 5% - equivalent to only 18 more students living in the city (Appendix 2).

Projected growth in University student numbers

The Appellant's evidence points to the fact that the number of 18-year-olds in the UK is projected to grow and this cohort will require extra places at Universities to accommodate them. It is my view that there is no evidence to support the assertion that domestic demographic trends can be assumed to directly translate into more undergraduates (UGs) in Manchester or that any specific institution will necessarily increase their intake to accommodate them.

Further to this, it is my view that the Appellant's evidence does not robustly consider the ongoing impact of the Covid-19 pandemic on the student population in the city, nor the associated effect of new forms of "hybrid learning" (including elements of remote learning) on student demand for accommodation when appraising changes in demand. Indeed, this

² HESA data

and the escalating cost-of-living crisis may mean more students choose to live at home, with a clear impact upon the potential demand for student accommodation in the city.

With all of this in mind, it is my view that the numbers of students enrolled at Manchester Higher Education Institutions (HEI) should be regarded as relatively stable and the Appellant's projections regarding future student numbers are not justified by the evidence.

Elements of the demand pool for student accommodation

i) City Centre Private Rented Sector ("PRS") Market:

There is limited evidence to support high numbers of students looking for specialist student accommodation in the Deansgate South location. In the city centre students overwhelmingly want to live on the Oxford Road Corridor (Appendix 3). Furthermore, the Appellant's evidence asserts that the number of students in the private rented market at any one time should be considered "excess PBSA [Purpose Built Student Accommodation] demand". I contend that this is not the case, as in a healthy student housing market, a significant proportion of students will always choose to live in the mainstream private rented sector, regardless of the availability of PBSA beds. It is notable for example that the proportion of student households in the city centre has been stable (between 21% and 23% of all households for the last 5 years). Approximately half of these households have consistently resided within the PRS (non-PBSA) sector, despite significant growth in the number of PBSA beds. Student demand in the city centre PRS is driven by the diversity of stock and the associated highly competitive pricing structure of the PRS market across the city. For example, it is possible to rent privately on the Oxford Road Corridor (the most popular location for student accommodation in the city centre by far - according to MCC Tax data), for between half and two thirds of the cost of the average PBSA room in the same location (Appendix 4).

ii) South Manchester HMO Market:

It is my view that many (predominately domestic) students live in South Manchester house shares because HMOs are one of the cheapest and most affordable ways to live as a student in Manchester. With this in mind it is important to note that weekly rents for a studio in Fusion

will be 65% higher than the average for a student HMO and 45% higher for an en-suite room (Appendix 4).

iii) Implications for understanding supply and demand:

In this instance therefore – taking both city centre PRS and the South Manchester HMO market into account, it is my view that the Appellant’s evidence is exaggerating the “addressable market” for the proposed development – i.e. the total demand pool that will be available to the operator in reality. To analyse supply and demand more robustly would require the inclusion of other highly influential local demand metrics such as unit mix preference, location, student’s budgets and more. Changes to future supply and demand must also be analysed to understand whether a particular scheme will remain competitive. None of this analysis has been provided by the Appellant to a satisfactory or robust standard.

Manchester’s Purpose Built Student Accommodation Pipeline

It is my view that the evidence provided by the Appellant relating to Manchester’s PBSA pipeline significantly under-estimates the true scale of planned and expected development in the period up to 2029/30. The analysis provided by the Appellant is restricted and assumes that only 915 additional beds will be added to the PBSA market in the City in the period up to 2023/24 (and nothing beyond). However there has been a strong level of PBSA development in policy compliant locations (Birley Fields & the Oxford Road Corridor) over the last decade - equivalent to 496 new rooms p.a. (Appendix 5, 6 & 7).

On the basis of this historic delivery, I therefore contend that well in excess of the 915 rooms identified by the Appellant will be delivered in the period up to (and beyond) 2029/30. Further to this, ten sites have been identified in the Oxford Road Corridor (Appendix 8 & 9) which can accommodate c.6,610 beds and therefore easily sustain delivery at a level commensurate (or in excess) of the last 10 years.

Student supply and demand analysis

Given Manchester’s strong record of delivery, even if the student demand pool grows at the rate asserted by the Appellant it is clear that this level of demand could be easily

accommodated without the proposed development at Deansgate South. To evidence this I have updated the Appellant's supply and demand analysis with the assumption that from 2024/25 to 2029/30 the number of PBSA beds are expected to increase by 496 beds p.a. in line with the average number of beds delivered p.a. between 2012/13 and 2021/22 (see Appendix 10).

This analysis (presented in Appendix 11) demonstrates that the student to bed ratio (SBR) of students living in private rented accommodation is not expected to increase as the Appellant has contended, even if the demand pool is assumed to grow at 1.5%. Instead, supply will grow to meet and exceed this demand, leading to a reduced SBR of 1.77 by 2029/30 compared to 2020/21 levels (1.8) - and as opposed to an increase to 1.96 as per the Appellant's evidence. There is therefore no evidence of unmet for the proposed development.

Conclusion

In summary, the Appellant has failed to demonstrate that there is, or will be, unmet need for the proposed student accommodation. Further to this, the evidence I have provided in terms of a significantly increased quantum of expected new PBSA supply (in appropriate, policy compliant locations) will be sufficient to meet demand for student accommodation over the next ten years.