

Evidence of Student Need: Deansgate South

Fusion Students

December 2020



Introduction and Client Requirements

Fusion Manchester

This Evidence of Need Report has been prepared for Fusion Students in relation to the proposed development purpose-built student accommodation at the Deansgate South site in Manchester. It is designed to satisfy the requirements of Local Plan Policy H12 which states that “Developers will be required to demonstrate that there is a need for additional student accommodation”.¹ To this end this Report focuses on the following areas:

- Evidence of need
- Site location and area characteristics
- Demand at a UK, Manchester and University level
- University applications and acceptances
- University investment and performance
- The supply of accommodation in the area
- Accommodation supply trends in comparison with the UK as a whole
- The HMO market
- Current market rents and rental growth
- Current accommodation quality
- The planning pipeline and planning policy
- The demand pool and student to bed ratio

¹https://secure.manchester.gov.uk/info/200074/planning/6573/core_strategy_2012-2027

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Evidence of Need

Summary Findings

Evidence of Need – Strategy & Policy

The Manchester Strategy



The City Council acknowledges that PBSA can contribute to the delivery of the Manchester Strategy¹, noting that “freeing up former student lets and, therefore increasing the supply of good quality homes for sale and rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations”. *The proposed Fusion Students development has the potential to free up significant amounts of housing for residential occupancy – e.g. 534 one-bed apartments or 134 houses (at four students per household).*

MCC Report for Resolution – Purpose Built Student Accommodation in Manchester (endorsed December 2020)



The City Council notes that a “high quality residential offer for students in appropriate locations is critical for Manchester’s universities to attract and retain students in a global market”². *The proposed development will deliver high quality, modern accommodation with outstanding social and amenity spaces and health and wellbeing programmes to support the student experience. A range of room types will have appeal to both a domestic and international student market.*



The City Council notes that in 201/20 “£17m was foregone in Council Tax revenue”, a situation that could be improved “by directed students into PBSA”. *The proposed 534 bed development has the potential to free up significant residential stock for occupancy by Council Tax payers.*



The City Council notes that a more diverse pipeline of new PBSA is needed “to help stabilise rental growth”. *This report has identified that Manchester has seen the highest levels of rental growth of any major market since 2013 and 534 new beds will help to increase levels of market competition.*



The City Council notes that “the current level of poor quality accommodation needs to be addressed”. *Fusion Students is one of the UK’s foremost providers of high quality PBSA, evidenced by its outstanding products across the country.*



The City Council notes that PBSA should consider the welfare and wellbeing of students as a major factor. *Fusion Students is an experienced national provider with its own operational platform that provides a high quality wellbeing programme.*

Evidence of Need – Manchester Demand



The University of Manchester is home to 2,810 more full-time students than five years ago¹ – with 2,160 of these from outside the EU



Manchester Metropolitan University is home to 1,000 more students, with a 34% increase in those from outside the EU



Both universities have significantly improved their league table standings over the last decade



Manchester has seen the lowest level of development of any major market² since 2012, with new bed delivery 57% lower than average



Manchester has seen the highest level of rental growth of any major market since 2013 at an average of 4.5% per annum (2.1% per annum higher than inflation over this period)



The projections in this report suggest that the demand pool for accommodation in Manchester could growth from 47,495 in 2018/19 to 55,940 in 2029/30 – an increase of 8,445 students



Based on the current development pipeline, bed space growth over this period is set to be only 46% (3,917 beds) of this total



This could potentially mean 4,528 more students being forced into private rented accommodation, increasing pressure on the housing market, damaging Council Tax receipts and impacting the student experience



Manchester private sector accommodation quality is rated the poorest of any major market, with scores boosted significantly by the recent injection of extremely high end Vita Student beds into the market



Analysis of HESA data indicates the number of students living in Manchester City Centre has risen by 1,000 over the last five years

Evidence of Need – Market Environment



The UK is current experiencing a significant economic downturn due to the COVID-19 pandemic. Higher Education has typically been proven to be counter cyclical at times of economic difficulty with the Great Recession of 2008 resulting in a large increase in student numbers. Between 2007/08 saw a 2.5% increase in students, with the Recession resulting in a 4.5% increase between 2008/09



Student deferrals for 2020/21 entry have increased by 9% which will likely lead to further pent up demand for 2021 entry and beyond



The number of UK 18-year olds is set to grow by around 25% between 2020 and 2030 which will likely result in a strong natural growth in Higher Education demand



Student numbers across the UK grew by 11% between 2013/14 and 2018/19 despite a fall in the UK 18-year old population



The UK is the second largest global market for Higher Education, with the UK Government announcing in Autumn 2020 that there is no limit on the number of international students that can study in the UK, and a relaxation of visa rules from this year means that students can work in the UK for longer after graduation



Product Specification

Deansgate South Development

Deansgate South

Design Proposals

Deansgate South



Summary of Room Types

Room type	Cluster size	Room size	No of beds	% of development	
En-suite	4-bed	12.5m ²	84	16%	
	3-bed	12.5m ²	81	15%	
Twodio			80	15%	
Social Studio	6-bed	15.0m ²	126	24%	
Studio		18.0m ²	133	25%	
One Bed Apt		24.0m ²	30	6%	

Fusion Students plans to develop a landmark PBSA tower with a mix of en-suites, twodio, studios and 1-Bed flats. The development consists of 534 beds in a variety of flat sizes, spec and type. There are 165 traditional en-suite cluster flats in either 3 or 4 bedroom flats as well as 126 6-bedroom “social studio” flats which are six bedroom flats with larger rooms and kitchenettes as well as the main kitchen/living dining space. The social studio concept is unique to Fusion and brings the benefits of studio accommodation alongside the social aspects of cluster living. This room type will likely have wide appeal to those students living in the City Centre that currently cannot access a high quality product in this location.

The en-suites are a typical size, with the majority of new developments have either 12.5 or 13m² en-suite cluster rooms. There are 133 18 square metre studios, again a typical size for studios in modern developments. Twodios are 31 m² two-bedroom flats with two en-suites and a shared living space between the two. In addition there are 28 24m² one-bedroom flats. The different types of room are evenly distributed across the floors allowing for more prices.

The development will sit at the “premium” end of the PBSA market, as fusion products tend to have an above average room quality and facilities quality. The development has 620sqm of amenity space which equates to 1.2m² per bed, above the industry average.

Site Location

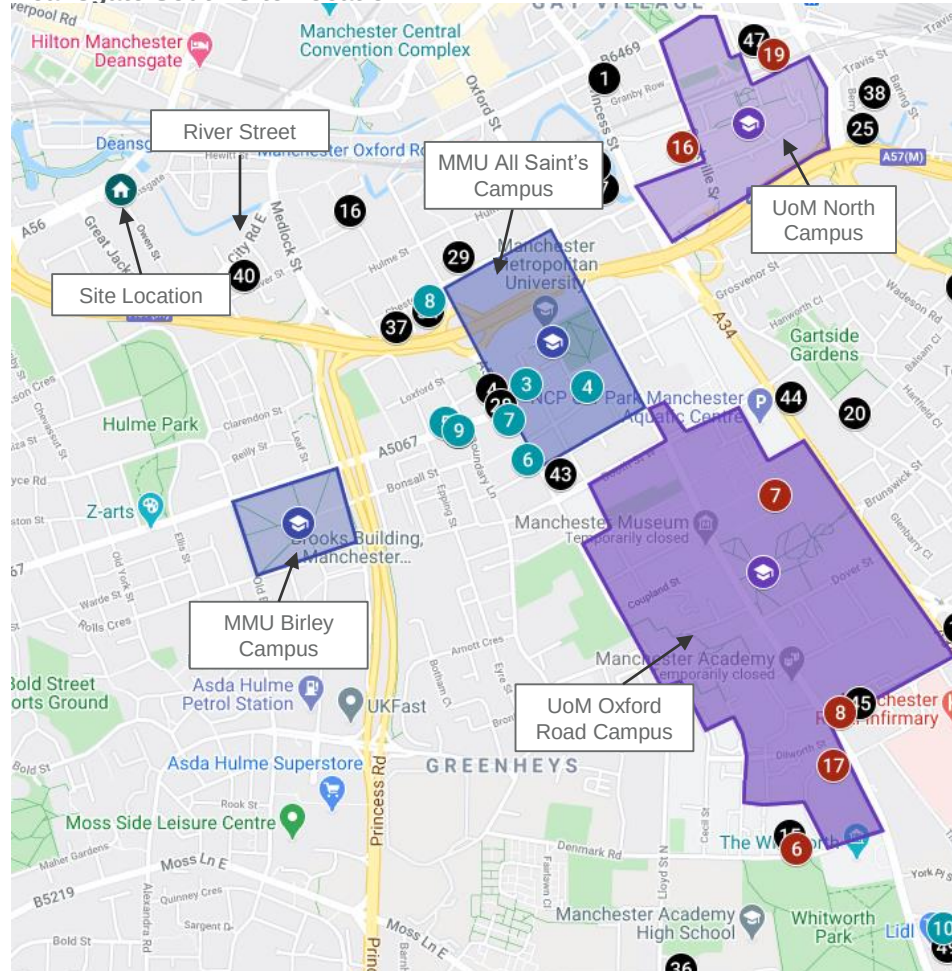
The background of the slide is a composite image. The left side is a solid red color. The right side features a photograph of a crowd of people walking, overlaid with a reflection of a city skyline in water. The reflection is inverted and appears to be on a wet surface. The city skyline includes several tall buildings, some with balconies and windows. The overall composition suggests a connection between the site location and the surrounding urban environment.

Location and Area Characteristics

Deansgate South

Site Location – Within the context of the wider market

Deansgate South Site Location



The site is located to the south east of the city centre, sitting between Deansgate and Chester road. It lies on the edge of an area filled with large build to rent schemes, with much of this stock being delivered in recent years. Chester Road has been the focus of residential development particularly in the last five years. The Manchester Local Plan recognises the City Centre as an appropriate location for student accommodation.

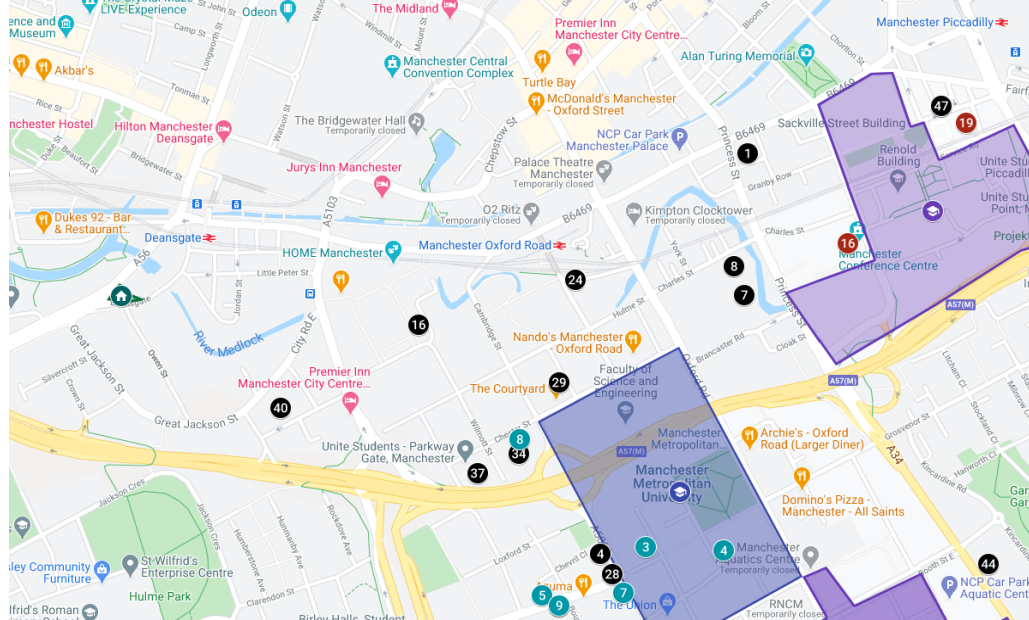
The nearest scheme to the site is also the newest to be developed in the market; River Street opened in September for the start of the 2020/21 academic year and is owned and operated by Downing Students. It is a substantial scheme which sits outside of the traditional areas of student development in the City.

The location to the north of the universities means that it is better connected to the major Manchester Railway Stations and the City Centre than most of the PBSA market. It is acknowledged that the development site is better suited to students studying at Manchester Metropolitan University than the University of Manchester. Walking times to key locations will be explored overleaf.

Deansgate South

Site Location – Within the context of the wider market

Deansgate South Site Location



Source: Google Maps

Location	Walking Time (mins)
Manchester Metropolitan University All Saints Campus	14
Manchester Metropolitan University Birley Campus	15
University of Manchester North Campus	18
University of Manchester Oxford Road Campus	21
Oxford Road Railway Station	11
Piccadilly Railway Station	21
Arndale Centre (city centre shopping/recreation)	18

The site has key amenities, railway stations and the City's key universities located within a 20 minute walk. Both of the Manchester Metropolitan University campuses are roughly quarter of an hour away on foot, with the University of Manchester's campuses roughly five minutes further away. It is ideally located in terms of public transport, with a Metrolink Stop and station just a couple of minutes away. Oxford Road Railway Station is only 11 minutes away and Piccadilly Railway Station is 21 minutes away.

The scheme benefits from a large number of bars in very close proximity as well as restaurants and other recreational amenities. Residents will be able to access the City Centre easily via Deansgate, with the main hub of shops in the City under 20 minutes' walk away. There are a variety of supermarkets very close by including two Sainsbury's and a Tesco within five minutes walk.

The background is a collage of images. On the left, a red semi-transparent overlay covers a portion of the image, showing the lower legs and feet of a crowd of people walking. On the right, a white semi-transparent overlay covers another portion, showing a city skyline with tall buildings and a bridge. The bottom right corner is a solid grey area.

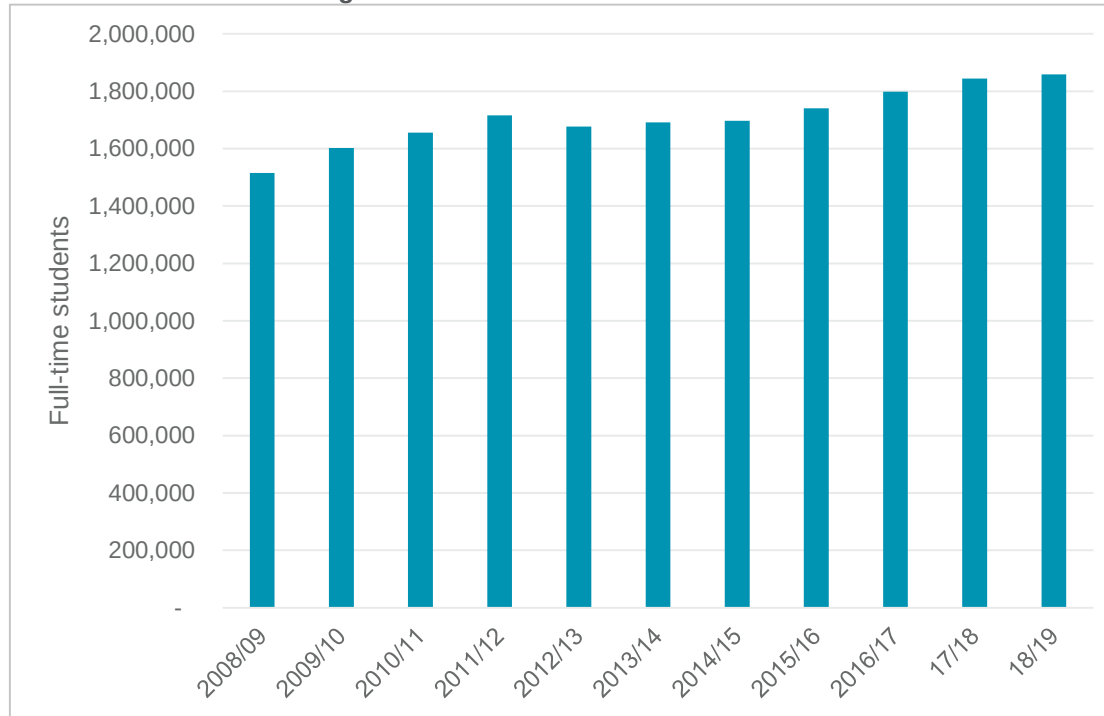
Demand

Demand for student accommodation –
National trends and Manchester analysis

UK Higher Education System

Student Demand

Full-time student number growth 2008/09 – 2018/19



Source: HESA 2008/09 – 2018/19

There are now 1.9m full-time students studying in the UK, with consistent growth in student numbers evident apart from in 2012/13 when UK (and EU) tuition fees were raised to £,9000 per annum (now £9,250). Student numbers have now more than recovered, with growth of 11% evident from this date to 2018/19. The last three years (2016/17-2018/19) have seen student numbers grow by 3.4%, with the removal of Student Number Controls (SNCs) in 2015/16 allowing universities to recruit as many students as they wished.

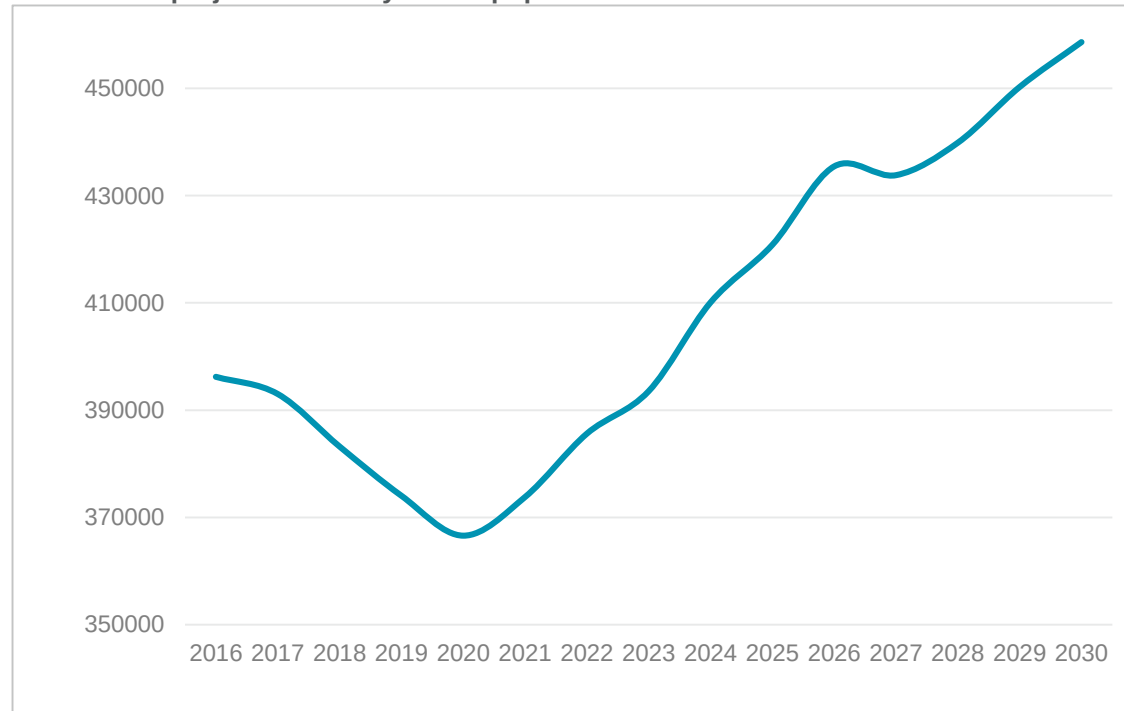
There are now 318,000 students from outside the EU studying at UK Higher Education institutions, with these numbers growing by 14% over the last five years – above the national average growth rate of 11% over the same period.

UK Higher Education System

UK 18-year-old Demographic Dip

The number of UK 18 year olds in the UK has fallen by 6% between 2016 and 2020, with the fall in UK applications for 2018 entry almost exactly mirroring the fall in the population of 18 year olds this year. Post 2020, it is projected that the UK 18 year old population will grow strongly, and will increase by 25% to 2030. combined with a projected continued growth in international students, the higher education policy institute (HEPI) predicts that 350,000 extra places will be required at UK universities by 2030. If the male participation rate was to match the same level as females, this number would rise to 500,000.

Current and projected UK 18-year old population



Source: ONS

Sources of Student Demand

University of Manchester

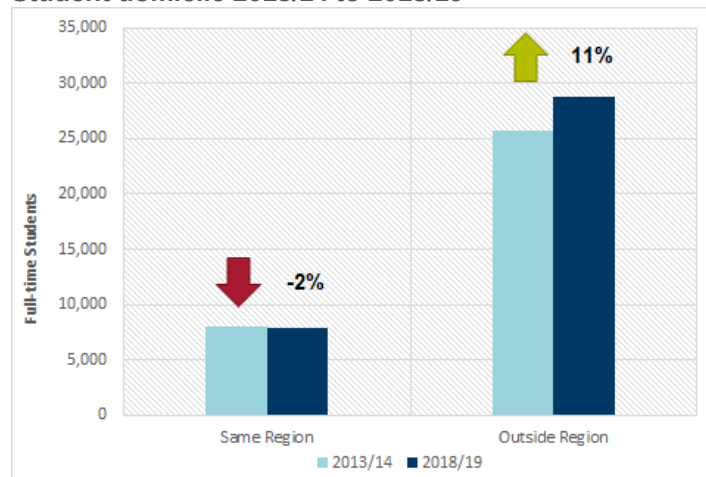
The University of Manchester is the largest single higher education institution in the UK with over 36,000 full-time students for the 2018/19 academic year. Student numbers have grown relatively modestly over the last five years, increasing by 8% - although given the overall size of the institution this still equates to a 2,810 increase in students. The postgraduate population is sizeable and has grown by a quarter in five years to nearly 10,000 full-time students. The demand for PBSA from the University of Manchester is massive, with nearly 18,000 18-20 year olds and 15,000 first year students.

Full-time student number growth 2013/14 to 2018/19

Level of Study	2018/19			2013/14			Manchester Uni	UK
FT & SW	Student numbers	%	UK Comparat or (%)	Student numbers	%	UK Comparat or (%)	Growth 2013/14 to 2018/19	Growth 2013/14 to 2018/19
UG	26,675	73%	81%	25,795	76%	82%	3%	10%
PG	9,905	27%	19%	7,975	24%	18%	24%	18%
Total	36,580	100%	100%	33,770	100%	100%	8%	11%

Source: HESA 2013/14 – 2018/19

Student domicile 2013/14 to 2018/19



Source: HESA 2013/14 – 2018/19

There are 29,000 students studying at University of Manchester who are domiciled outside of the north west, a well-above-average proportion of students from outside the region. All growth in student numbers has come from outside of the region, more specifically from outside of the UK. The proportion of students from outside of the region has increased from 76% in 2013/14 to 79% in 2018/19.

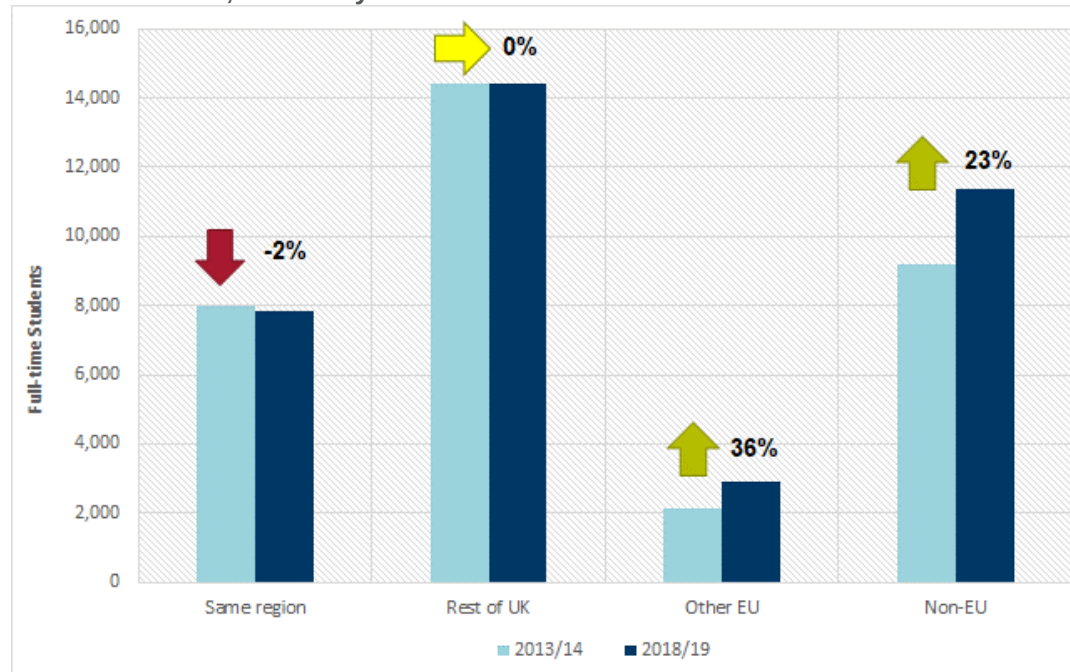
The North West domiciled student population has shrunk by 2% to just under 8,000 and this coupled with the increase in the non-regional population indicates the University can be more selective with recruitment.

The Changing Nature of the Student Body

Student Growth by Domicile

Regional students at the University of Manchester (i.e. those domiciled in the North West of England) have declined in number over the last five years whilst students from the rest of the UK have remained consistent. EU student numbers have increased by twice the UK average rate, growing by 36% (775 students) between 2013/14 and 2018/19. Non-EU students have increased at a slower rate just under the national average. As the non-EU population is currently over 11,000, a 23% increase equates to 2,160 students – all of whom will require a bed space over their course of study.

Student domicile, University of Manchester 2013/14 – 2018/19



Source: HESA 2013/14 – 2018/19

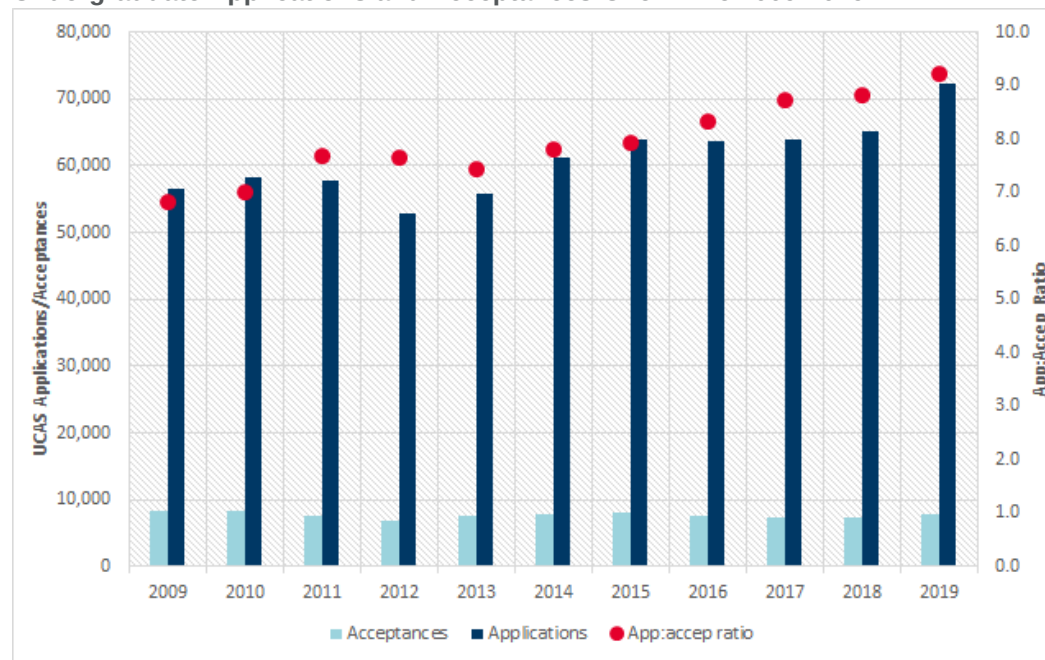
University Applications

University of Manchester

In 2012, application numbers to the University of Manchester fell due to changes to the tuition fee system (reflecting national trends) but since then applications have increased substantially. Between 2012 and 2019 applications have risen by 37% from 53,000 to 72,000. 2018 to 2019 has seen the largest single year increase in applications to the University of Manchester, with a rise of over 10% or over 7,000.

Acceptances have remained at a similar level since 2014 and this, coupled with the large increase to applications, means that the applications to acceptances ratio has risen substantially. The ratio currently stands at 9.2:1 making the University of Manchester one of the more selective UK institutions.

Undergraduate Applications and Acceptances Over Time 2009-2019



Source: UCAS 2009-2019

Sources of Student Demand

Manchester Metropolitan University

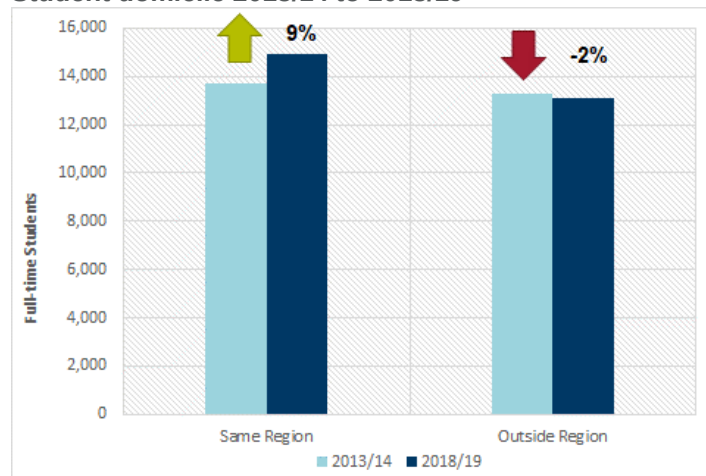
Manchester Metropolitan University is one of the largest universities in the UK at 28,000 students for the 2018/19 academic year. Student numbers have grown by 4% in the last five years, with all growth seen at postgraduate level. Undergraduate numbers fell by 140 over this period whilst postgraduate numbers have increased by 1,140 students between 2013/14 and 2018/19. The University has benefitted from the introduction of the postgraduate loan system in 2016, increasing this cohort by 1,050 in three years after four years of decline previously.

Full-time student number growth 2013/14 to 2018/19

Level of Study	2018/19			2013/14			Manchester Met	UK
FT & SW	Student numbers	%	UK Comparator (%)	Student numbers	%	UK Comparator (%)	Growth 2013/14 to 2018/19	Growth 2013/14 to 2018/19
UG	24,500	88%	81%	24,640	91%	82%	-1%	10%
PG	3,485	12%	19%	2,345	9%	18%	49%	18%
Total	27,985	100%	100%	26,985	100%	100%	4%	11%

Source: HESA 2013/14 – 2018/19

Student domicile 2013/14 to 2018/19



Source: HESA 2013/14 – 2018/19

The 18-20 year old population at Manchester Metropolitan University makes up 57% of the student body, having increased by 2% in five years. The population aged 25 or over has declined in recent years and makes up only 11% of the total population, considerably lower than the 18% UK average. These demographic changes have a positive impact on demand for accommodation.

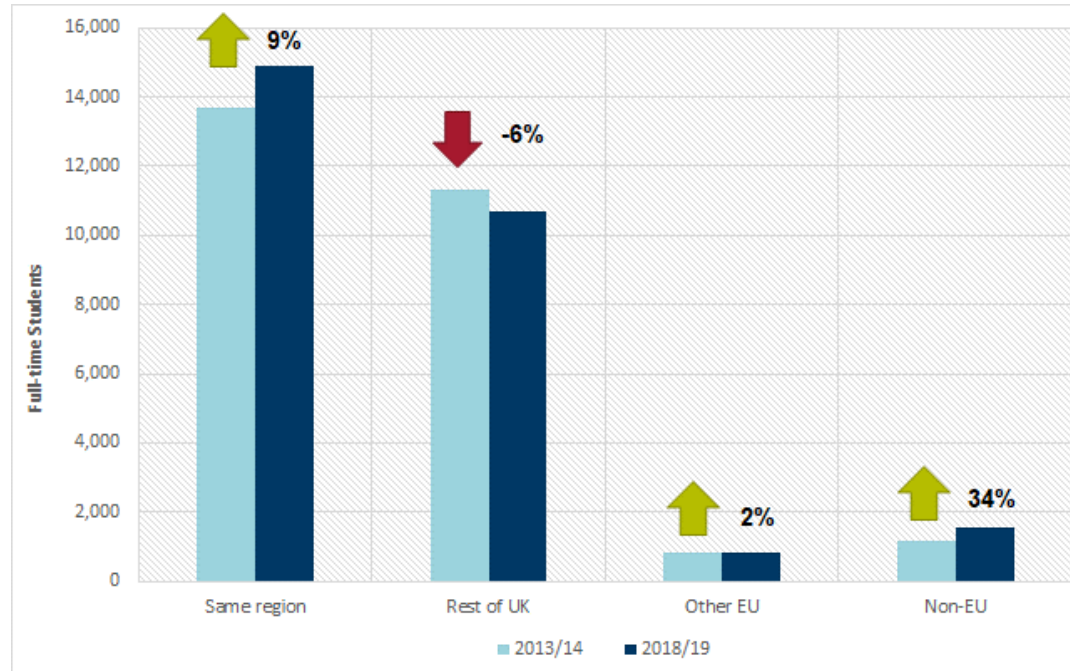
The number of students domiciled in the North West has increased by 9% (or 1,300) between the 2013/14 and 2018/19 whilst students from outside the region have decreased by 200. Again, this is positive in terms of demand for accommodation bed spaces.

The Changing Nature of the Student Body

Student Growth by Domicile

Non-UK numbers at Manchester Metropolitan University sit at the highest level since 2009/10 and since 2013/14 have increased by 21%, above the national average rate. Students from the rest of the UK have declined, falling by 630 in five years. EU student numbers have increased marginally, by 20 between 2013/14 and 2018/19. Non-EU student numbers have increased by over a third in five years, considerably above the UK average rate which is very positive in terms of demand for accommodation.

Student domicile 2013/14 – 2018/19



Source: HESA 2013/14 – 2018/19

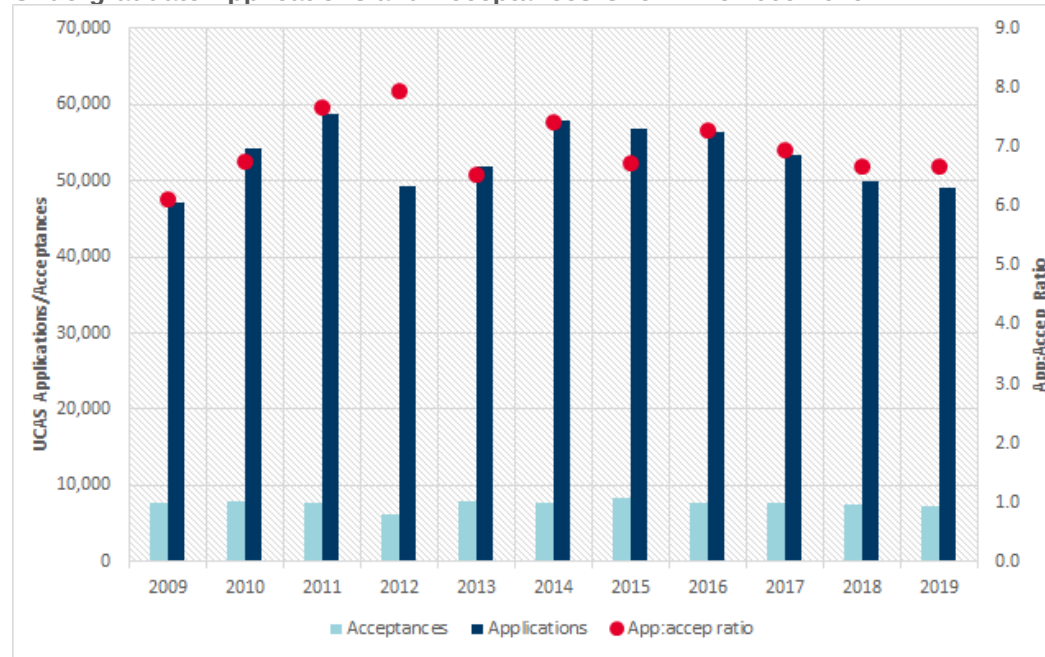
University Applications

Manchester Metropolitan University

As was the case at the University of Manchester, applications to Manchester Metropolitan fell substantially in 2012 when tuition fees increased, but recovered well the following year. Since 2013, applications have declined each year, dropping down to below the level seen in 2012. Between 2014 and 2019 applications dropped by 15% and in the last two years have decreased by 8%. For 2019, there were 49,000 applications to Manchester Metropolitan University and 7,400 acceptances.

Acceptances to the University have also declined, but at a much lower rate. The applications to acceptances ratio has dropped from 7.4:1 in 2014 to 6.7:1, but still remains above the national average which currently stands at 6.5:1. It should be recognised that the UCAS system only covers undergraduate applications and does not reflect the significant increase in postgraduate students seen over recent years.

Undergraduate Applications and Acceptances Over Time 2009-2019



Source: UCAS 2009-2019

University Strategy, Investment & Performance

Strategy, Campus Investment and League
table rankings



University of Manchester

Campus Development



Manchester Engineering Campus

The Manchester engineering campus development (MECD) is a £400+ million investment to house the Faculty of Engineering at the University of Manchester. The development has eight floors and a floorspace of over 76,000 m² and is one of the largest university developments currently under construction in the UK.

It will be home to almost 7,000 students and 1,300 staff and will have a variety of flexible teaching and learning spaces. The project is set to be completed in 2021.

This campus will move students from the north campus.



Henry Royce Institute Hub

Construction work has begun on the Manchester hub for the Henry Royce Institute, the national body promoting research and applications in advanced materials. The building will be a prominent new landmark on the Manchester skyline at 46 metres high.

The Manchester building will enable a wide array of ground-breaking research to be undertaken including investigations into biomedical materials which are at the cutting-edge of regenerative medicine and prosthetics and nuclear materials to support the energy sector.

University of Manchester

Strategic Plan 2020

World-Class Research

The university will ensure that research has impact beyond academia and yields economic, social and cultural benefits, whenever the opportunity arises. Through exploiting the critical mass and interdisciplinary scope of the university aims to secure a position among world-leaders in targeted fields.

Student experience

The university aims to attract and enhance the quality of both its staff and students, while ensuring the quality of resources, environment and facilities remains high. This will allow the university to promote the educational and social impacts of teaching and learning.

Social Responsibility

The university will proactively support the region's employment and skills infrastructure by contributing to the development of sustained training and employment opportunities. The university will employ a multitude of programmes focused on environmental sustainability, with a focus on research impact in the green space.

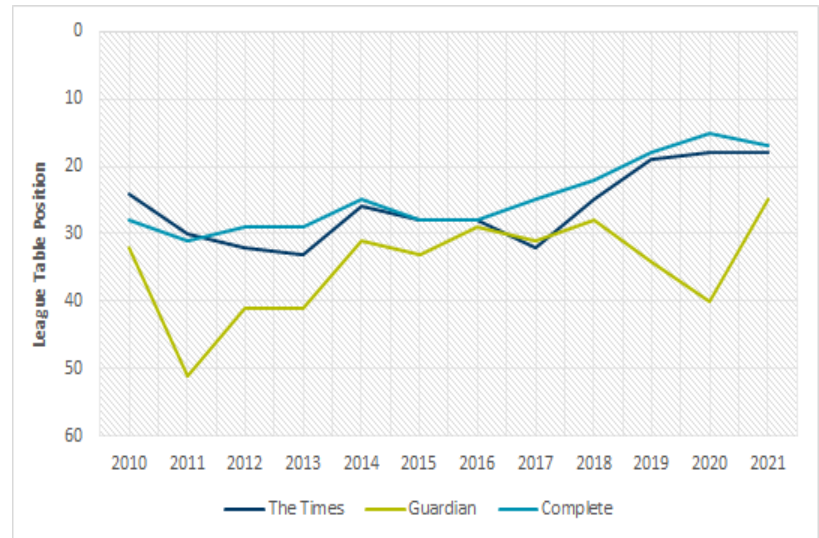
University of Manchester

League Table Rankings

Since 2017, the University of Manchester has improved its ranking in all three major university league tables. The University is now ranked 17th by the Complete Guide, 18th by The Times and 25th by The Guardian, reflecting its position as one of the UK's most prestigious institutions and one of international repute. The University placed highly in the 2014 Research Excellence Framework, coming 17th in the UK and is known as one of the top research universities in the UK.

The University is highly ranked for Music, Nursing, Asian Studies, American Studies, Nursing, Linguistics and Hospitality. In fact the university has 19 subjects ranked in the top 10 in the Times Higher Education subject specific rankings.

University of Manchester League table rankings 2010-2021



Source: University League tables 2010 – 2021

Manchester Metropolitan University

Campus Development



Arts & Humanities Building

Plans for MMU's new flagship Arts & Humanities building have been approved by Manchester City Council. Built on the site of the old Mabel Tylecote Building, the 12,500sqm space will provide an inspirational venue on the Oxford Road corridor for high-quality teaching by award-winning writers, artists and journalists, and further link MMU to the wider city through shared cultural projects.



New Science and Engineering Campus

The University has outlined plans to demolish the John Dalton buildings and replace them with a new-build science and engineering campus. The 1970s built 33,000 sq. ft John Dalton West building and the larger 135,000 sq. ft John Dalton East buildings sit together North of the MMU Campus. The University has now set out its plans for a £65m redevelopment of the site, which will see both buildings demolished and replaced with a new-build home for the faculty. The build is set to contain a range of flexible and adaptable state of the art amenities that respond to both modern teaching and research needs.



School of Digital Arts

Fielden Clegg Bradley Studios' £35 million digital arts building at MMU will feature a 22m-tall vertical LED light wall. The plans also include the development of a five-storey building at MMU's All Saints Campus. The 5,600 sqm building will provide a new home for the School of Digital Arts (SODA), the facility has been designed to support Greater Manchester's creative and digital industries and create a 'digital skills powerhouse' in the city.

Source: Manchester Metropolitan University

Manchester Metropolitan University

Strategic Plan

Student Experience

The University aims provide a forward-looking and dynamic approach to teaching, learning and the holistic student experience (including facilities, course delivery, content, support and environment). Placing students at the heart of the University.

Research

The University will drive for excellence and impact in everything that it does. The university will focus on attracting talented researchers, giving them outstanding support and the environment to succeed.

International

The University has a global ambition and will focus on building purposeful collaborations which will benefit students, research and the city region.

Engaged with Business

The University will cultivate multiple relationships, developing their academic offer in partnership with industry to create opportunities for students and drive business productivity and innovation.

Manchester Metropolitan University

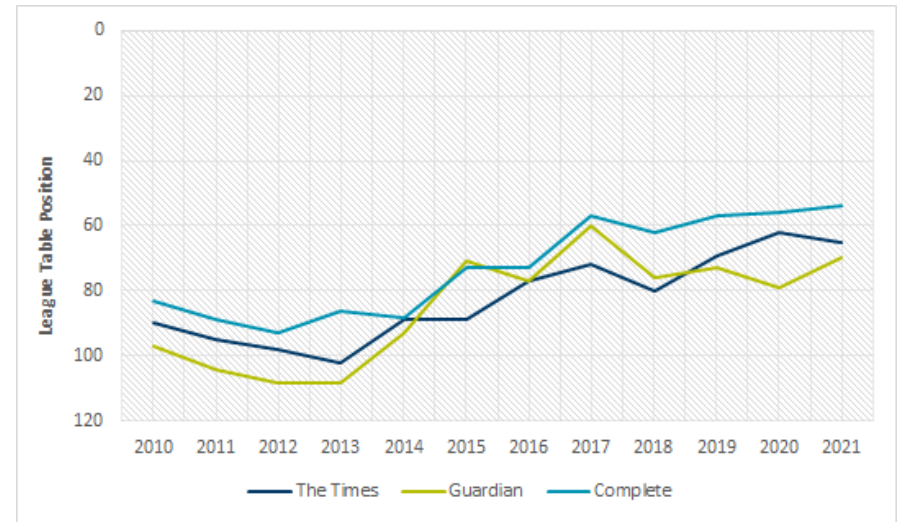
League Table Rankings

Manchester Metropolitan University is currently a mid-ranked institution in all three of the main league tables. The University is currently ranked at a high of 54th by the Complete University Guide, its highest place over the last decade. A general pattern of improvement can be seen in all three league tables since 2013.

Whilst MMU has no subject within the top ten in the Times 2020 subject specific rankings, it has six within the top 15. The university placed highly for Art & Design, Creative Writing, Hospitality, Nursing, American Studies and Town Planning.

The University received the Silver award in the 2017 Teaching Excellence Framework. MMU was ranked 66th in the 2014 Research Excellence Framework, up 12 places from the 2008 Research Assessment Exercise.

MMU League table rankings 2010-2021



Source: University League tables 2010 - 2021

Supply

Purpose-built Student Accommodation in
Manchester



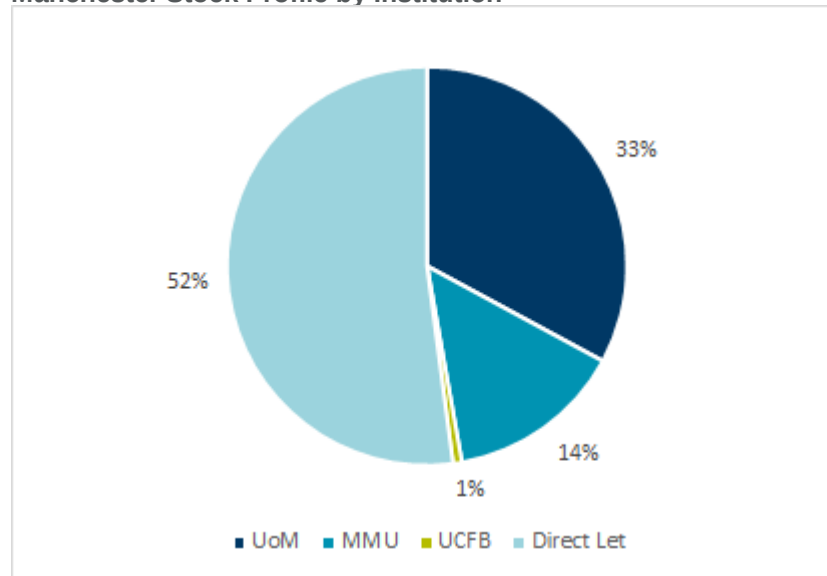
Supply Overview

Manchester PBSA Market Overview

Manchester is one of the largest PBSA markets in the UK with 26,547 beds available for the 2020/21 academic year. The direct let market in Manchester now makes up over half the beds in the market due to university portfolios typically remaining at similar levels and most recent development coming through the private sector. This year one scheme has been delivered, Downing Student's 807 bed "River Street Tower" development located to the north east of the universities. Originally Unite's "Artisan Heights" development was planned to open in 2020 but delays to construction has led to rooms being offered from January 2021. The University of Manchester offers a significant 8,735 beds whilst Manchester Metropolitan University offers fewer than 4,000 beds, The University Campus of Football Business (UCFB) also offers a small number of beds at Mill Point.

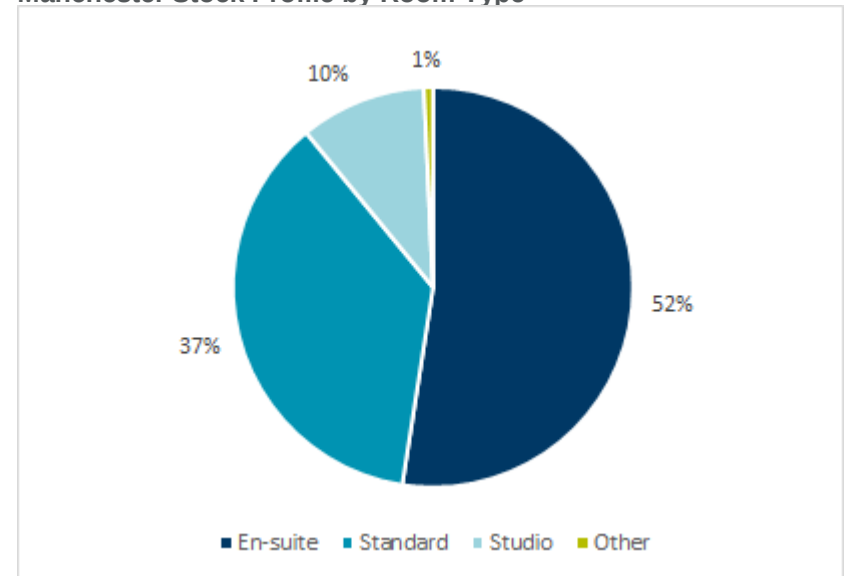
The Manchester market is mainly made up of cluster accommodation, with non-en-suite and en-suite stock making up nearly 90% of the total beds provided. Whilst en-suite accommodation makes up over 50% of the total bed supply in the city, this is low in national terms due to the prevalence of typically inferior quality non-en-suite accommodation due to a lack of recent development (related to planning Policy H12).

Manchester Stock Profile by Institution



Source: Cushman & Wakefield Accommodation Tracker 2020/21

Manchester Stock Profile by Room Type



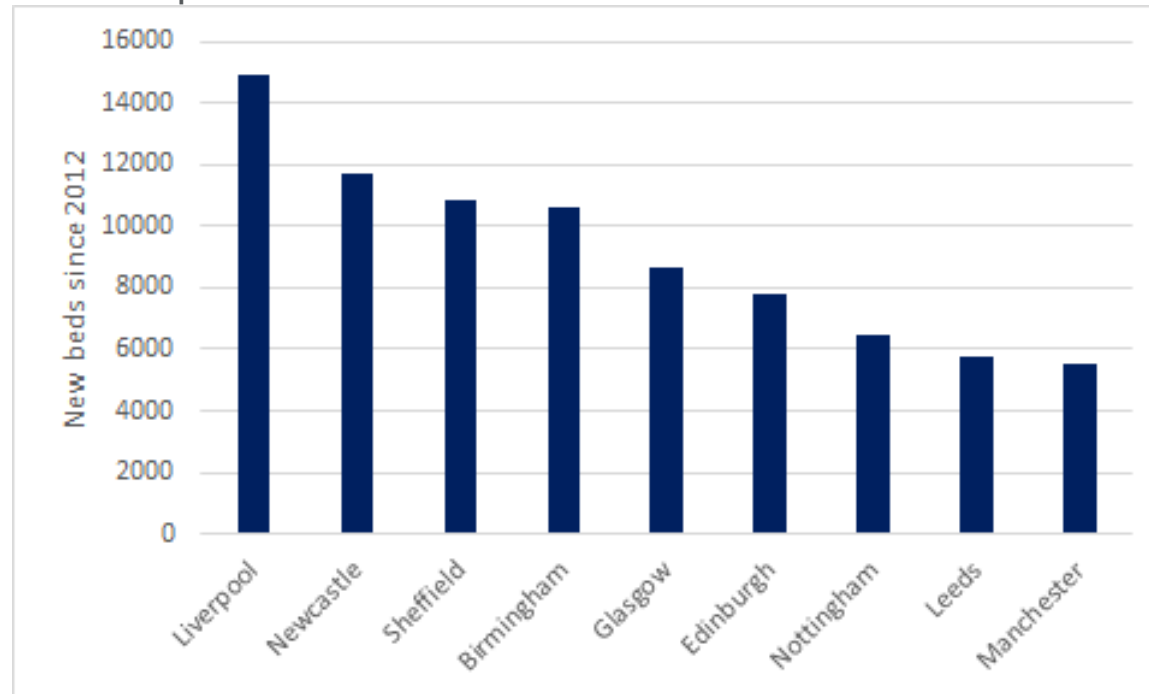
Source: Cushman & Wakefield Accommodation Tracker 2020/21

Development Over Time

Manchester vs other Major Locations

As can be seen from the chart below, development of new beds since 2013 has been the lowest of any major comparable market in the UK at only 5,513 beds. At the same time, the Liverpool market has seen an injection of 14,927 new beds. Development in the market has undoubtedly been impacted by Policy H12 and it can be argued that the lack of development means that Manchester has fallen behind comparable markets in terms of quality over recent years. This is potentially damaging the student experience and leading to students seeking out other forms of rented accommodation if their needs cannot be met through the PBSA sector.

PBSA development over time 2013-2020



Source: Cushman & Wakefield Accommodation Tracker 2020/21

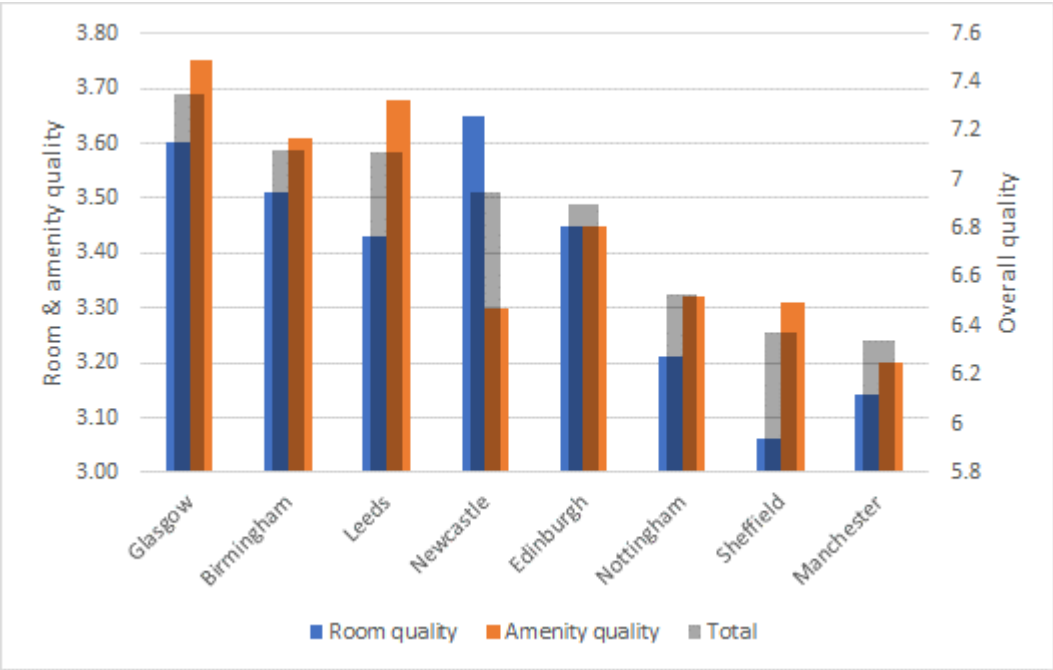
Accommodation Quality

Manchester vs other Major Locations

For a number of years, Cushman & Wakefield has analysed the quality of the UK purpose-built student accommodation market. Over time, we have developed a range of parameters to assess the quality of both rooms and facilities available within each scheme. Rooms are rated on a scale of 1-3, whilst common and amenity spaces are rated on a scale of 1-5. Note that a very small number of schemes are scored above 5 by Cushman & Wakefield, although these account for less than 1% of the UK market.

The chart below assesses the quality of private sector accommodation in Manchester vs other major locations. As can be seen from the chart, Manchester is ranked lowest overall of all locations considered, with a total score of 6.34. Glasgow is rated as having the highest quality private sector accommodation overall with a score of 7.35. It should be noted that the Manchester ratings are boosted considerably by the recent large injection of Vita Student beds into the market. All Vita developments in Manchester receive the highest possible score of five. The removal of these bed spaces from the analysis reduced the overall Manchester rating considerably.

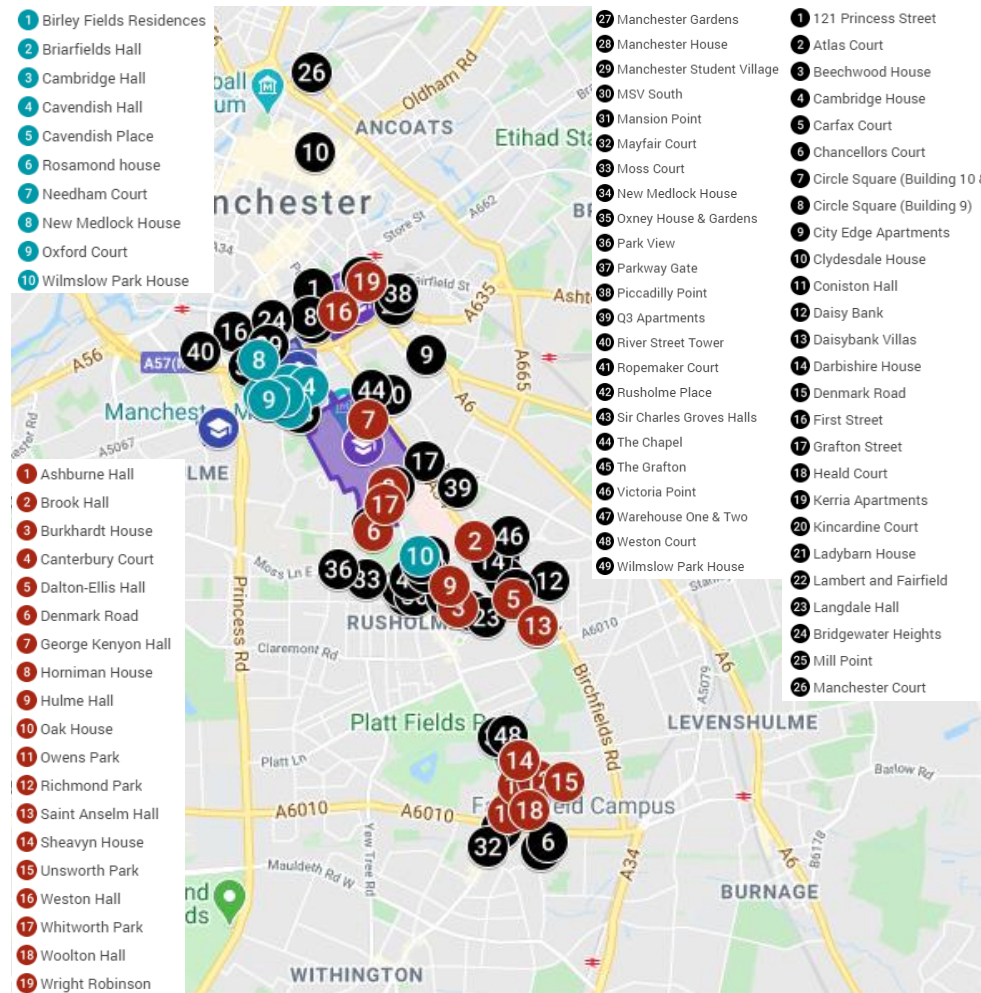
Accommodation Quality – Manchester vs other Major Locations



Source: Cushman & Wakefield Accommodation Tracker 2020/21

Supply Overview

PBSA Locations in Manchester



Source: Cushman & Wakefield Accommodation Tracker 2020/21

The Manchester PBSA market is mainly located in three areas:

- Fallowfield** – The home to four of the University of Manchester's largest schemes and 4,400 total university beds at the institution's Fallowfield campus. The area has a small number of private sector schemes including Mansion Point, a new development which opened in 2019. It also is home to a significant proportion of the Manchester HMO market, which helps keep PBSA popular in this area despite it being half an hour to the University of Manchester on foot.
- Rusholme/Victoria Park** – A large number of University of Manchester schemes and typically older private sector schemes sit in this area just to the south of the University of Manchester's Oxford Road campus. Most of the schemes are within 5 – 15 minutes walk to the Oxford Road campus and over 20 minutes to Manchester Metropolitan University's All Saints campus. Schemes here are better located for those studying at the University of Manchester but MMU has a nomination agreement in this area at iQ's Wilmslow Park.
- City Centre** – The City Centre is the most popular area for development in recent years with over 2,000 beds built in this area in the last five years. The private sector sits to the south of the City Centre with two exceptions: Clydesdale House and Manchester House. MMU's stock sits in this area too, largely in the area between its two campuses.

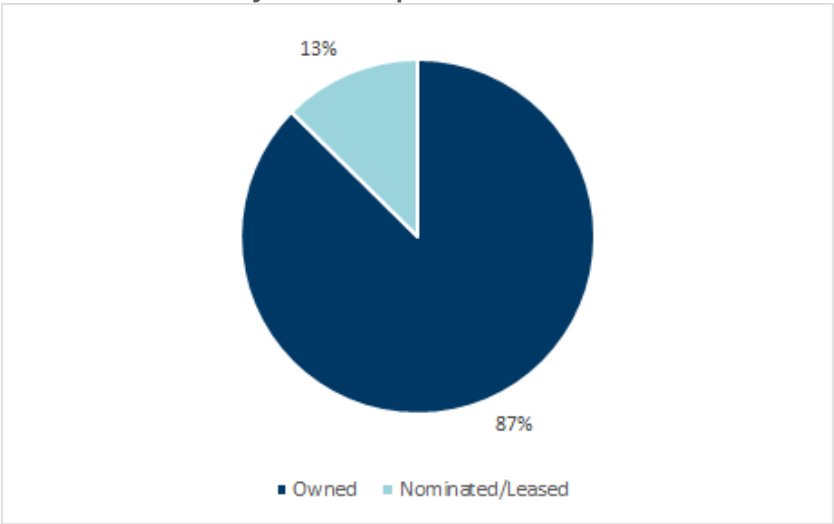
Supply Overview

University of Manchester

The University of Manchester provides 8,735 purpose-built student beds for the 2020/21 academic year. The University owns the vast majority of the beds it offers, with this proportion increasing due to nomination agreements ending and the University opening the 1,122 bed Unsworth park development in 2019. The University is one of the largest providers of university PBSA in the UK, as it is also the largest single higher education institution in the UK. Despite this, the university operates at a state of undersupply, unable to house all of its massive first year population with private sector providers housing the balance.

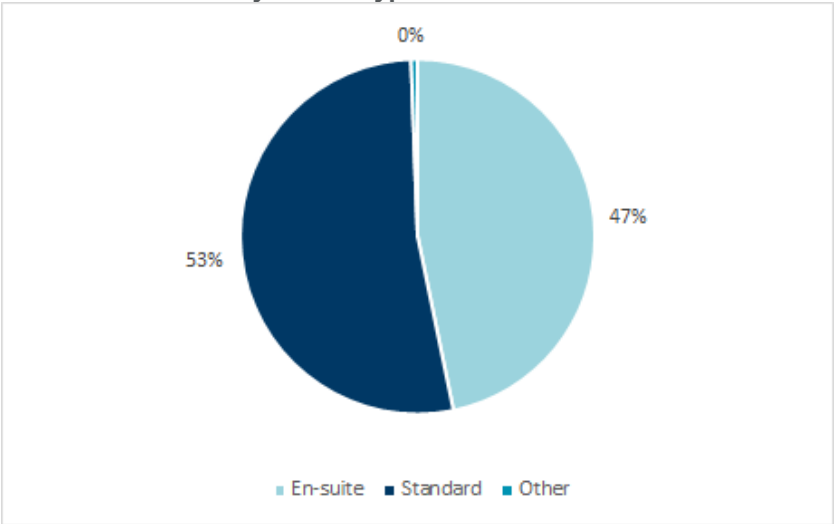
The University provides 4,600 non-en-suite rooms which is over half of its total bed supply. Much of this stock is older, over 20 years old and the sheer scale of this poorer stock is outside of the norm for a university. En-suite accommodation tends to dominate university supply but only makes up 47% of the University of Manchester's total. The university offers limited other accommodation, with only six studios and 48 1 & 2 bedroom flats.

UoM Stock Profile by Ownership



Source: Cushman & Wakefield Accommodation Tracker 2020/21

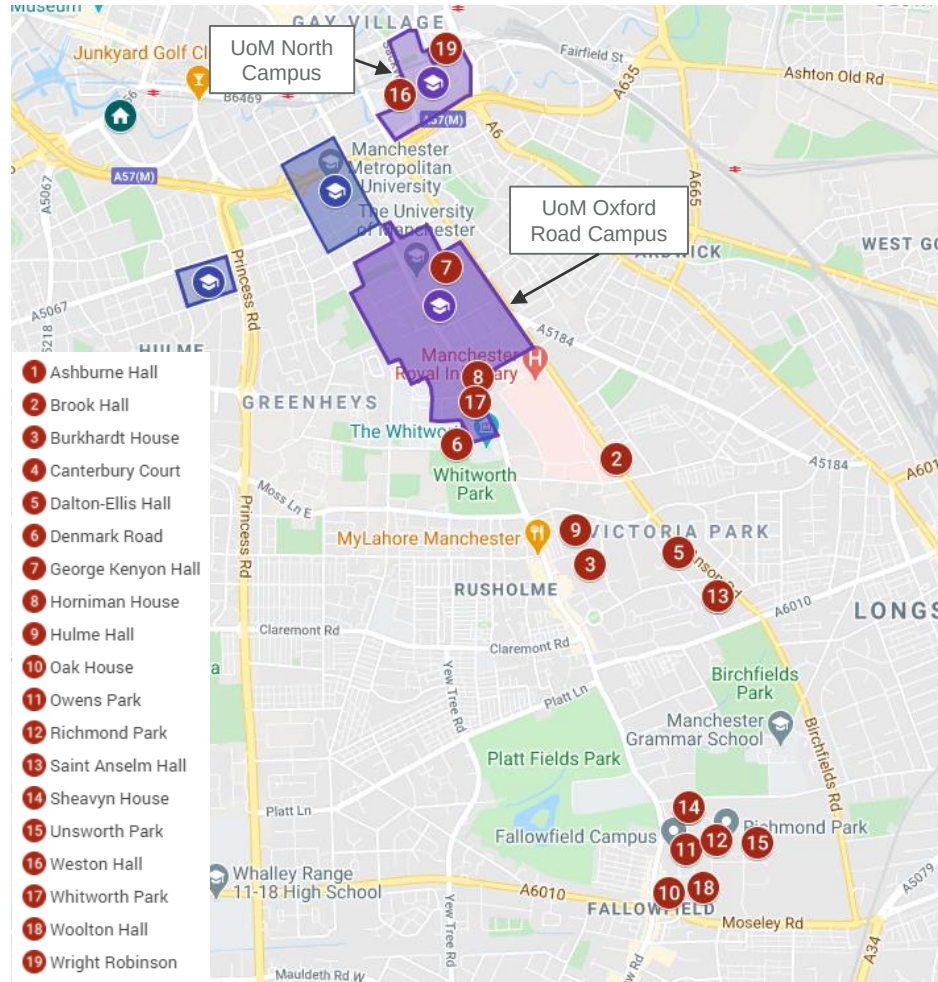
UoM Stock Profile by Room Type



Source: Cushman & Wakefield Accommodation Tracker 2020/21

Supply Location

University of Manchester



Source: Cushman & Wakefield Accommodation Tracker 2020/21

The University of Manchester's accommodation is spread out north to south with the largest density of accommodation in Fallowfield which is roughly half an hour walk away from the heart of campus. Over half of the University's accommodation is based in this location, which is heavily reliant on the surrounding HMO market and the large number of Oxford Road buses. Whilst this is currently a popular location for students in PBSA, should City Centre accommodation become more readily available, the general popularity of the area could reduce due to the inconvenience of the distance to campus.

Victoria Park is home to several University schemes and is a similar distance from campus to the Deansgate south site.

Roughly a third of the total beds are in the City Centre or close to the University campus, two schemes are on the smaller north campus and five close to the Oxford road campus.

The breakdown overleaf focuses on stock nearer to campus, i.e. city centre accommodation or accommodation located near Whitworth Park to the south of the Oxford Road campus. The schemes are as follows:

Wright Robinson, Weston Hall, Whitworth Hall, George Kenyon Hall, Denmark Road and Horniman House. This represents a mix of accommodation type and quality.

Breakdown of Rents

University of Manchester – Comparable stock

Breakdown of rents – University of Manchester

Block Name	Operator	University Relationship	Postcode	Number of beds in Block	Room Type	Weekly Rent	Let Length	Annual Rent
Denmark Road	Sanctuary Students	Partner	M15 6GQ	614	En-suite	£161	41	£6,598
						£161	42	£6,759
						£161	50	£8,036
George Kenyon Hall	University of Manchester	Uni Owned	M13 9PY	299	En-suite	£152	50	£7,577
					Large En-suite	£156	50	£7,786
Horniman House	University of Manchester	Uni Owned	M13 9NT	48	1 Bedroom Flat	£200	50	£10,018
					1 Bedroom Flat (Refurb)	£209	50	£10,470
					1 Bedroom Flat Deluxe	£237	50	£11,855
					2 Bedroom Flat	£227	50	£11,355
Weston Hall	IQ Student	Partner	M1 3BB	527	En-suite	£151	39	£5,870
						£151	40	£6,021
					Studio	£141	50	£7,058
						£182	39	£7,101
						£171	50	£8,563
Whitworth Park	University of Manchester	Partner	M13 9WJ	1266	Standard	£114	40	£4,548
						£114	41	£4,662
					Standard with Basin	£119	40	£4,775
						£119	41	£4,894
					Large Single	£134	40	£5,340
						£134	41	£5,474
					Standard with Basin	£120	50	£6,016
Wright Robinson	University of Manchester	Uni Owned	M1 7JA	170	Standard with Basin	£119	40	£4,767
						£119	41	£4,886
					En-suite	£142	40	£5,688
						£142	41	£5,830

Source: Cushman & Wakefield Accommodation Tracker 2020/21

En-suite accommodation is priced from £142 to £161 per week with the best quality stock at Denmark Road priced the highest. The couples accommodation at Horniman House is expensive in national and Manchester terms with stock costing between £10,000 and £11,855. Weston Hall is priced at £151 per week for the shorter undergraduate let lengths. These costs are similar across all stock offered by the University with Denmark Road priced slightly above the en-suite average at the University. Non-en-suite accommodation is priced roughly £30-£40 a week less and on the whole far lower quality. The University has this year introduced a shorter let length for undergraduates, with lengths now varying from 39 to 42 week whilst postgraduates are offered a 50 week lease in line with their course.

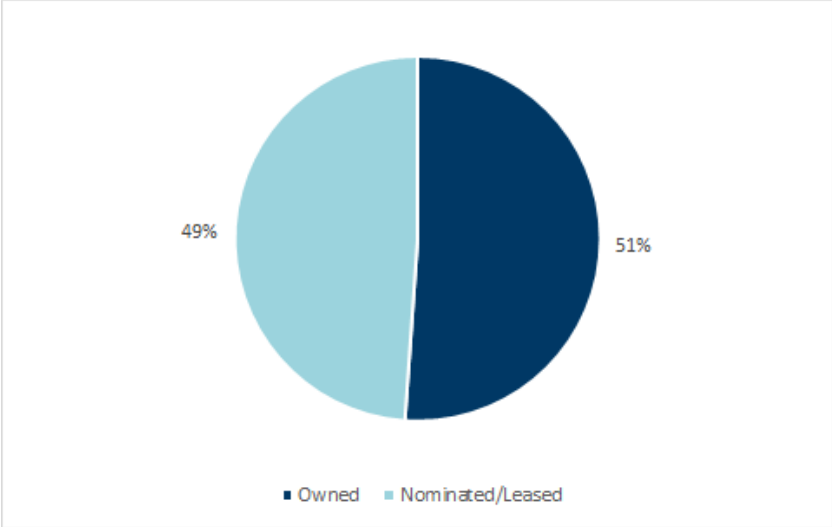
Supply Overview

Manchester Metropolitan University

The Manchester Metropolitan University provides 3,797 purpose-built student beds for the 2020/21 academic year. This year the University's portfolio has shrunk due to the ending of a nomination agreement at Daisybank, arguably the weakest of the properties that was available through the University. The University offers comparatively few beds overall and bed numbers have dropped from 4,430 in 2017. This drop represents a 14% drop in bed numbers in three years whilst demand for accommodation has grown which increases the level of undersupply at the University. Half of the beds offered through the University are nominated or leased, in agreements with iQ and Unite students.

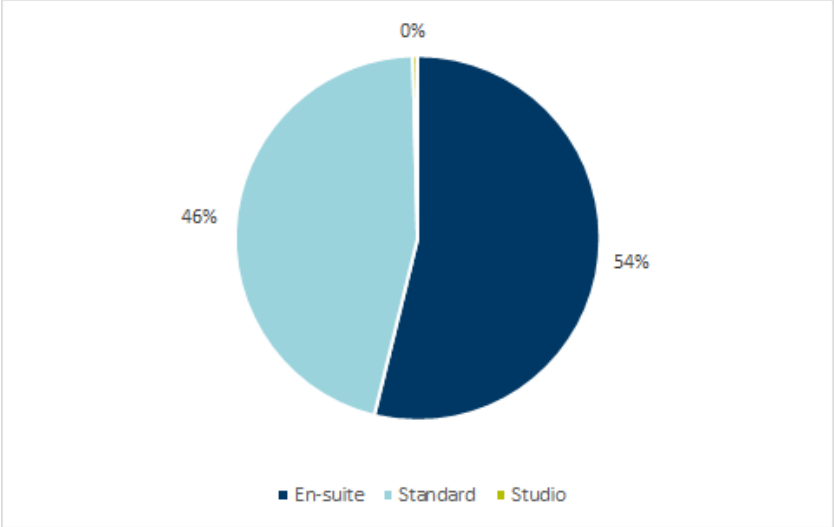
The majority of beds are en-suite but in common with the University of Manchester, Manchester Metropolitan offers significantly more non-en-suite accommodation than seen nationally.

MMU Stock Profile by Ownership



Source: Cushman & Wakefield Accommodation Tracker 2020/21

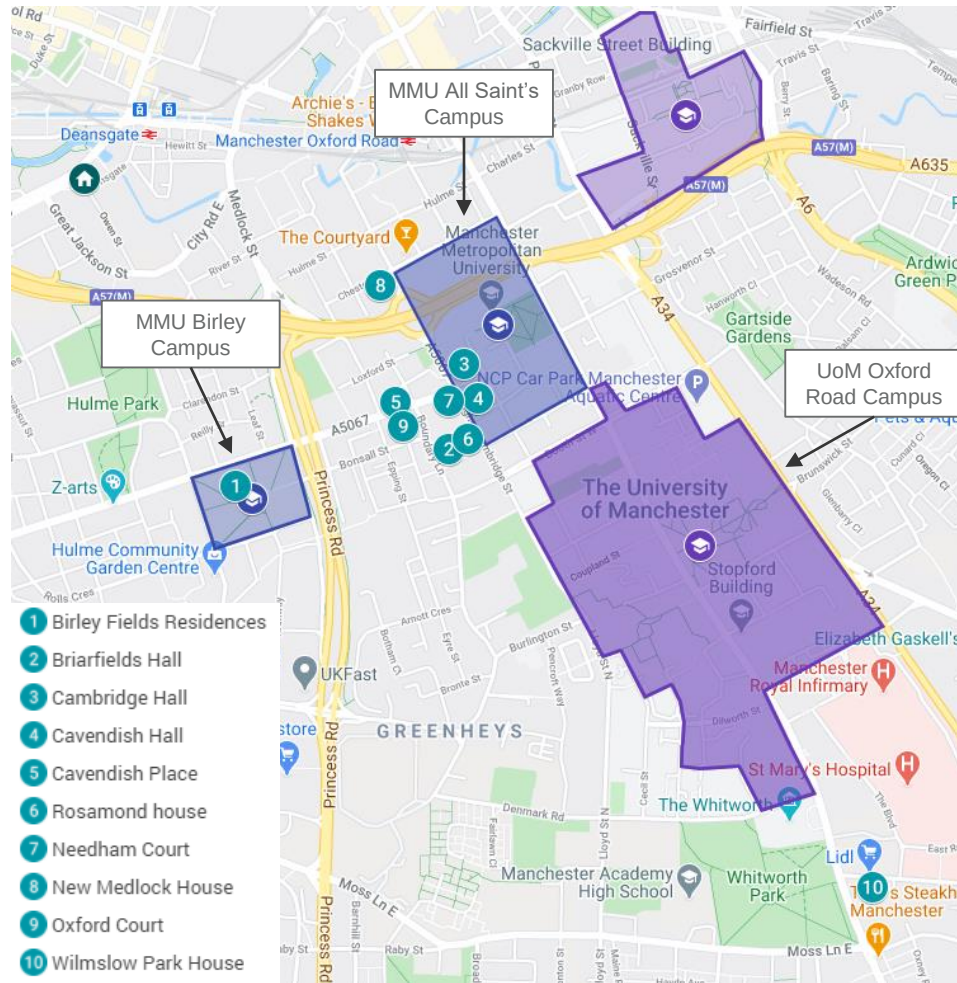
MMU Stock Profile by Room Type



Source: Cushman & Wakefield Accommodation Tracker 2020/21

Supply Location

Manchester Metropolitan University



Source: Cushman & Wakefield Accommodation Tracker 2020/21

Manchester Metropolitan University's accommodation is generally located to the west of the main Campus. New Medlock House is located on the north west edge of the All Saint's campus. Briarfields, Oxford House, Cambridge Hall, Cavendish Hall, Cavendish Place, Needham Court and Rosamund House are clustered to the west of the campus between the two campus.

There is a mixture of en-suite and townhouses on the Birley Fields campus, a total of 967 beds in various blocks on the Birley Fields campus.

The only scheme some distance away from campus is IQ's Whitworth Park scheme which is just over 15 minutes away from campus but is easily accessible from the All Saint's campus due to the bus route on Oxford Road.

Breakdown of Rents

Manchester Metropolitan University

Breakdown of rents – Manchester Metropolitan University

Block Name	Operator	University Relationship	Postcode	Number of beds in Block	Room Type	Weekly Rent	Let Length	Annual Rent
Birley Fields Residences	Manchester Metropolitan University	Uni Owned	M15 6DD	967	Standard	£148	40	£5,900
					En-suite	£159	40	£6,360
					En-suite	£159	40	£6,360
Briarfields Hall	IQ Student	Partner	M15 6DD	238	Standard	£139	42	£5,838
					En-suite	£157	42	£6,594
Cambridge Hall	Manchester Metropolitan University	Uni Owned	M15 6TT	771	Standard	£112	42	£4,704
					Large Standard	£121	42	£5,082
					XL Standard	£129	42	£5,418
					XXL Standard	£132	42	£5,544
					En-suite	£123	42	£5,166
Cavendish Hall	Manchester Metropolitan University	Uni Owned	M15 6BG	203	Standard	£123	42	£5,166
					Large Standard	£132	42	£5,544
					Studio	£147	42	£6,174
Cavendish Place	Unite Students	Partner	M15 6AS	119	En-suite	£157	51	£8,007
					Large En-suite	£167	51	£8,517
					Studio	£224	51	£11,424
Rosamond house	Unite Students	Partner	M15 6AA	397	En-suite	£138	42	£5,796
					Large En-suite	£145	42	£6,090
Needham Court	IQ Student	Partner	M15 6BB	106	En-suite	£157	42	£6,594
					Studio	£185	42	£7,770
New Medlock House	Unite Students	Partner	M15 6JX	410	Large En-suite	£156	42	£6,552
Oxford Court	IQ Student	Partner	M15 6DD	388	En-suite	£157	42	£6,594
					2 Bedroom Flat	£157	42	£6,594
Wilmslow Park House	IQ Student	Partner	M13 0JQ	198	En-suite	£157	43	£6,751

Source: Cushman & Wakefield Accommodation Tracker 2020/21

En-suite beds at Manchester Metropolitan are generally priced similarly, with the majority of rooms priced at £156 - £159 per week, although on an annual basis rents to vary due to different let lengths (40,42,43,51). This en-suite accommodation is largely average quality but extremely well located so will be popular despite the above average cost of the University's accommodation. There are three studio products available through the University. Standard accommodation is priced between £112 and £148 per week, with the less expensive beds being a more traditional standard product and the most expensive being a more modern townhouse product.

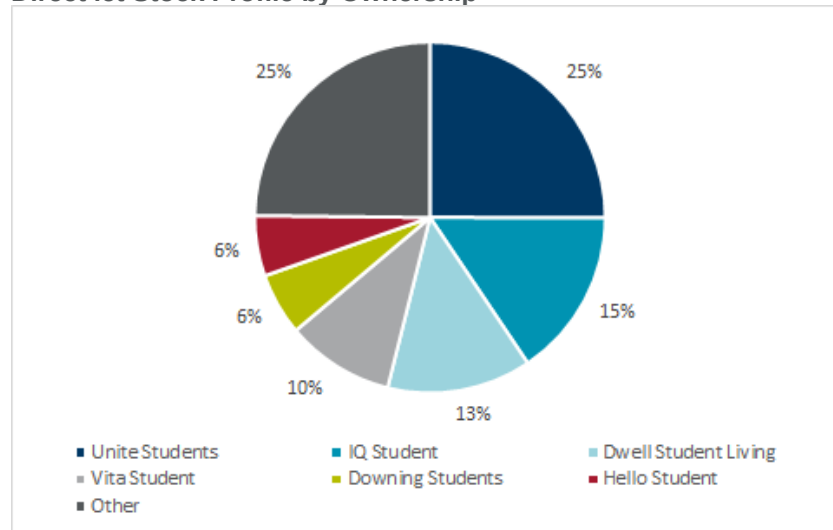
Supply Overview

Direct Let Beds

There are 13,811 purpose-built student beds in the Manchester Direct Let market for the 2020/21 academic year. One new development has opened for the current academic year, Downing Student's 792 bed River Street Tower development located to the north of the Mancunian way and this is the nearest scheme to the Deansgate South Site. The direct let market has started to increase in size due to a much needed injection of new high quality PBSA beds. In the last two years the direct let market has increased in size by 2,200, significantly above than the 200 bed increase seen between 2013/14 and 2018/19. Unite Students is the largest owner of direct let beds in Manchester controlling a quarter of the market. iQ Student, the second largest owner of PBSA in the UK, owns and operates 15% of the direct let beds in the market, followed closely by Dwell student living and the ultra premium Vita Student.

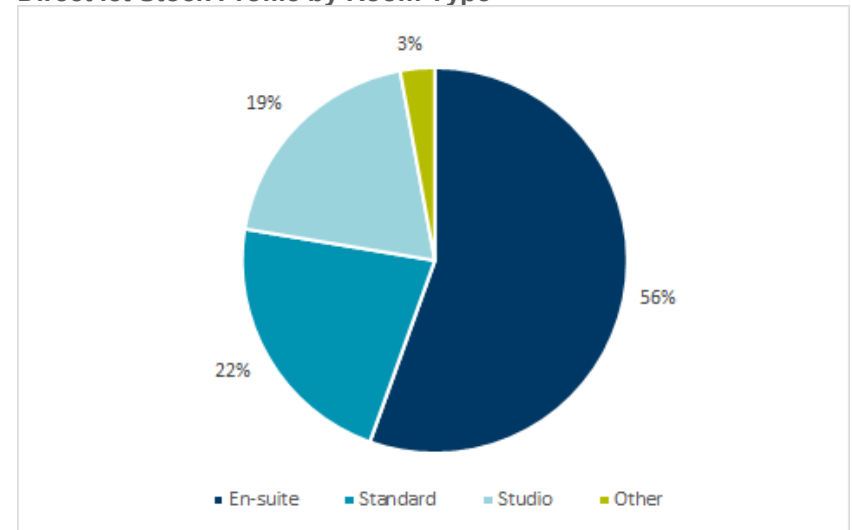
Over half of the direct let beds in the market are en-suite cluster accommodation and as is the case for the two universities in Manchester, this is still below average due to a larger than average amount of non-en-suite accommodation. There is significant scope for well priced studio accommodation, with only 2,700 studios in the Manchester market which is low in comparison to markets like Liverpool, Sheffield, Newcastle, Leicester, Birmingham. A large number of these studios are provided by Vita which offer rooms at premium prices. There is scope to offer a product below this is in price to capture a different section of the student body.

Direct let Stock Profile by Ownership



Source: Cushman & Wakefield Accommodation Tracker 2020/21

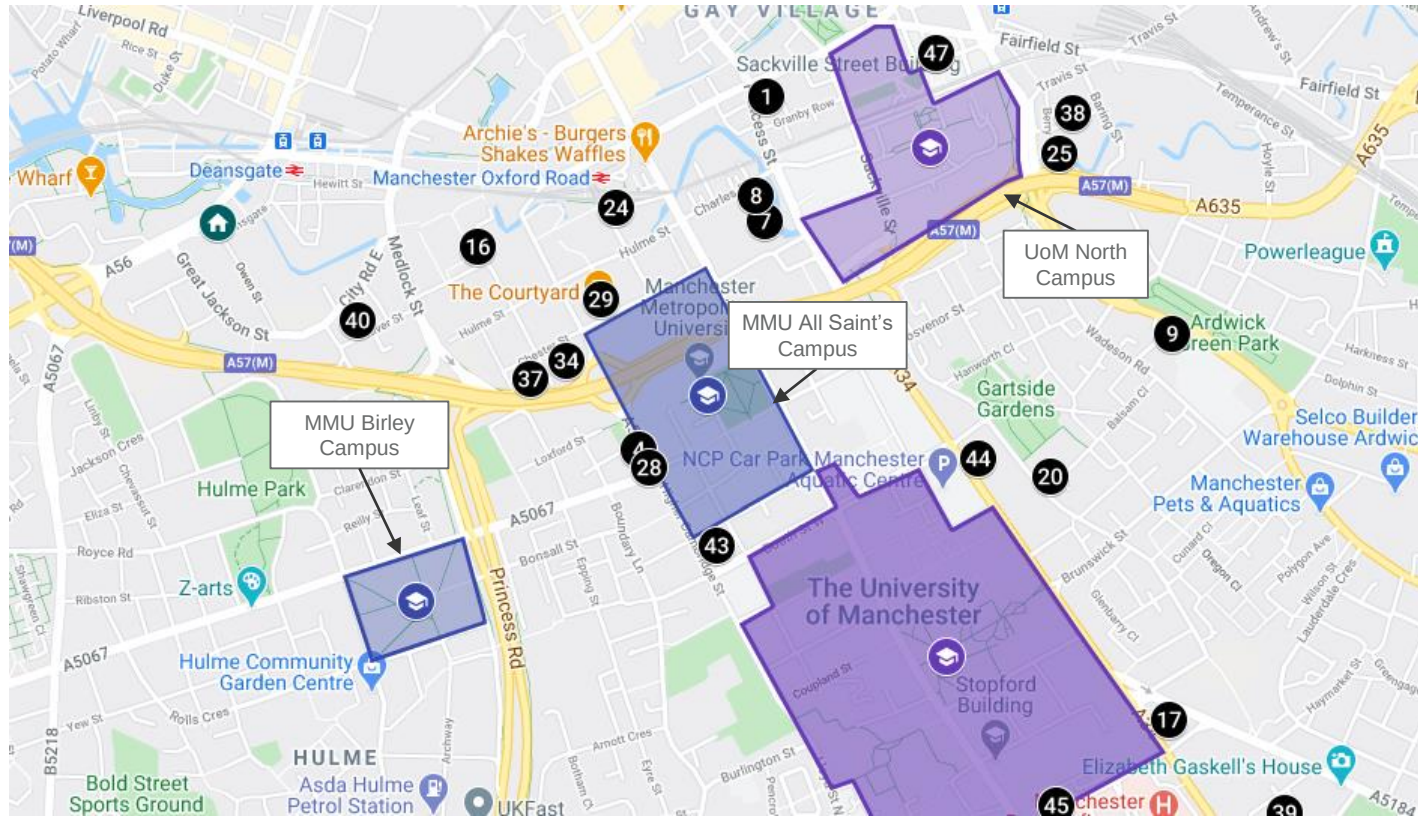
Direct let Stock Profile by Room Type



Source: Cushman & Wakefield Accommodation Tracker 2020/21

Supply Location

Direct Let Beds



Source: Cushman & Wakefield Accommodation Tracker 2020/21

As noted in the supply overview, the direct let market spreads north to south largely within the “Oxford Corridor” with several schemes in Fallowfield, Victoria Park, surrounding the two universities and into the city centre. The breakdown of rents overleaf focuses on a selection of comparable schemes to the north of the Mancunian Way – the area of the City in which the Deansgate South site is located. Overleaf focuses on: Vita Circle Square Buildings 9,10,11 (7 & 8), River Street Tower (40), Vita First Street (16), Bridgewater Heights (24), Parkway Gate (37), 121 Princess Street (1). These schemes all offer quality studio and en-suite accommodation and appeal to those who want to live centrally in Manchester, much like the Deansgate South Site.

Breakdown of Rents

Direct Let Comparables

Breakdown of rents – Direct Let Comparables

Block Name	Operator	Postcode	Number of beds in Block	Room Type	Weekly Rent	Let Length	Annual Rent
121 Princess Street	Dwell Student Living	M1 7AG	127	Studio	£195 - £230	52	£10,140 - £11,960
				1 Bedroom Flat	£230 - £260	52	£11,960 - £13,520
Circle Square (Building 9)	Vita Student	M1 7FE	384	Studio	£290 - £325	44	£12,761 - £14,300
					£264 - £295	51	£13,447 - £15,045
Circle Square (Building 10 & 11)	Vita Student	M1 7FE	716	En-suite	£296 - £312	44	£13,044 - £13,746
					£270 - £284	51	£13,745 - £14,484
				Studio	£327 - £546	44	£14,399 - £24,006
					£298 - £496	51	£15,173 - £25,296
First Street	Vita Student	M15 4FN	279	Studio	£278 - £296	44	£12,245 - £13,020
					£252 - £273	51	£12,845 - £13,920
Bridgewater Heights	Unite Students	M1 5NR	528	2 Bedroom - Standard	£229	51	£11,679
				En-suite	£193 - £219	51	£9,843 - £11,169
				Studio	£196 - £299	51	£9,971 - £15,249
Parkway Gate	Unite Students	M15 6JH	724	En-suite	£154 - £175	43	£6,622 - £7,525
					£150 - £183	51	£7,650 - £9,333
				1 Bedroom Flat	£255	43	£10,965
				Standard	£160 - £173	44	£7,049 - £7,612
					£157 - £170	51	£8,002 - £8,655
River Street Tower	Downing Students	M15 5GQ	792	En-suite	£176 - £186	44	£7,742 - £8,176
					£173 - £191	51	£8,806 - £9,728
				Studio	£215 - £225	44	£9,476 - £9,909
					£212 - £306	51	£10,815 - £15,588

Source: Cushman & Wakefield Accommodation Tracker 2020/21

The selected properties feature the three most expensive schemes in Manchester, Vita's Circle Square (building 9 and buildings 10 and 11) and First Street Schemes represent the top of the market in Manchester in terms of pricing. Studio rents vary from £270 to £546 per week at the three Vita Schemes, with annual rents starting at over a third more than the total Student Maintenance Loan amount. The least expensive studios available are at Unite's Bridgewater heights development, starting at £196 per week. The cost of these schemes means that there is opportunity to undercut the Vita schemes in terms of price whilst still offering rooms above £200 per week. En-suites vary much more in terms of quality and cost, and the most comparable to the proposed development in terms of quality is River Street Tower which is new this year. En-suites cost from £173 to £191 per week.



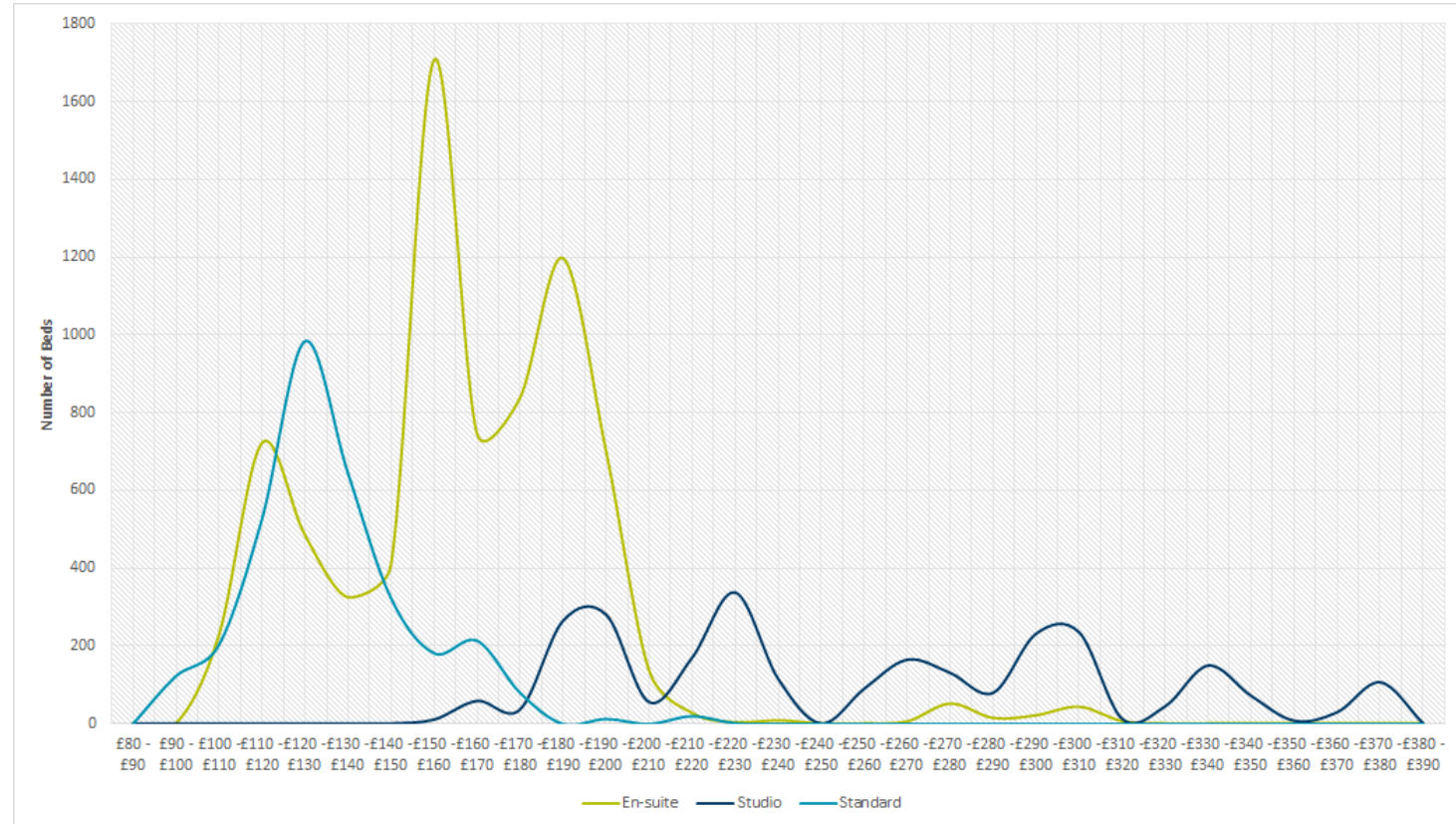
Rental Analysis

Rental Trends in Manchester

Rental Distribution

Direct Let

Direct let Rental Distribution 2020/21



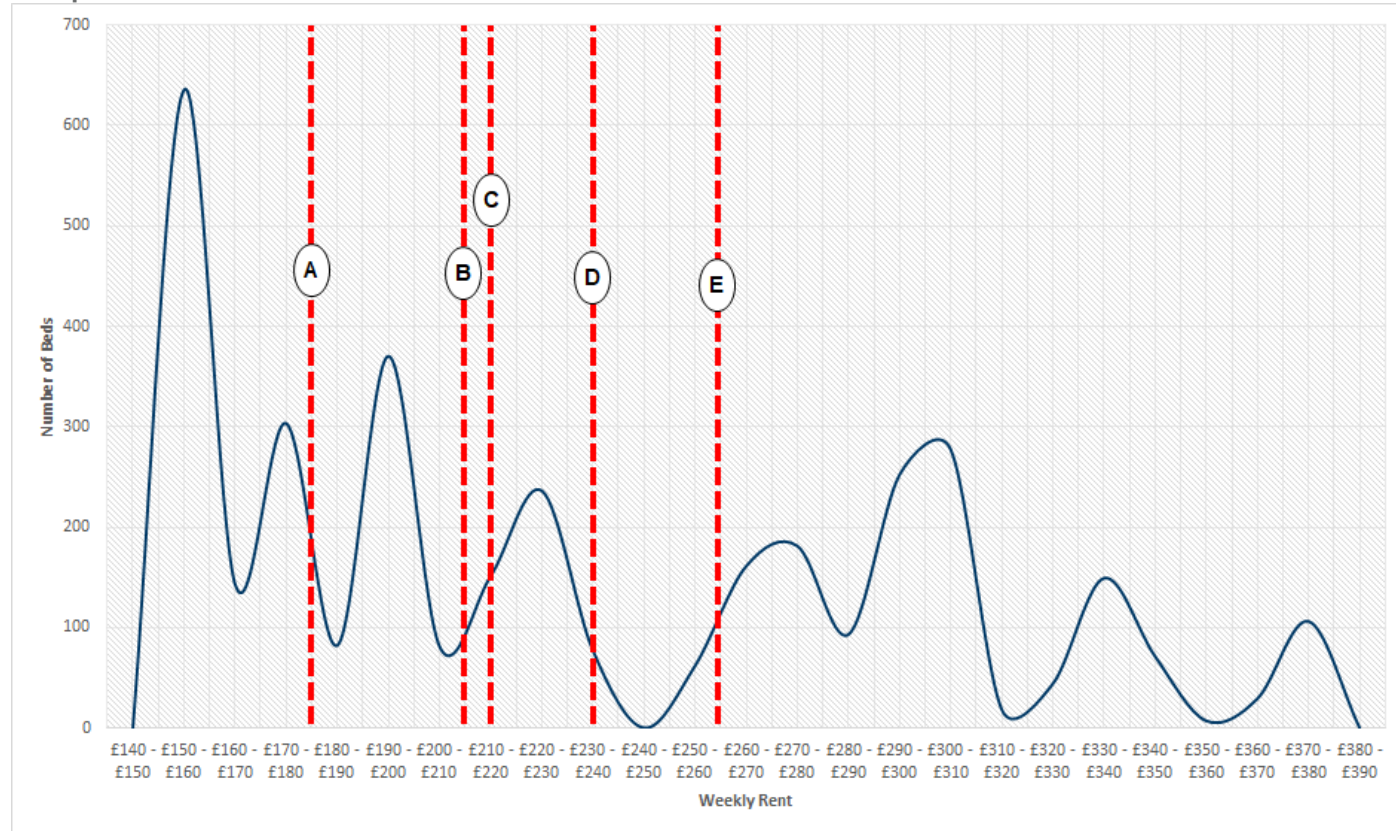
Source: Cushman & Wakefield Accommodation Tracker 2020/21

There are a wide variety in rents across the Manchester direct let market, with the studio market is by the far most diverse in terms of price (despite its relatively limited scale). Vita's Circle Square and First Street developments occupy the upper end of the rental spectrum, making up much of the rents above the £250 per week mark. Only 80 beds above £250 per week are operated by providers other than Vita. En-suite accommodation has less variety in terms of price with a clear modal price point of £150 - £160 per week. Above this price there are a significant number of beds priced between £180 - £190. On the whole, well located stock in Manchester is significantly more expensive than those beds over 20 minutes to campus.

Rental Distribution

Direct Let Comparables

Comparable Rental Distribution 2020/21



Source: Cushman & Wakefield Accommodation Tracker 2020/21, A – 4-bed En-suite, B – Social Studio, C – Twodio, D – Studio, E – 1 Bed

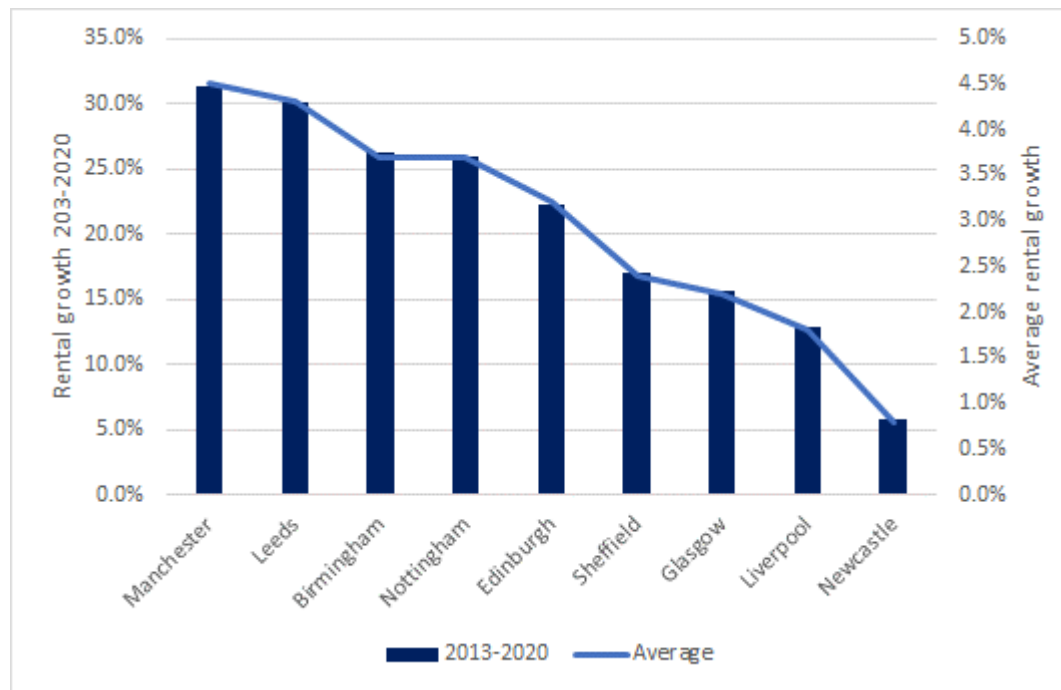
As can be seen from the chart above, amongst the comparable stock identified, the proposed rents for Deansgate South are well priced. This is especially the case given the high quality of product delivered by Fusion Students elsewhere and the outstanding levels of social and amenity provision to support the student experience.

Rental Growth

Manchester vs other Major Markets

The chart below shows long-term rental growth in nine major UK markets between 2013/14 and 2020/21. As can be seen from the chart, rental growth in Manchester has been the highest of any market at 31.3% over the period, an average of 4.5% per annum. It is interesting to note that other markets that have seen limited development over this period (e.g. Leeds) have also seen very strong increases in rents, whilst those subject to significant development (e.g. Newcastle, Liverpool) have seen more muted rental increases. From this analysis it is clear that development, including from the likes of Fusion Students, can play an important role in slowing rental increases in PBSA in the City.

Manchester Rental Increases Over Time vs Major UK Markets



Source: C&W Student Accommodation Tracker 2020/21

Rental Growth

Manchester Private Sector

En-suite Rental Increases 2015 - 2020



Source: C&W Student Accommodation Tracker 2020/21

Studio Rental Increases 2015 - 2020



Source: C&W Student Accommodation Tracker 2020/21

As can be seen from the graphic above, rental growth in Manchester has been extremely strong over recent years, with a lack of development hindering market competition and allowing providers to increase rents at a time of growing student demand. Overall rental growth remained above 5% per year between 2015/16 and 2018/19 but has since fallen to below 3% a year after the first real injection of new beds into the market. Whilst rental growth is lower, it still remains healthy with non-en-suite accommodation increasing at a significantly slower rate (0.7% this year). This year studio accommodation has grown faster than en-suites, with studio accommodation growing by more over the five year period. Studio accommodation is likely undersupplied in the market which will feed rental growth.



Affordability

Fusion vs Competitor Products

The Fusion Product

Quality and Range

Fusion Students is renowned for the quality of its products across the UK, whilst also delivering a wide range of room types and rents to maximise appeal and affordability. Since 2013, Cushman & Wakefield has analysed the quality of the UK purpose-built student accommodation market. Over time, we have developed a range of parameters to assess the quality of both rooms and facilities available within each scheme. Rooms are rated on a scale of 1-5, whilst common and amenity spaces are also rated on a scale of 1-5. Note that a very small number of schemes are scored above 5 by Cushman & Wakefield, although these account for less than 1% of the UK market. All Fusion schemes across the UK are rated by Cushman & Wakefield as 4/5 out of 5 for room quality and 5 for amenity space quality. Extra services include free grab and go breakfasts during the week. Sample images of Fusion schemes across the UK are outlined below.

Fusion Students UK Schemes



Source: Fusion Students



The Fusion Product

Quality and Range

Fusion Students UK Schemes



The Fusion Product

Quality and Range

There are currently only 2,171 bed spaces in Manchester rated at the same quality level of that delivered by Fusion Students (8% of the market). All of these beds are offered by Vita Student (Circle Square and First Street) aside from 792 new beds at Downing's River Street development. The weighted average price of the above beds by room type compared to proposed Fusion pricing is outlined below.

Pricing Comparisons for Similar Products



As can be seen above, based on limited available market comparables, Fusion beds would be priced 13% and 26% below market for en-suite and studio beds respectively.

It should be noted that Fusion believes it is able to offer 100 bed spaces to a Manchester higher education institution at a significantly reduced price of c£155 per week should such an agreement be available. This price would be 6% below the market average for a far higher quality product.

Source: Fusion Students/Cushman & Wakefield Student Accommodation Tracker 2020/21

The background of the slide is a grayscale photograph of a library or archive. It shows long aisles with tall, white metal bookshelves filled with books. The perspective is from the end of an aisle, looking down its length. A large, solid red diagonal shape cuts across the image from the top-left towards the bottom-right, partially obscuring the bookshelves. The text is overlaid on the red section.

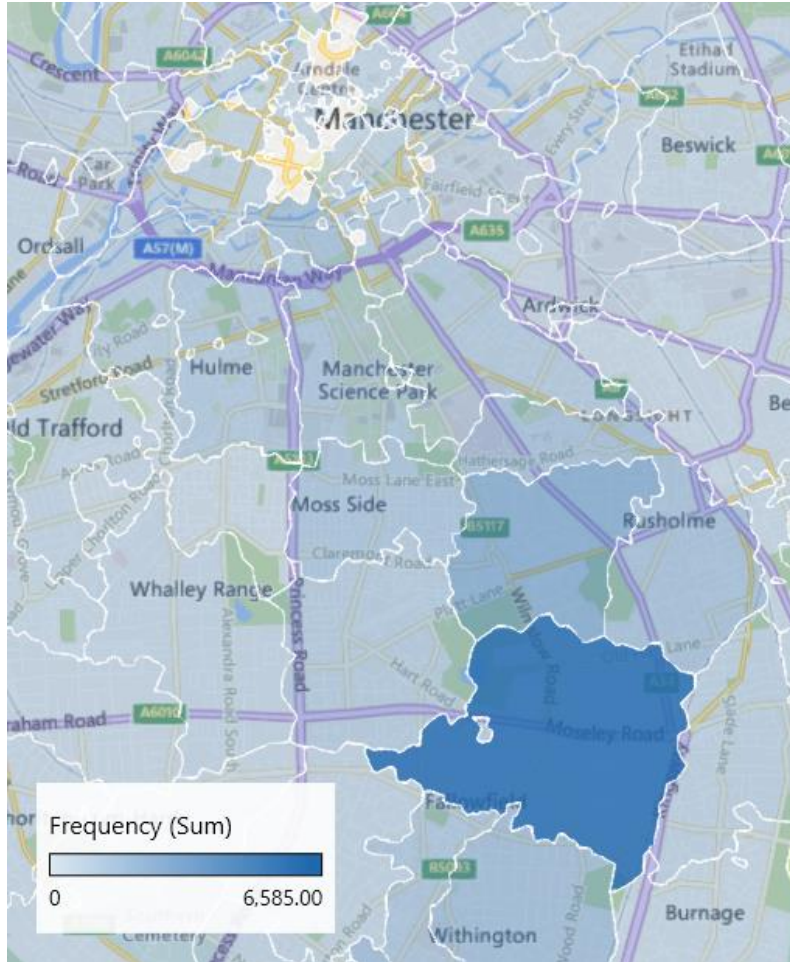
Private Rented Accommodation

HMO accommodation in Manchester

Private Rented Accommodation

The Manchester HMO Market

HMO locations in Manchester



Source: HESA 2018/19

The Manchester Houses in Multiple Occupation (HMO) market is generally located in south Manchester, typically in Fallowfield, Rusholme, Withington, Hulme and in the area surrounding the two universities close to the Oxford Road Corridor.

Fallowfield is by far the most densely populated HMO area in Manchester, with 2.5 times more students than the second most populous area which is Victoria Park. Given the University of Manchester's Fallowfield campus, the area is largely populated with students from the university but it is also the most popular area for MMU students. This indicates that the distance to campus isn't much of an issue currently and the appeal of such a predominantly student area is much greater than the cost of buses and the time it takes to walk to university.

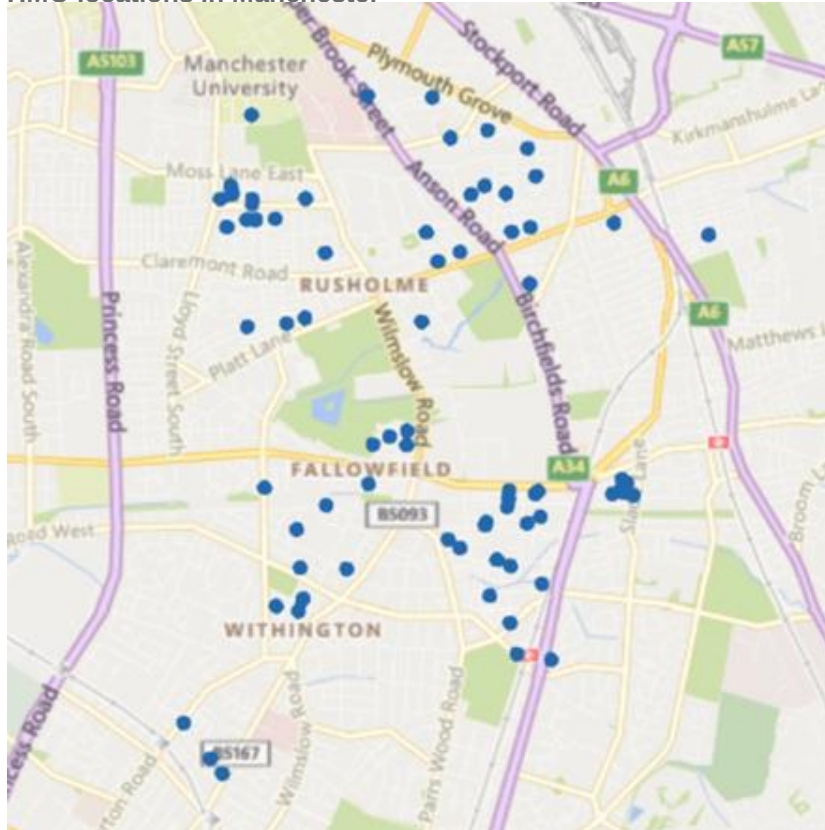
Withington is home to a large number of students, with nearly 2,400 students in two four digit areas. Rusholme and the area surrounding the university is also home to large numbers of students. Half of the student population of Manchester are located in four south Manchester four-digit postcode areas.

Nearly 4,000 students live in Manchester city centre, mainly living in the south of the city in the areas around the UoM north campus Castlefield and First Street. It is likely that a large number of students are living in City Centre apartments of high quality due to a lack of high quality purpose-built development to suit their requirements.

Private Rented Accommodation

The Manchester HMO Market

HMO locations in Manchester



Source: accommodationforstudents.com

Analysis of 619 beds in 100 properties reveals an average HMO cost of £106 per week or £5,517 per annum. All properties are marketed solely to students and include some bills (some properties offer inclusive utilities and TV license, whilst some only offer inclusive utilities without internet or TV licence). Properties are typically 6-bedroom terraced houses but range from 3-11-bedroom flats or houses. The 100 houses examined as part of this Report vary in quality, size, location, and specific characteristics of the property (en-suite, bed size).

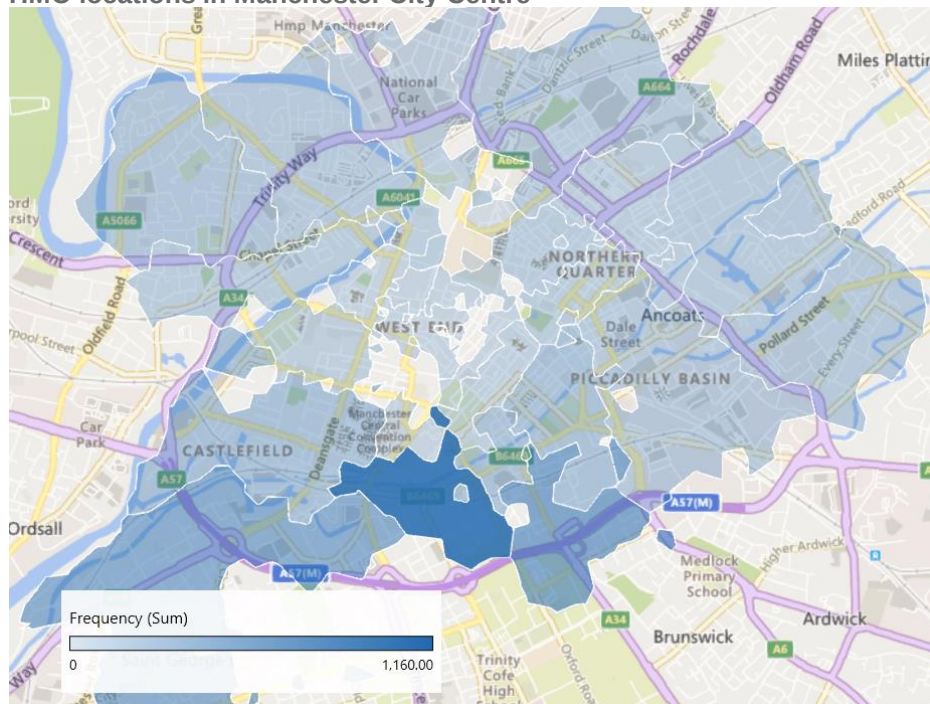
Typically, properties in more peripheral or less dense student locations like Burnage, Levenshulme, Longsight or West Didsbury are less expensive. Properties in Victoria Park are the most expensive, with Fallowfield also more costly than other locations. The majority of these houses cost from £100 to £125 per week (or £5,200 to £6,500 per year) per student and are let from June to June, some properties offering half rent for students who choose not to live in the properties over summer.

For students living in areas further from the University (Fallowfield, Withington, Levenshulme etc.) the cost of a bus pass should also be considered as part of the essential living costs. Term time (September to June) 2019/20 bus passes cost £250 for Stagecoach Buses or £255 for First Buses. TFGM is looking potentially altering at the bus system in the Greater Manchester area, with open consultation between October 2019 and January 2020. TFGM are proposing to run all buses under a single Franchise. Currently several providers operate routes along the Oxford Road corridor and the area is one of the busiest bus routes in Europe.

Private Rented Accommodation

The City Centre HMO Market

HMO locations in Manchester City Centre



Source: HESA 2018/19

Students in Private Rented Accommodation

	18/19	17/18	16/17	15/16	14/15	13/14
M15 4 (Deansgate Castlefield Area)	485	590	515	445	475	515
City Centre Total	3520	3175	2700	2505	2310	2470

Source: HESA 2013/14 - 2018/19

The number of students living in City Centre private rented accommodation has increased by just over 1,000 in just five years. Much of the growth has occurred between 2015/16 and 2018/19 after a number of years of stagnation. The lack of growth in the PBSA sector post 2015 has fuelled the growth in students looking to quality private rented apartments in the city. In spite of the growth of students in most other areas of the city, the M15 4 postcode area has seen fluctuation but has remained largely the same between 2013 and 2018.

The most densely populated area of the city centre is the area around Deansgate Castlefield (postcode areas M3 4, M15 4, M1 5) in the south and south west of the city. These three areas account for 53% of the students living in the city centre. In the future, the Piccadilly basin and other areas of the east of the city may become less popular after the movement of engineering students from Sackville street to the new engineering campus on Oxford Road and may fuel demand for accommodation closer to campus in the south and the south west.

The south of the city centre is popular due to its proximity to the two universities but the private rented sector's major presence in Castlefield is the key to the density of students in this area. City centre accommodation is likely to be filled by more affluent students, typically international students.

Planning Environment

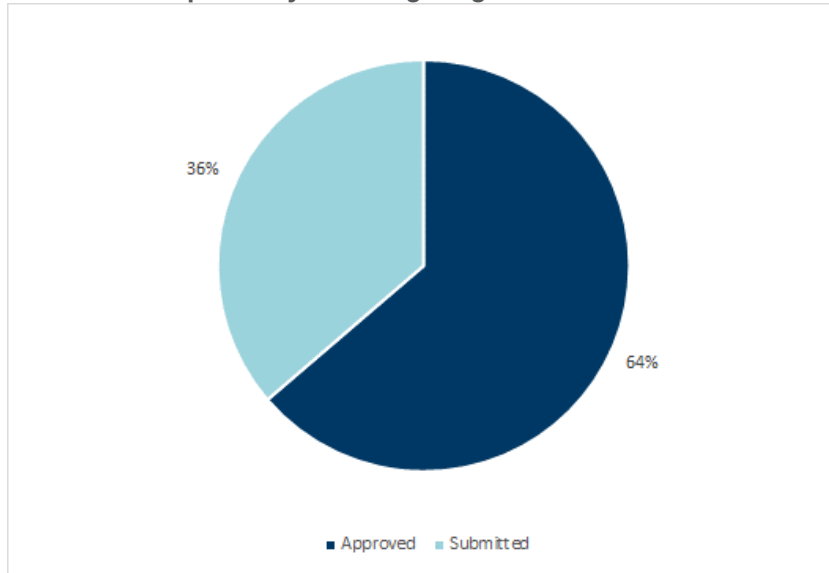
Proposed purpose-built Student
Accommodation in Manchester



Development Pipeline

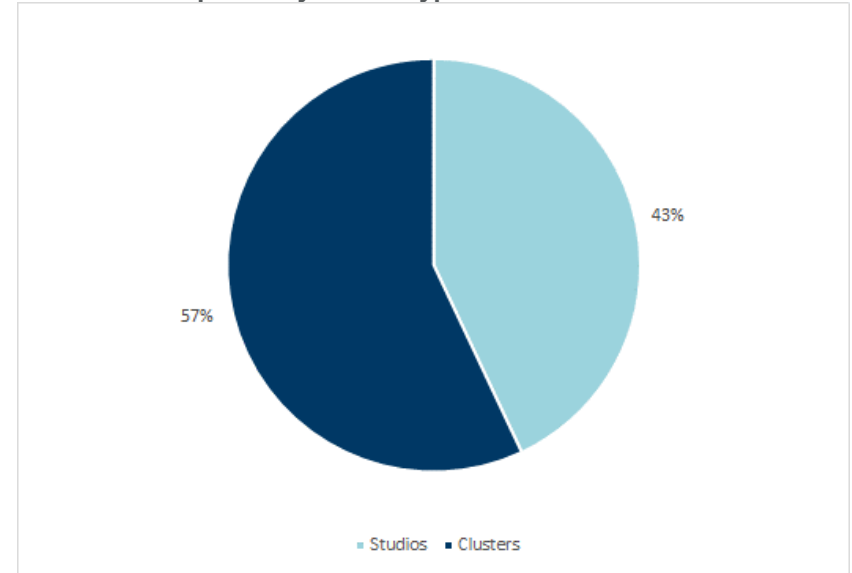
Manchester Pipeline Overview

Manchester Pipeline by Planning Stage



Source: Manchester City Council September 2020

Manchester Pipeline by Room Type



Source: Manchester City Council September 2020

The Manchester development pipeline currently stands at 2,351 purpose-built student beds as of September 2020. The pipeline has remained restrained, even with the planning conditions relaxing in recent years. Roughly two thirds of the beds in the pipeline have full planning approval, with only one large scheme awaiting decision. Whilst 43% of the beds in the pipeline are studios, 85% come from just one scheme and that scheme doesn't have approval. Only 158 studios in Manchester have full planning approval which means there will still be excess demand for studios in the market.

In national terms Manchester's pipeline is restrained with some markets currently having over twice as many beds in the development pipeline. The beds in the pipeline will represent only a 9% increase in beds in three years, much slower than the increase in beds seen nationally over the last seven years.

Development Pipeline

Proposed Accommodation

Manchester Development Pipeline

Address	Postcode	Planning Reference	Application date	Status	Number of beds	Studios	Clusters	Applicant	Anticipated opening
1 - 5 New Wakefield Street	M1 5NP	119380/FO/2018	Mar-18	Approved	603	60	543	UNITE Group Plc	Oct-20
Echo Street	M1 7DP	118267/FO/2017	Mar-18	Approved	242	36	206	IQ Student Accommodation	Aug-22
Birley Fields (Phase 2)	M15 5GF	120896/FO/2018	Aug-18	Approved	491	0	491	Manchester Metropolitan University	May-21
Hulme Street	M1 5GL	121252/FO/2018	Sep-18	Submitted	853	853	0	Student Castle	Jul-23
Kincardine Court, Kincardine Road	M13 9JA	124472/FO/2019	Aug-19	Approved	100	0	100	UNITE Group Plc	Oct-21
84 Cambridge Street	M15 6BP	125654/FO/2019	Dec-19	Approved	62	62	0	Alumno Developments	Dec-21

Source: Manchester City Council September 2020

There are only six schemes in the Manchester development pipeline, five have full approval and the largest of these approved schemes are on 1-5 New Wakefield Street. 1-5 New Wakefield Street (developed by Unite Group) was initially planned to open in time for the 2020/21 but will open in January 2021 instead after construction delays. Unite have another development in Manchester, an extension of their scheme Kincardine Court.

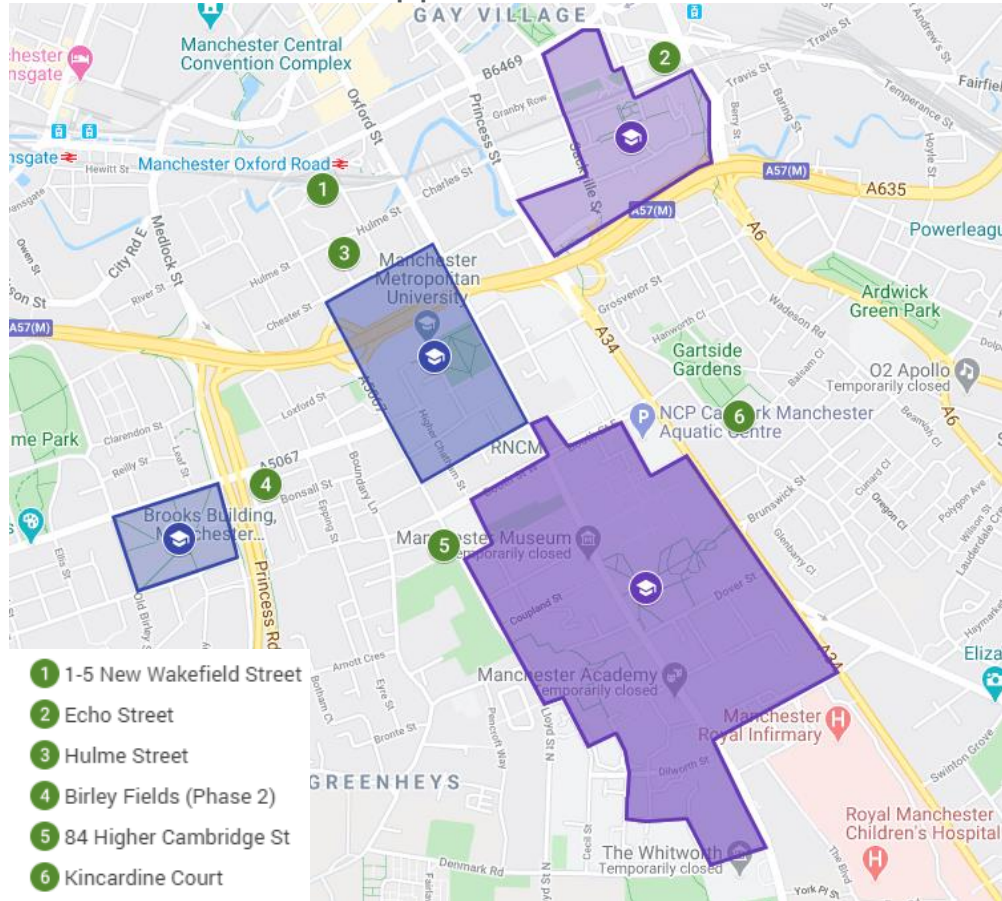
IQ Student have a large co-living scheme located next to the University of Manchester's north campus, within the development there are 240 student beds. Alumno developments have a scheme on Cambridge Street which finally received planning this year after reductions to the height and overall number of beds in the scheme. Manchester Metropolitan University have a large scheme which will be an extension of the birley field campus which is planned to open in 2021.

The largest development in the pipeline is Student Castle's Hulme Street scheme at 853 bed spaces. Cushman & Wakefield understands that this scheme has recently received a letter of support from Manchester Metropolitan University.

Development Pipeline

Location of Proposed Schemes

Location of Manchester PBSA pipeline



Source: Manchester City Council September 2020

The Manchester pipeline is located to the south of the City Centre largely located around the northern end of the University of Manchester's Oxford Road campus and Manchester Metropolitan University's All Saint's campus. Student Castle's Hulme Street and Unite Group's 1-5 New Wakefield Street developments are located in the immediate vicinity of the All Saints campus, just to the north.

Kincardine Court is just to the east of UoM's Oxford Road campus giving students quick access to UoM and within 10 minutes of the MMU All Saint's Campus. MMU's Birley Fields scheme is located between the two MMU campus but only 2 minutes from the Birley Campus located just over the Mancunian way. The scheme at 84 Street is well located for both Universities and is therefore ideally located.

IQ Students' Echo Street development is next to the University of Manchester's north campus, which currently puts it in a good location. But a large number of the students on this campus will be moving when the new engineering campus opens just to the north of the Oxford road campus. This means in the long term schemes in this area may suffer a little more than the rest of the market.

The background of the slide features a grayscale photograph of a modern building with sharp, angular architectural elements. A large, semi-transparent red diagonal shape cuts across the image from the top-left towards the bottom-right, creating a dynamic visual effect.

Demand and Supply Dynamics

The Manchester Student to bed ratio

Demand and Supply Dynamics

The Manchester Demand Pool

The pool calculation below sets out our assumptions of demand for student accommodation in Manchester, taking into account the University of Manchester, Manchester Metropolitan University and the Royal Northern College of Music. All beds in Manchester are included. Students who are excluded from the demand pool are as follows:

- Students not living in purpose-built student accommodation domiciled in Greater Manchester, Cheshire East and Warrington.
- Students living at their parental or own residence domiciled in Blackburn, Halton, Lancashire and Merseyside.
- Students currently on placement year or exchange year abroad

Manchester Demand Pool and Student to Bed Ratio

MANCHESTER CITY-WIDE	2018/19
Total Full-time & Sandwich Students	64,780
<i>Full-time</i>	62,175
<i>Sandwich</i>	2,605
From which:	
Deductions from the pool of students	
Students from the region who do not require accommodation	16,290
Sandwich students currently on a placement year and unlikely to demand a room	995
TOTAL POOL	47,495
Number of beds (university & private)	26,532
Student:Bed ratio	1.79

Source: HESA 2018/19, C&W Student Accommodation Tracker 2020/21

At 1.79:1 the student to bed ratio in Manchester is healthy for a large market. As noted previously, the development pipeline in the City is limited so there is clear potential for the ratio to rise as student numbers continue to growth. The demand pool in Manchester is one of the largest in the UK, only Nottingham and London currently have a larger number of students that require accommodation.

Demand and Supply Dynamics

Manchester's reliance on HMOs

Manchester Demand Pool and Student to Bed Ratio

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Demand Pool	42,765	43,365	46,025	46,200	46,915	47,495	48,205	48,930	49,665	50,410	51,165	51,930	52,710	53,500	54,300	55,115	55,940
Number of Beds (Approved Beds only post 2020)	22,893	23,256	23,119	23,180	23,975	24,113	25,740	26,532	27,626	28,030	28,030	28,030	28,030	28,030	28,030	28,030	28,030
SBR	1.87	1.86	1.99	1.99	1.96	1.97	1.87	1.84	1.80	1.80	1.83	1.85	1.88	1.91	1.94	1.97	2.00
Number of students in Private Rented Market	19,872	20,109	22,906	23,020	22,940	23,382	22,465	22,398	22,039	22,380	23,135	23,900	24,680	25,470	26,270	27,085	27,910
Beds Needed to Maintain 20/21 HMO numbers									27,267	28,012	28,767	29,532	30,312	31,102	31,902	32,717	33,542
Difference to bed delivery									-359	-18	737	1,502	2,282	3,072	3,872	4,687	5,512
Beds Needed to reduce HMO numbers by 500 per year									27,767	29,012	30,267						
Difference to bed delivery									141	982	2,237						

Source: HESA 2013/14 - 2018/19, C&W Student Accommodation Tracker 2020/21

The chart above shows demand and supply levels in Manchester over time. Every year post 2018/19 (the latest year available for HESA) the demand pool is estimated to grow by 1.5% a year. The number of students in the private rented market is a figure for the excess PBSA demand, i.e. the demand pool minus the number of PBSA beds. This is based on an assumption of 100% occupancy in the market, which is unlikely. This figure for students in HMOs is likely to be higher.

Between the 2013/14 and the 2018/19 academic years Manchester became increasingly dependent on the HMO market due to stagnating PBSA levels. In the last two years, the number of students in the private rented market is likely to have dropped with the first truly large injection of new beds into the Manchester market but this figure is still over 2,500 more than in 2013/14. For the number of beds in the HMO market to reduce by 1,500 in three years there would need to be an additional 2,237 beds on top of the beds estimated to be available at that point.

If student numbers grow and PBSA numbers don't increase, this will feed into the HMO and city centre PRS markets.

Conclusions

Deansgate South



Conclusions

Deansgate South

The proposed Deansgate South development will ***meet an identified need*** for additional purpose-built student accommodation development in Manchester, as well as helping to ***raise the overall quality of stock in the City, which lags behind key competitors*** and has the potential to threaten Manchester's position as a global education hub.

The development of the scheme will help to ***address identified issues with the quality of purpose-built stock in Manchester and recent strong levels of rental growth*** – areas in the City compares unfavourably with every comparable market.

Fusion Students is an experienced and high quality developer and operator of accommodation, and the ***development would aid the welfare and wellbeing of students*** in the City, as well as playing a ***role in freeing up apartments*** for local residents, especially in the City Centre. Stock would be amongst the highest in Manchester, whilst delivering rents at lower levels than current comparable schemes. ***Fusion is able to offer c100 bed spaces to a higher education institution at c£155 per week, 6% lower than the Manchester en-suite average*** and at far higher levels of quality.

The ***wider market environment is conducive to continued growth in the Higher Education*** sector thanks to economic and demographic change, as well as wider Government policy.

Appendices

Additional Supporting Information





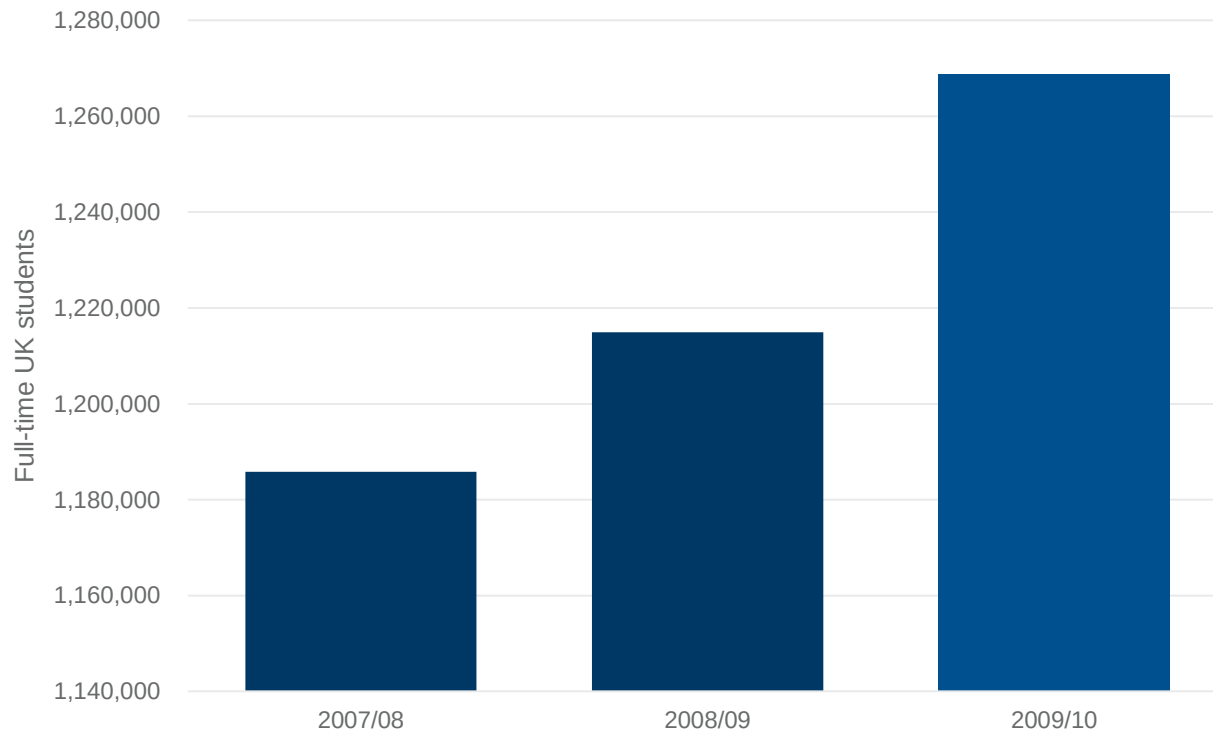
Economic Environment

Recession and Higher Education
Participation

Economic Environment

The UK Higher Education sector has traditionally proven to be counter cyclical in times of economic downturn. Students choose to increase or extend their levels of participation to shield themselves from unemployment and to stand out in a difficult economic environment. The environment post-COVID-19 is not expected to be different, with fewer opportunities available for students to travel or take up casual jobs in areas such as hospitality. The chart below shows the increase in students following the Great Recession of 2008/09, which saw the increase in students studying on a full time basis move from an increase of 2.5% between 2007/08 to 2008/09 to 4.5% the following year.

Full-time student numbers during the Great Recession

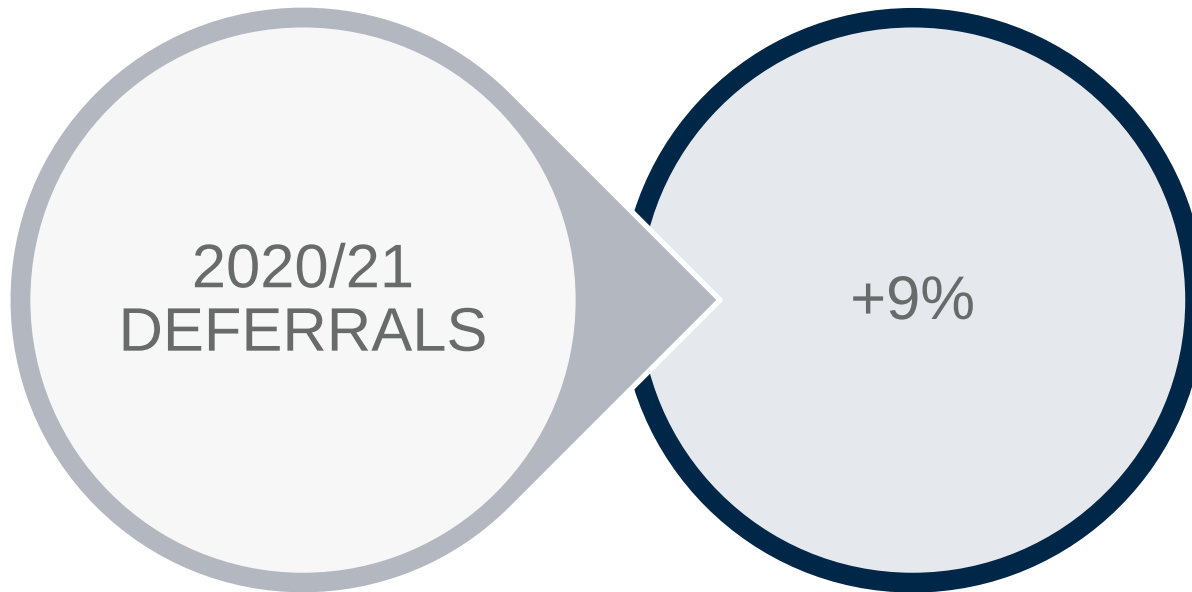


Source: HESA 2007/08 to 2009/10

Pent Up Demand

The COVID-19 pandemic has seen an increase in the number of students choosing to defer their place at a Higher Education institution in 2020/21. 29,360 students have chosen to defer, likely increasing levels of demand from 2021/22.

Student deferrals for the 2020/21 academic year



Source: UCAS 2020

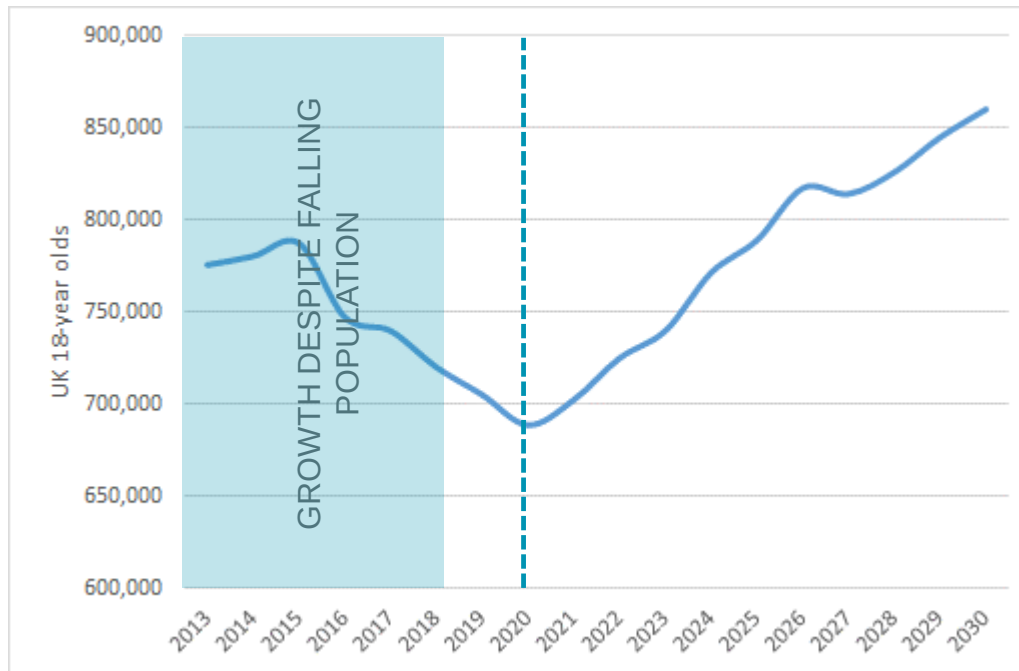
UK Higher Education

Student Demand

The number of UK 18 year olds has fallen by 6% between 2016 and 2020, with the fall in UK applications for 2018 entry almost exactly mirroring the fall in the population of 18 year olds this year. Post 2020, it is projected that the UK 18 year old population will grow strongly, and will increase by 25% to 2030. combined with a projected continued growth in international students, the Higher Education Policy Institute (HEPI) predicts that 350,000 extra places will be required at UK universities by 2030. If the male participation rate was to match the same level as females, this number would rise to 500,000.

It should be noted that student numbers grew by 11% between 2013/14 and 2018/19 despite the fall seen in the 18-year old population.

Historic, current and projected UK 18-year old population



Source: ONS

International Students

Trends and the post-COVID environment



International Students post-COVID

Whilst the full impacts of COVID-19 on international student recruitment in 2020/21 are yet to be revealed, long-term trends do point to continued international student number growth in the UK. The number of full-time students from outside the EU studying in the UK in 2018/19 stood at 318,000 – an increase of 253% on the number recorded in 1999/00. For 2020/21, UCAS applications from non-EU students increased by 15%, with applications from Chinese students increasing by 34% in a single year. The international student market is particularly important in Manchester, with the City home to a huge 16,960 students from outside the UK, over one quarter (26%) of the full-time student body and above the national average. 39% of the University of Manchester's student population is from outside the UK.

All surveys conducted with prospective international recruits during the COVID-19 pandemic indicate that international students are still willing to study in UK, even if this means deferring entry for a year.

The UK market and in particular, its Russell Group universities, are attractive for a number of reasons:

Ability to study in the English language

One of the key attractions for students looking to study abroad is to improve their knowledge of English in order to enhance employment prospects in an increasingly globalised job market.

Prestigious nature of the UK higher education system

The UK has 29 institutions in the top 200 universities in the world, with 4 in the top 20. The prestigious nature and history behind the Oxbridge and Russell Group institutions provides a key draw for students looking to study overseas. This has been reinforced by the growth in a number of high performing post-1992 universities which offer specialisms in subjects such as science, engineering, design and management, and strong ties to industry. For international students making a significant investment, this combination of international reputation and academic performance makes the UK an attractive destination.

Cost of study

One of the key elements, aside from the above, is the relative cost of study for students studying in the UK versus other key markets for overseas students such as the US, Australia and Canada. The table overleaf shows the cost of study for the four major international markets vs the UK's key competitor, the United States.

International Students post-COVID

UK degree cost vs United States 2016 & 2020

USA vs UK							
All Numbers in Local Currency	Cost of US Degree (June 2016)	Cost of US Degree (2019)	Cost of UK Degree (2016)	Cost of UK Degree (2019)	Cost of UK degree vs US (2016)	Cost of UK degree vs US (2019)	Percentage Change
China	1,579,200	1,610,400	875,262	801,499	54%	50%	-4.58%
Malaysia	955,200	979,200	529,835	486,657	54%	50%	-4.41%
India	16,152,000	16,555,200	8,957,719	8,234,481	54%	50%	-4.37%
Singapore	321,600	328,800	178,111	161,019	54%	49%	-5.20%

This assumes a standard four-year US degree with tuition fees averaging \$34,000 per annum, alongside accommodation costs of \$26,000 per annum. For the UK, we have assumed average fee costs of £18,000 over 3 years with accommodation costs of £8,955 per annum which reflects £235 per week on 51 weeks and is in line with the levels of pricing charged by Vita.

The table above shows that the cost of a UK degree was 80% of that in the US in 2016 and has fallen to 71-73% of that by 2019 representing a 6.50 - 8.00% reduction over this three-year period. This is a significant reduction and demonstrates how effectively the UK competes with the US on a cost basis, offering international students greater affordability in the UK. It is worth noting that any further reduction in the value of sterling in a post-Brexit scenario will further increase the attractiveness of the UK vs the US.

International Students post-COVID

Visas and Ability to Work

One of the key benefits for international students studying in the UK is the access it provides to jobs after course completion. In September 2020, the UK Government announced that an unlimited numbers of international students could study in the UK. The new system streamlines the previous Tier 4 visa system, streamlining the process for sponsoring institutions and their students.

The Government is also launching a new “Graduate route” in the summer of 2021. This additional route will allow those who have completed a degree at a UK Higher Education provider with a track record of compliance to stay in the UK for two years (three years for PhD graduates) and work at any skill level, and to switch into work routes if they find a suitable job. These changes will significantly improve the attractiveness of the UK as an international study destination.

Lack of domestic University provision

Many of the key countries of origin for international students coming to the UK (with the exception of the U.S) suffer from a lack of high-ranking University provision.

China, whilst home to seven high ranking institutions, offers a limited number of spaces with only 2% of Chinese students looking to study in higher education gaining a place at one of the top 38 Chinese institutions. India and Malaysia however lack provision in a different way, with collectively only three universities within the Top 200 University World Rankings, forcing students to look abroad to gain access to prestigious degrees.

The Chinese Ministry for Education recently estimated that 50% of the Chinese population aged 18 to 22 are attending college. Applying this figure to the Chinese population of 15 – 24 year olds, there are an estimated 176 million students seeking higher education and English language courses in China. Analysing this alongside the total numbers of students currently studying at domestic Chinese institutions, which the government estimated to be at 28 million in 2017 (an increase of 4% on 2016), we are able to gain an indication of the student demand pool unserved by domestic institutions, and those likely to seek international study.

