

PBSA Demand Study, Former Hotspur Press

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Confidential

Manchester M1 5QR

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1. Introduction

Knight Frank Global Research and Knight Frank Student property have been instructed by Manner to produce a bespoke analysis of the student housing market in Central Manchester. This in support of a proposed purpose-built student accommodation scheme at the former 'Hotspur Press', located on Cambridge Road (M1 5QR), just off Oxford Road. The proposed development is expected to deliver approximately 578 high quality student bedrooms and associated student amenities & facilities.

This research assesses the demand for student accommodation within Central Manchester and specifically conducts a catchment area analysis in relation to the proposed scheme. The research also identifies the extent of competing supply, as well as analysing the rent profile of PBSA in close proximity.

This report provides detailed and bespoke analysis that can be summarised as follows:

- Demand side drivers – student profile and growth projections.
- Existing supply of student accommodation – existing PBSA within the bespoke catchment(s).
- Future pipeline of student accommodation - analysis of planning records
- PBSA market profile – supply and demand imbalance, and rental pricing trends.
- Data driven conclusions on the current and future requirements for student accommodation in the area.

Catchment

We have assessed demand across Central Manchester and, where applicable, have presented demand and supply metrics at lower levels of geography based on distance from the proposed scheme. We have assessed that a dual-catchment would be appropriate; we believe that 0.5-mile and 1-mile radii around the site will give the most comprehensive insight. Providing data at this level is reflective of the central location of the site.

The institutions that we have captured within this analysis are:

- The University of Manchester
- Manchester Metropolitan University
- The University of Salford

Whilst the University of Manchester and Manchester Metropolitan University sit within the proposed catchment, the one other university that we have incorporated into this analysis does not. Although the University of Salford does sit outside the proposed catchment, it's the third largest institution in Manchester with a considerable enrolment, and it would be remiss of us to exclude it.

Figure 1 presents the scheme's location and local information relating to interconnectivity and proximity to public transport services and access to amenities. The site occupies a commanding position along the Oxford Road corridor, and is readily accessible by bicycle, public transport (train or bus) or on foot to the University of Manchester, Manchester Metropolitan University and the University of Salford.

The site is well placed for students to have ease of access to/from the main three HEPs. The University of Manchester is a 13-minute walk from the site, whilst it takes eight minutes on the 101 bus. Similarly, Manchester Metropolitan University is a 15-minute walk from the site and 12 minutes on the 101 bus. The University of Salford is slightly further afar; it takes 40 minutes to walk there from the site and around 20 minutes by both bus and train services. It should be noted that the proposed scheme is a 16-minute walk from Manchester Piccadilly, which offers easy access to London's Euston & Victoria stations, in addition to most major stations across the country. Furthermore, the site is a four minute walk to Oxford Road stations, which offers a regular service to Manchester Piccadilly that takes around 2 minutes.

Findings from Knight Frank's Student Accommodation Survey 2023, conducted in partnership with UCAS, demonstrates the importance of connectivity to students when choosing accommodation, with 97% of first year

students and 98% of second year students (and above) citing location as an important influencer when choosing their accommodation.

Manchester City Council's approach to student accommodation

Providing a residential offer for students to address demand has been a long-time Council objective as part of its Housing Strategy, forming part of the planning policy framework. The council identifies Manchester as a globally recognised location for top tier education and acknowledges that Manchester has one of the largest student populations within Europe. Furthermore, the council acknowledges that student accommodation within the city is an important aspect of the tertiary education experience and that it will enhance Manchester's role as a centre for education and that PBSA will help to meet housing need within the city.

Manchester City Council (MCC) has noted in the past that Manchester's PBSA stock is poor compared with other cities and that in order to remain competitive as a world class education hub with equal quality in accommodation – the current level of poor-quality accommodation must be addressed. It has been proposed that new PBSA stock within Manchester should be in appropriate locations within close proximity of the city's HEPs and of a high quality providing a high standard of living. In doing so, students in Manchester will receive an improved university experience and this would better reflect Manchester's institutions and its reputation.

These views were consolidated and expanded upon in May 2023 with the publication of MCC's Purpose Built Student Accommodation paper. The shortage of PBSA in Manchester has been exacerbated in the 2022/23 academic year when some Manchester students could not be housed in PBSA in the city and were subsequently put up in accommodation in neighbouring cities Huddersfield and Liverpool. In order to maintain the high levels of graduate retention in Manchester cited by the report, the city council will have to do more to facilitate students' accommodation needs.

On the 1st August 2023, the Manchester Evening News published an article that stated the city had been 'named and shamed' for the 'severe' lack of student accommodation. Analysis by CBRE had identified a city-wide shortage of 23,186 beds.

The proposed development at the site fulfils the necessary criteria as outlined by Manchester City Council as the location boasts excellent connectivity to Manchester's main institutions. Additionally, the development will be of a high quality, delivering accommodation which meets the modern standard of PBSA and providing a higher standard of living for students. The Knight Frank/UCAS Student Accommodation Survey 2023 cites both amenity provision and location as very important influencing factors on the decision students make on where to live at university.

Table 1: Manchester primary target university profile

Primary Target Universities	University of Manchester	Manchester Metropolitan University	University of Salford
University ranking (Times Good University Guide 23)	24	60	88
University Tariff Group (Times Good University Guide 23)	Higher Tariff Group	Lower Tariff Group	Lower Tariff Group
Number of Full-Time Students (21/22)	42,261	31,553	22,315
% international students	42%	9%	19%
Applications/Acceptances (UCAS,22)	Applications: 92,310 Acceptances: 9,605	Applications: 65,285 Acceptances: 10,720	Applications: 28,040 Acceptances: 6,505
Distance from subject site.	0.5 miles	0.6 miles	3 miles

Source: Knight Frank Research

2. Student Demand Profile, Manchester & Bespoke Catchment Area

2.1 Student Population Profile

The former Hotspur Press is situated in a central location in Manchester and within a 0.5-mile radius of the two predominant HEPs in the city: The University of Manchester and Manchester Metropolitan University. The site is also a 20-minute bus ride away from the third largest HEP in Manchester (the University of Salford). Manchester City Council has identified that Manchester has one of the largest student populations in Europe, with over 120,000 students studying at Greater Manchester's five universities. The site is situated in proximity to a large proportion of the total student population in the Greater Manchester area. The consolidation of universities around Oxford Road means that the proposed scheme benefits from exceptional walkability to two of the three main HEPs and offers good links to both Central Manchester and the University of Salford by way of public transport.

The three captured Higher Education Providers

- As previously stated, this report captures data from the University of Manchester, Manchester Metropolitan University and the University of Salford. Although the University of Salford sits outside the one-mile catchment, it is appropriate to include the institution in this analysis.
- At these three HEPs, there are a total of 108,802 enrolled students as of the 2021/22 academic year. 96,129 of which, equating to 88.4% of total students, are full-time students. Full-time students at the three HEPs have increased by 17.2% in the five-year period since 2017/18.
- A significant proportion of demand for PBSA in Manchester historically comes from international students. Full-time international students in Manchester in 2021/22 represented 25.9% of the total full-time population. There are 24,888 international students studying on a full-time basis at the three HEPs as of 2021/22. This represents an increase of 40.2% since 2017/18.
- The University of Manchester is the largest HEP within the catchment (and within Manchester as a whole). There are 42,621 full-time students at the University of Manchester, 30,733 of which are undergraduates and the remaining 11,528 of which are postgraduate students. The total number of full-time students at the University of Manchester has increased by 15.3% since 2017/18, with 23.2% growth in the number of postgraduate students at the institution within the same period.
- Manchester Metropolitan University has seen similar growth in the number of full-time students in the five-year period from 2017/18, increasing by 12.8%. Overseas postgraduate students at Manchester Metropolitan University are the fastest growing subset of students in Manchester, having more than doubled in the five-year period from 2017/18 to 2021/22.

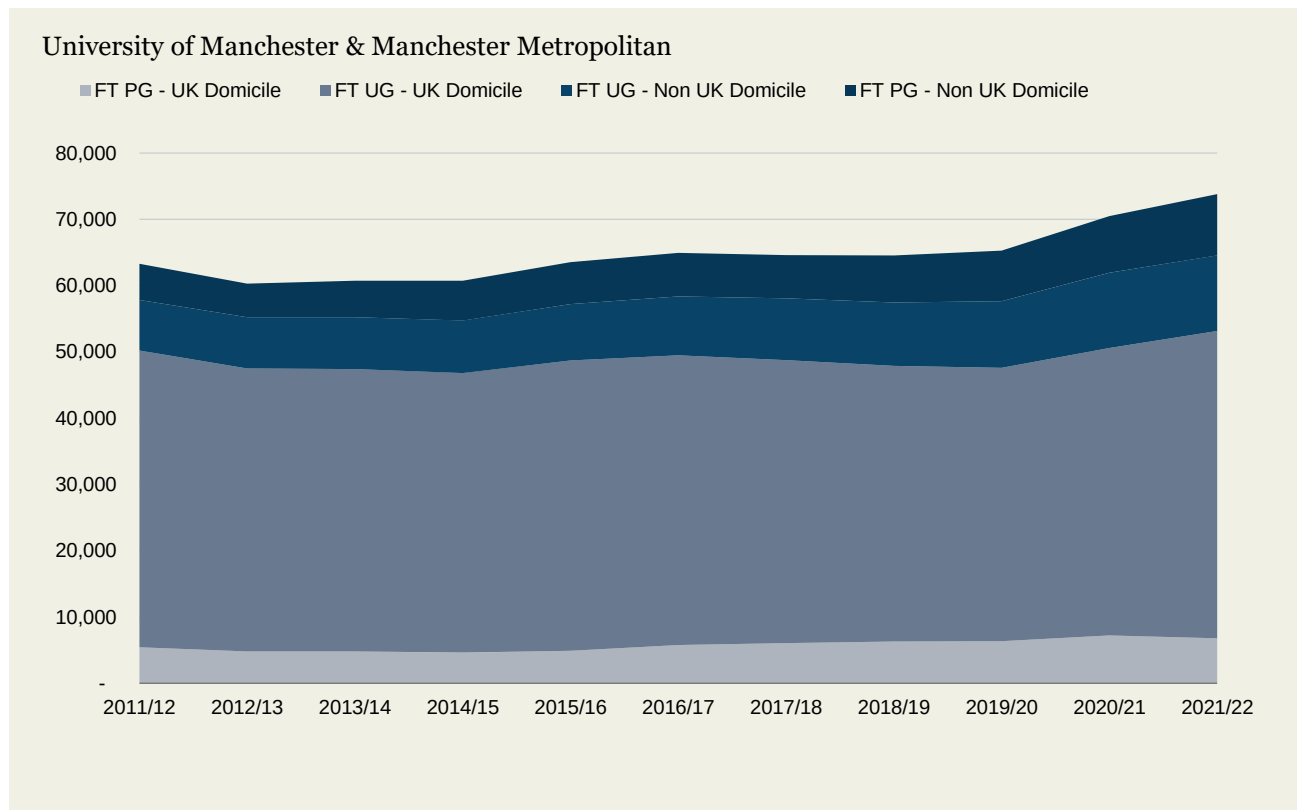
Table 2: **Manchester full-time student profile, All HEPs***

Full-Time HE Student Population	Manchester HEPs*	% Total Students	% Change from 2017/18
UK Undergraduate	63,120	65.7	11.0
Non-UK Undergraduate	12,584	13.1	21.0
Undergraduate Total	75,704	78.8	12.6
UK Postgraduate	8,121	8.4	11.0
Non-UK Postgraduate	12,304	12.8	67.3
Postgraduate Total	20,425	21.2	38.7
Total international students	24,888	25.9	40.2
Full-time students	96,129	100.0	17.2

Source: Knight Frank Research, HESA

*University of Manchester, Manchester Metropolitan University & University of Salford.

Figure 1: Full-time student profile by domicile and level of study



Source: Knight Frank Research, HESA

2.2 Bespoke Catchment Analysis

Students living within a 0.5-mile radius of the former Hotspur Press

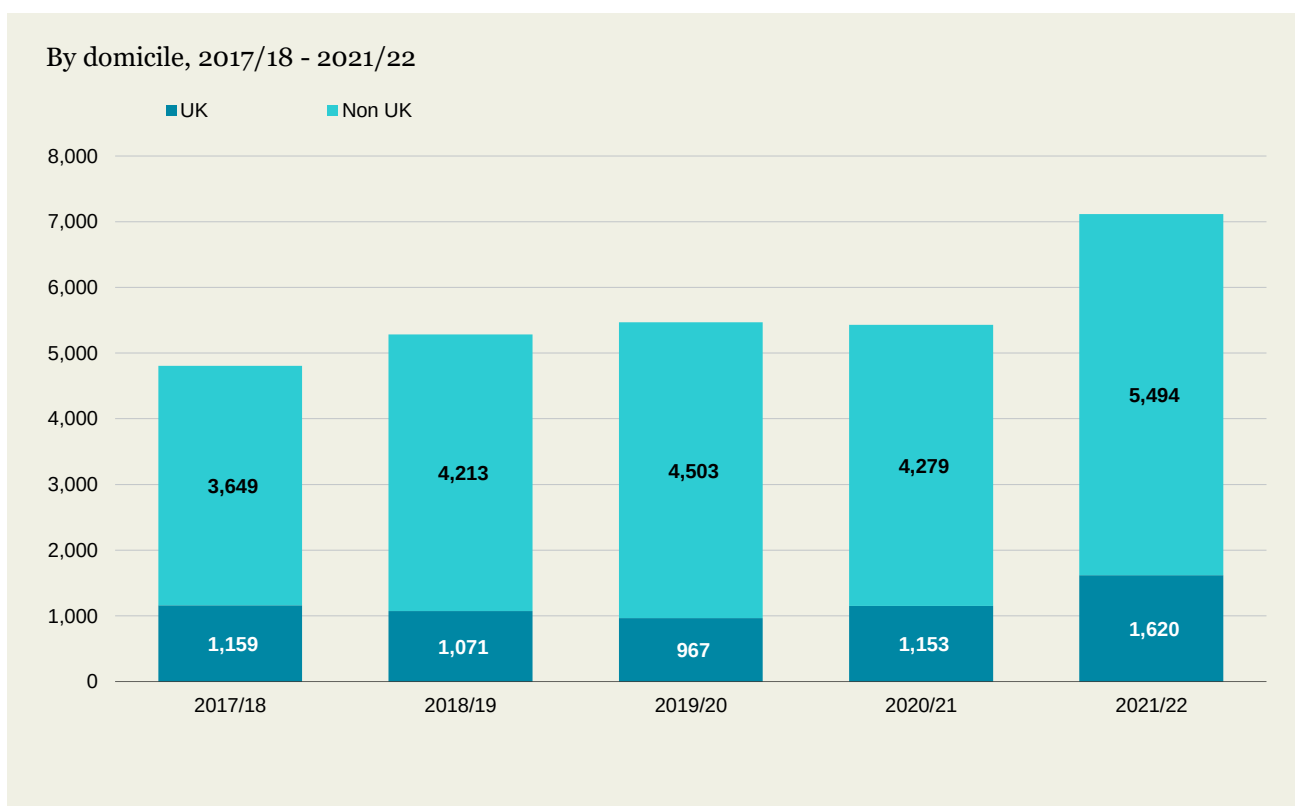
The following section outlines a bespoke catchment analysis relating to the proposed development and details the current number of students living within this area and the demographic breakdown of these students.

Within a 0.5-mile radius, a summary of the key findings are as follows:

- There are 7,114 full-time students living within 0.5-miles of the former Hotspur Press in the 2021/22 academic year. The total number of students living within this catchment has increased by 48% in the five-year period since 2017/18.
- Of these students living within a 0.5-mile radius, 77% are international students. Total international students within 0.5-miles of the site have increased by 51% since 2017/18, reflecting the growth in demand from international students in the wider Manchester market in the same period.
- Within 0.5-miles of the site and of the full-time students living in the area, 4,408 are enrolled in undergraduate studies. The number of UK undergraduates reached 1,352 in the 2021/22 academic year, representing 19% of total full-time students living within the 0.5-mile catchment. International undergraduates are the largest group living within the 0.5-mile catchment (3,056), with the next being the 2,438 international postgraduates.
- Non-UK postgraduates have seen growth of 80% in the last five years, with students from this group now making up 34% of total students living in the immediate 0.5-mile area around the former Hotspur Press.

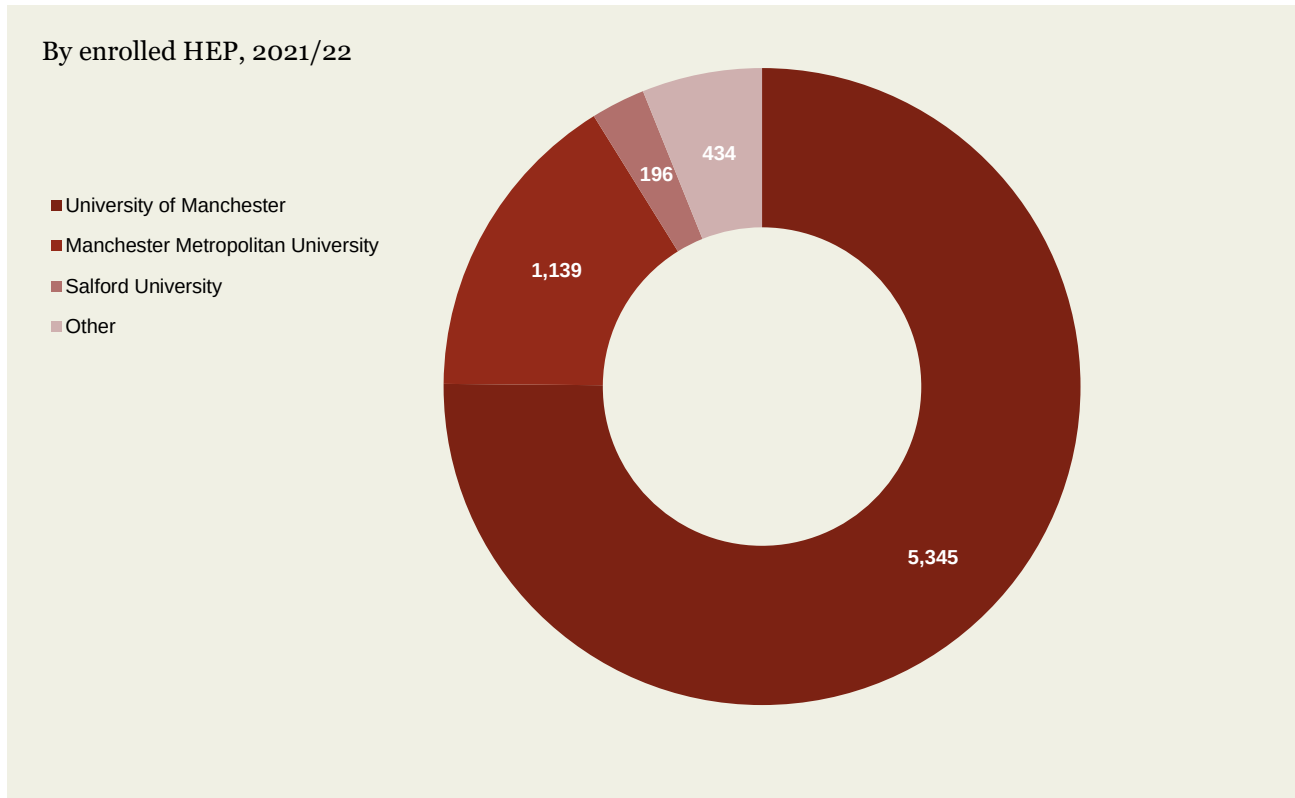
- Students enrolled in studies at the University of Manchester make up the largest proportion of students living within the 0.5-mile catchment, representing 75% of the student population in the area. Students from Manchester Metropolitan University make up 16% and students from the University of Salford make up 3%.
- Within the 0.5-mile radius, there are a total of 434 full-time students enrolled at alternative institutions, including the Royal Northern College of Music, Buckinghamshire New University, University of Bolton and the University of Central Lancashire, representing 6% of the total number of full-time students living within the catchment. This demonstrates that demand within the area is not just from students studying within Manchester, but also from neighbouring university towns.

Figure 2: Full-time students living within 0.5 miles of the former Hotspur Press by domicile



Source: UCAS, Knight Frank Research

Figure 3: Full-time students living within 0.5 miles of the former Hotspur Press by university



Source: UCAS, Knight Frank Research

Students living within a one-mile radius of the former Hotspur Press

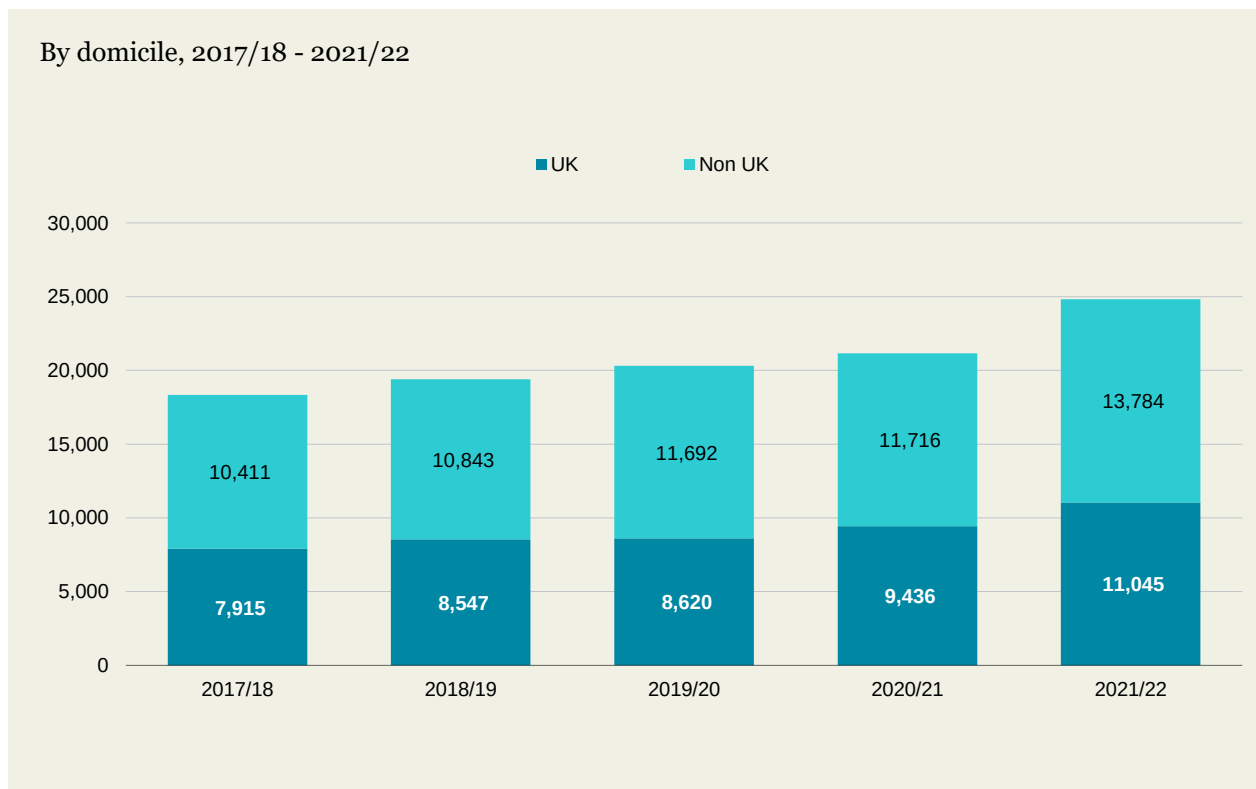
The following section outlines a bespoke catchment analysis relating to the proposed development and details the current number of students living within this area and the demographic breakdown of these students.

Within a one-mile radius, a summary of the key findings are as follows:

- There are 24,829 full-time students living within one mile of the former Hotspur Press in the 2021/22 academic year. The total number of students living within this catchment has increased by 35% in the five-year period since 2017/18.
- Of these students living within a one-mile radius, 56% are international students. Total international students within one mile of the site have increased by 32% since 2017/18, reflecting the growth in demand from international students in the wider Manchester market in the same period.
- Within one mile of the site and of the full-time students living in the area, 17,304 are enrolled in undergraduate studies. The number of UK undergraduates reached 10,041 in the 2021/22 academic year, representing 40% of total full-time students living within the one-mile catchment. UK undergraduate students are the largest group living within the catchment, with the next largest being international undergraduates, representing 29% of total full-time students within the catchment.
- Non-UK postgraduates have seen growth of 38% in the last five years, with students from this group now making up 26% of total students living in the immediate one-mile area around the former Hotspur Press.
- Students enrolled in studies at the University of Manchester make up the largest proportion of students living within the one-mile catchment, representing 56% of the student population in the area. Students from Manchester Metropolitan University make up 33% and students from the University of Salford make up 3%.

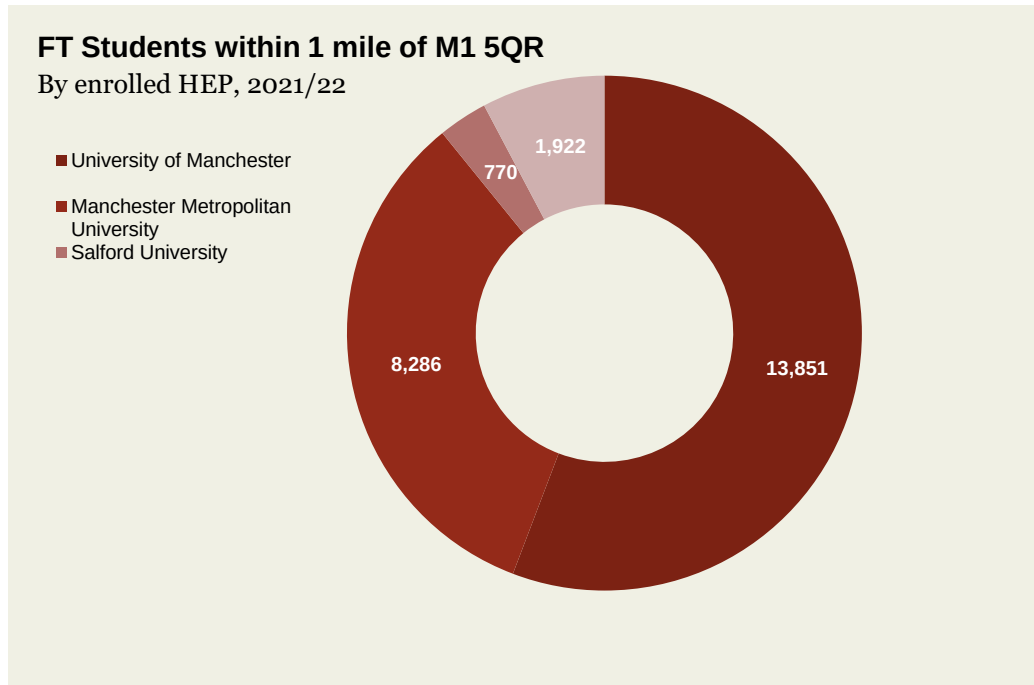
- Within the one-mile radius, there are a total of 1,922 full-time students enrolled at alternative institutions, including the Royal Northern College of Music, Buckinghamshire New University, University of Bolton and the University of Central Lancashire, representing 8% of the total number of full-time students living within the catchment. This demonstrates that demand within the area is not just from students studying within Manchester, but also from neighbouring university towns.

Figure 4: Full-time students living within one mile of the former Hotspur Press by domicile



Source: HESA, Knight Frank Research

Figure 5: **Full-time students living within one mile of the former Hotspur Press by university**



Source: HESA, Knight Frank Research

2.3 Applications & Acceptances, Manchester HEPs

In 2022, the three largest HEPs (University of Manchester, Manchester Metropolitan University and University of Salford) collectively received 185,635 applications, which is 31% higher than in 2017 and the highest number of applications to date. In 2022, there were 6.9 applications for every accepted place at the three institutions captured in this analysis.

Acceptances of places at the three universities combined have increased by 18% since 2017. This growth in acceptances has been driven by demand from domestic and non-EU students, which has increased by 17% and 54% respectively, within the five-year period of 2017-2022.

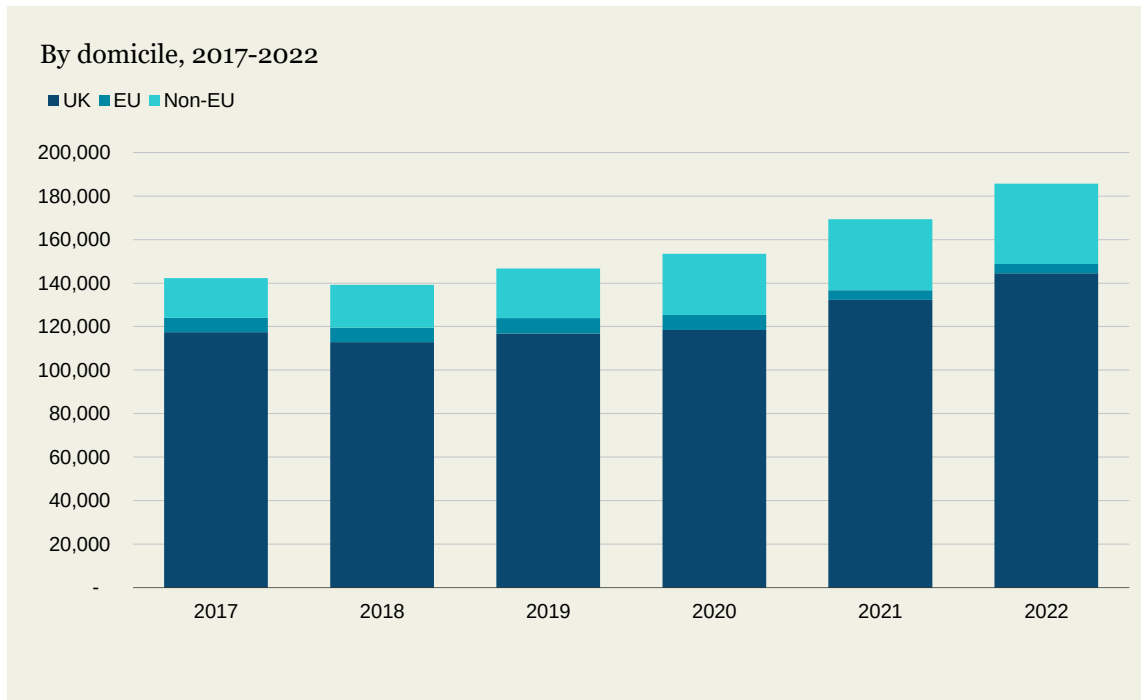
Table 3: **Applications and Acceptances, Manchester HEPs***

Year	Applications	Acceptances	Applications to Acceptances Ratio
2017	142,225	22,800	6.2
2018	139,240	23,105	6.0
2019	146,715	23,840	6.2
2020	153,430	26,890	5.7
2021	169,355	27,520	6.2
2022	185,635	26,830	6.9
% Change 2017-2022	31.0%	18.0%	

Source: Knight Frank Research, HESA

*University of Manchester, Manchester Metropolitan University & University of Salford.

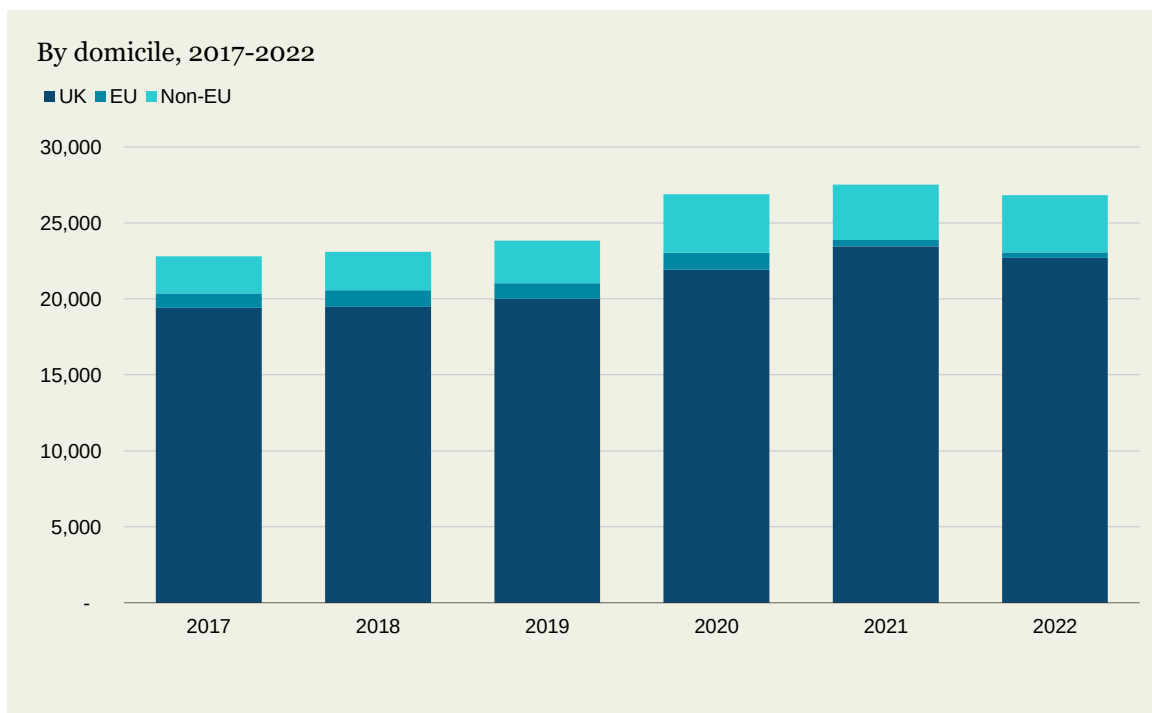
Figure 6: **Applications to Manchester HEPs* by domicile**



Source: Knight Frank Research, UCAS

*University of Manchester, Manchester Metropolitan University & University of Salford.

Figure 7: **Acceptances to Manchester HEPs* by domicile**



Source: Knight Frank Research, UCAS

*University of Manchester, Manchester Metropolitan University & University of Salford.

2.4 Future Full-Time Student Population Projections

Knight Frank Research has conducted an analysis using five-year historic trends in changing student numbers. This analysis was conducted across the three predominant Higher Education Providers (HEPs) (University of Manchester, Manchester Metropolitan University & University of Salford) to project the number of students that may be enrolled in full-time studies by the 2026/27 academic cycle. It should be noted that although these three institutions have been incorporated into our analysis, the student population in central Manchester will be impacted by enrolments at a variety of institutions (both within Manchester and neighbouring university towns).

The COVID pandemic caused disruption to (and anomalies within) the usual recruitment cycle for both universities included in the analysis and as a result we have accounted for this within our analysis and projection. For instance, HESA data states that the University of Salford saw a 334.8% increase in the number of non-UK domicile postgraduate students between the 2019/20 and 2021/22 academic cycles, wherein the number of students jumped from 703 to 3,057. Two recent pieces of analyses by the IHEC & HEPI suggest that the 'spike' in overseas recruitment was driven by two predominant factors. Firstly, the UK was one of the few major countries to remain at all open to overseas students through COVID and it is likely that UK institutions absorbed excess postgraduate students that would have otherwise chosen another destination. Furthermore, it is likely that some institutions took advantage of this increase in demand to boost their own revenue through international fees.

The above considered, it would be remiss of us to project the number of future postgraduate students using the percentage multiplier calculated from the data. In our view, this would result in an inaccurate projection of the number of postgraduate students at these two HEPs. In response, we have omitted the percentage increase multiplier from the 2020/21 and 2021/22 academic years for overseas postgraduate students at the University of Salford and Manchester Metropolitan University and replaced it with the five-year average annual growth rate (AAGR) for postgraduate students across all Manchester institutions. This was also compared to the AAGR across the UK as a whole. This has resulted in a more realistic projection of the number of overseas postgraduate students in 2026/27. Note that we have not done this for the University of Manchester, as we didn't see the exponential growth in overseas postgraduate students seen at the other two institutions.

In our projections, the total number of full-time postgraduate students increases by 29.2% to 2026/27. In real terms, this is an increase of 6,118 students. Again, it should be noted that this increase will be primarily driven by overseas students. Undergraduate student numbers are projected to increase by 6.2% (a real increase of 5,980). Our projections show that there could be a total of 104,758 full time students at the three universities combined in the 2026/27 academic year.

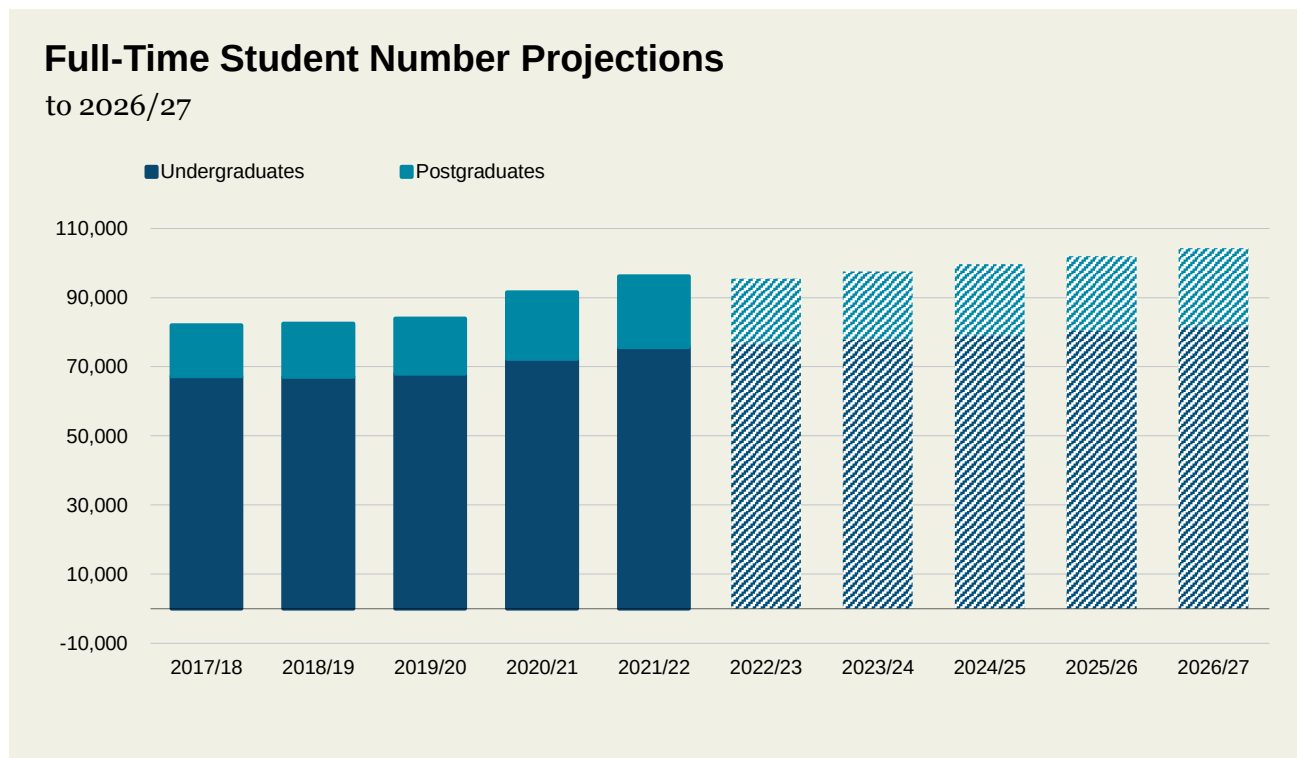
Table 4: **Historic and Projected Growth, Manchester HEPs***

Academic cycle	Undergraduate	Postgraduate	ALL	Full-time students
2016/17	67,142	14,710	93,636	81,852
2017/18	67,251	14,768	93,373	82,019
2018/19	67,116	15,319	93,694	82,435
2019/20	67,973	15,980	95,183	83,953
2020/21	72,256	19,249	104,170	91,505
2021/22	75,704	20,425	108,572	96,129
2022/23	76,808	18,742	110,489	95,551
2023/24	77,956	19,624	112,553	97,580
2024/25	79,151	20,561	114,741	99,712
2025/26	80,392	21,559	117,059	101,951
2026/27	81,684	22,622	119,508	104,306
% Growth 2017/18 - 2021/22	12.6	38.3	16.3	17.2
# Growth 2017/18 - 2021/22 (net)	8,453	5,657	15,199	14,110
% Projected 5 yr. growth	6.2	5.6	7.8	6.1
# Projected 5 yr growth (net)	5,980	2,197	10,936	8,177

Source: Knight Frank Research. UCAS

*University of Manchester, Manchester Metropolitan & Salford University

Figure 8: **Full-time student number projection, Manchester to 2026/27**

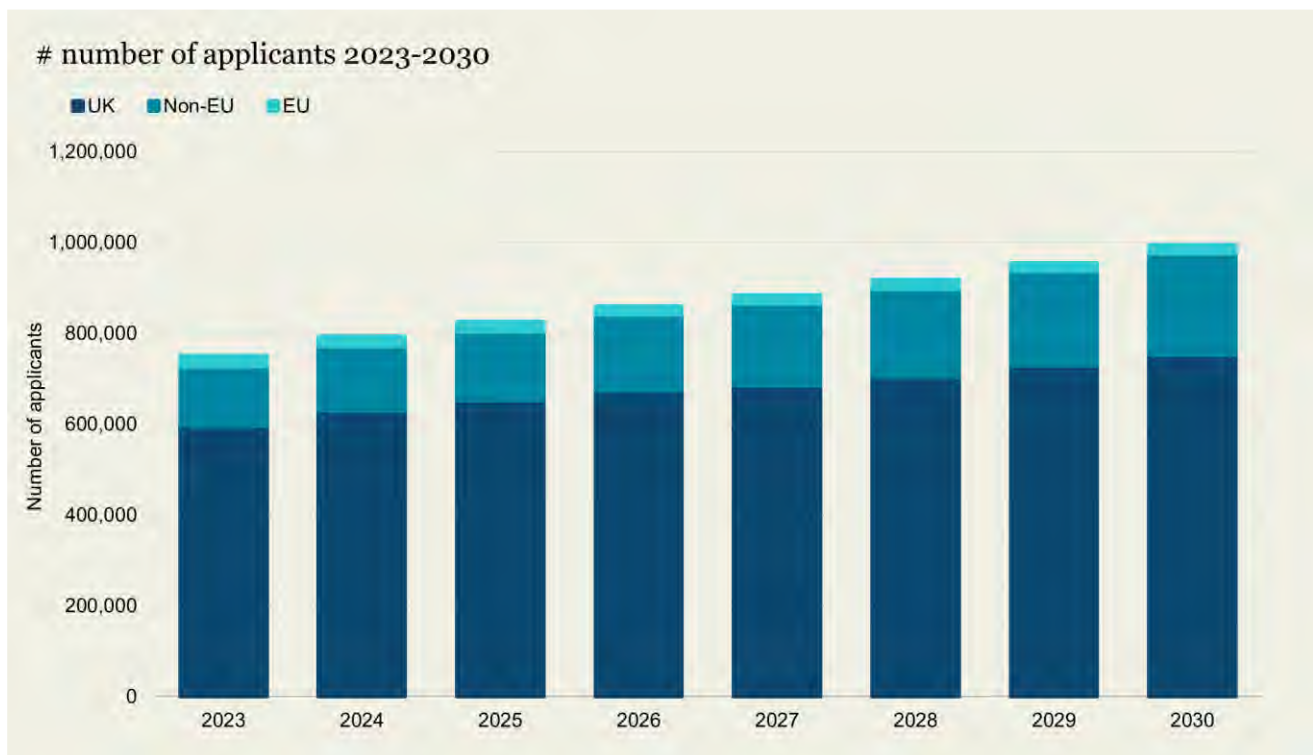


Source: HESA, Knight Frank Research

UCAS Journey to a Million Forecasts

In addition to Knight Frank Research's own analysis of projected growth in full-time students, it is worth providing context, with wider forecasts conducted by UCAS, who are predicting there will be up to 1 million new undergraduate applicants per year by 2030. This is double the number of applicants seen in 2006, and 250,000 more than 2021. Of this, UCAS is also projecting a 60% increase in international student applicants, signalling the ongoing attraction of UK HE. Within this, UK HE would see a 75% increase in higher education applicants from outside the EU.

Figure 9: Forecasted undergraduate applications for UK Higher Education Institutions, UCAS



Source: UCAS

3. PBSA Supply & Pipeline, Manchester & Bespoke Catchment Area

3.1 Bespoke Catchment Analysis

This section outlines the existing provision of student accommodation and the extent of the pipeline of student housing across Manchester.

University operated accommodation

Across Manchester, there are a total of 34 university operated PBSA schemes. These schemes collectively provide 11,838 bed spaces for students, equating to 39.5% of total available bed spaces. University provided PBSA comprises 5,691 ensuite rooms, 6,117 standard rooms with shared bathroom facilities, and 30 studios.

Within one mile of the former Hotspur Press, university operated schemes provide 5,406 bed spaces, comprising of ensuite rooms (44.0%), standard rooms (55.4%) and studio rooms (0.6%). As a total, university operated accommodation provides 33.7% of total PBSA within one mile of the proposed former Hotspur Press scheme.

Table 5: Summary of University operated PBSA, all Manchester and by radii of the former Hotspur Press

	All Manchester		0.5-mile radius		1-mile radius	
Bed space type	Number of beds	%	Number of beds	%	Number of beds	%
Non-ensuite	6,117	51.7	1,822	46.8	2,995	55.4
Ensuite	5,691	48.1	2,040	52.4	2,381	44.0
Studio	30	0.3	30	0.8	30	0.6
Total	11,838	100	3,892	100	5,406	100

Source: Knight Frank Research

Privately operated accommodation

There are 75 privately operated PBSA schemes across Manchester, of which seven are part-nominated and the remainder are operated on a direct-let basis. Collectively these schemes provide 18,103 bed spaces for students and make up 60.5% of the total available beds in Manchester. Privately operated PBSA in Manchester is made up of 22.9% standard rooms, 23.8% studio accommodation and 53.3% ensuite rooms.

Within one mile of the former Hotspur Press, 10,652 beds are offered by private providers on a direct let or part-nominated bases, these are comprised of 22.0% standard rooms, 31.4% studios and 46.6% ensuite rooms. Privately operated schemes provide 66.3% of total bed spaces within a one-mile radius of the former Hotspur Press.

Table 6: Summary of Privately operated PBSA, all Manchester and by radii of the former Hotspur Press

	All Manchester		0.5-mile radius		1-mile radius	
Bed space type	Number of beds	%	Number of beds	%	Number of beds	%
Non-ensuite	4,139	22.9	1,848	26.0	2,344	22.0
Ensuite	9,649	53.3	2,452	34.4	4,965	46.6
Studio	4,315	23.8	2,821	39.6	3,343	31.4
Total	18,103	100	7,121	100	10,652	100

Source: Knight Frank Research

Private & University operated accommodation combined

The universities across Manchester provide accommodation for 11,838 students, which represents 12.3% of total full-time students across the Manchester area (96,129 students). There are currently a further 75 additional private purpose-built student accommodation (PBSA) schemes across the city providing approximately 18,103 bed spaces on a direct let and nominations basis. In total, there are an estimated 29,941 bed spaces across Manchester. This represents 31.2% of full-time students studying in Manchester.

According to HESA, approximately 20,323 full time students lived at home with parents/guardians for the academic year 2021/22, equating to 21.1% of total full-time students. These figures would suggest that the remaining 47.7% of students live in HMO/private rented stock of varying quality.

Table 7: Summary of all PBSA, all Manchester and by radii of the former Hotspur Press

	All Manchester		0.5-mile radius		1-mile radius	
Bed space type	Number of beds	%	Number of beds	%	Number of beds	%
Non-ensuite	10,256	34.3	3,670	33.3	5,339	33.2
Ensuite	15,340	51.2	4,492	40.8	7,346	45.7
Studio	4,345	14.5	2,851	25.9	3,373	21.0
Total	29,941	100	11,013	100	16,058	100

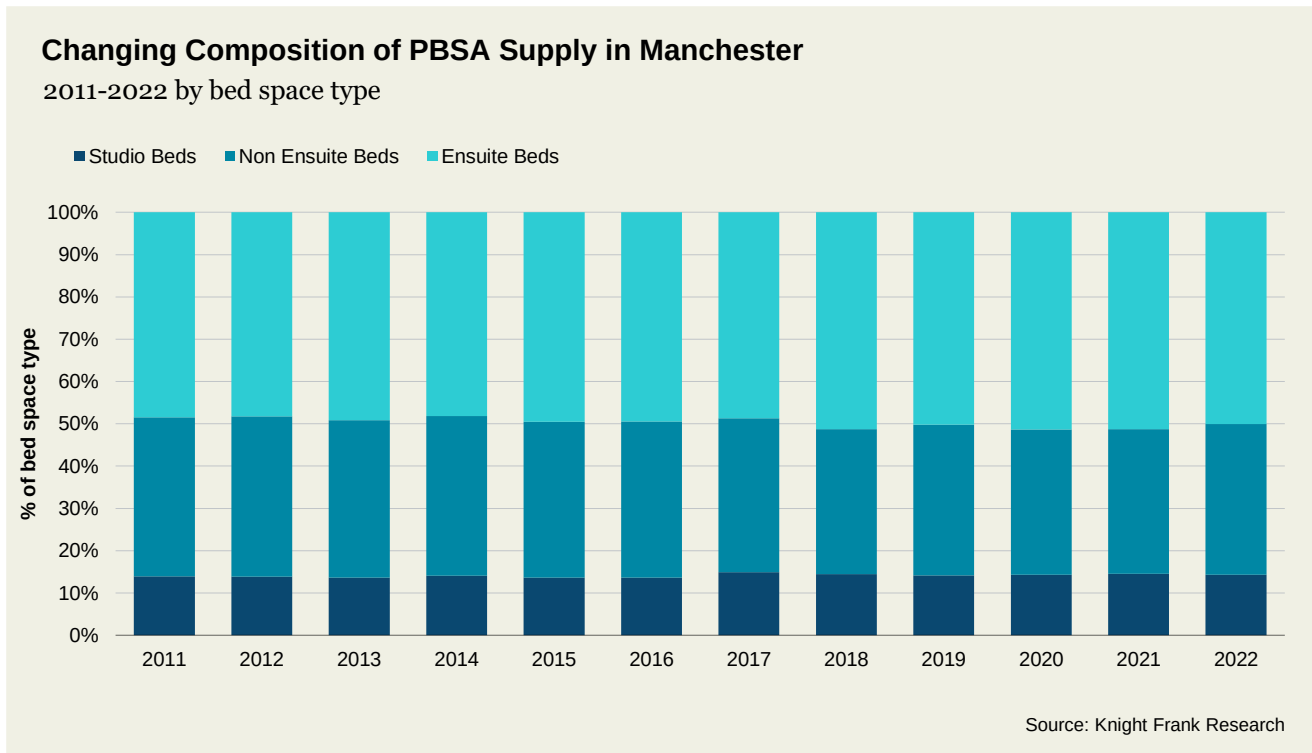
Source: Knight Frank Research

Changing composition of PBSA stock

Manchester has seen a relatively muted increase in supply since the start of 2012 due to historic planning constraints, and as such has increased by 32% since then with only 7,282 beds delivered, equating to approximately 662 beds per annum. As such, delivery of student beds has fallen considerably short of the 23,576 full-time students added to the student population since the 2012/13 academic year. Between 2012 and 2023 Q1, ensuite accommodation has increased by 39.7% and studio accommodation by 37.4%. The majority of new stock that has been delivered since the start of 2012 is privately operated and over half of the new stock is ensuite accommodation. Universities have only added 2,642 bed spaces in the last decade (36.3% of all the new stock).

Within one mile of the former Hotspur Press, 3,944 beds have been developed since 2012 – meaning that 12,114 beds in the area are over 10 years old. The evident decrease in demand for non ensuite accommodation is further highlighted by the fact that there have only been 227 new non-ensuite beds added to stock since 2015, all of which are privately operated. Anecdotal operator evidence suggests PBSA provision in Manchester is widely perceived as older and of lower quality than that of competitor markets and this sentiment is largely recognised by Manchester City Council.

Figure 10: **Delivery of student bed space by type, Manchester – time series**



Student-lets in the private rented sector

The private rented sector in Manchester is expected to house the students who require accommodation and do not have access to purpose built student schemes. Therefore, in addition to the 16,058 PBSA beds available within the one-mile radius around the former Hotspur Press there were a further 4,614 private rented sector and HMO (House of Multiple Occupation) bed spaces available across 2,402 properties. Within this area during 2022 and the first six months of 2023, there were 897 one-bed or studio listings posted on Rightmove targeted specifically at students. Properties advertised towards students however are not always occupied by students, as shared houses are also popular with graduates and young professionals. Thus, students are oftentimes competing with the wider market for rooms in private houses.

Table 8: **Estimated supply of PRS accommodation targeted at students, 2022**

	1-mile radius		
	Number of properties	%	Number of imputed bed spaces
Studio	248	10.3	248
One bedroom	649	27.0	649
Two bedrooms	1061	44.2	2,122
Three bedrooms	221	9.2	663
Four bedrooms	187	7.8	748
Five bedrooms	32	1.3	160
Six bedrooms	4	0.2	24
Total	2,402	100	4,614

Source: Knight Frank Research

Of the properties listed on Rightmove as student housing, 44.2% were two bed properties, 37.3% were one bed or studio properties, 9.2% were three bed properties and 7.8% were four bed properties. The remaining 1.5% of listings were in larger properties that could house five or six students.

An increased provision of PBSA in Manchester would ultimately release a number of rented properties back into the wider PRS market which in turn would allow more non-students and families access to a greater volume of properties in the city.

3.2 PBSA Development Pipeline, Manchester

The PBSA pipeline data referenced in the following section has been compiled by collecting all residential accommodation records from Egi planning data and data from the planning departments across Manchester. The latest data collection process was conducted and finalised in Q1 2023. This data has been combined and sorted dependent on planning and construction status.

Knight Frank's records suggest there are no schemes in Manchester that are currently under construction. There are however five schemes totalling 2,011 beds which have planning consent but are not yet under construction, and a further 4,128 from seven schemes that have submitted planning applications but have not yet been approved. These figures would indicate that the total potential pipeline in Manchester consists of 6,139 beds.

Within one mile of the former Hotspur Press, there are three schemes which have planning consent, these schemes would deliver 1,626 beds. A further three schemes are awaiting a decision, these three schemes have the potential to bring a further 1,855 beds to supply within the one-mile radius of the former Hotspur Press. Combined, these records indicate a potential pipeline totalling 3,481 beds in the immediate one-mile area surrounding the former Hotspur Press.

Table 9: PBSA development pipeline, Manchester and by radii of the former Hotspur Press

	All Manchester		0.5-mile radius		1-mile radius	
Planning Status	Number of beds	%	Number of beds	%	Number of beds	%
Under Construction	0	0	0	0	0	0
Consented	2,011	32.8	1,384	46.5	1,626	46.7
Submitted	4,128	67.2	1,594	53.5	1,855	53.3
Total development Pipeline	6,139	100	2,978	100	3,481	100

Source: Knight Frank Research

Timeline

We have assessed the delivery timeline of assets within the pipeline in Manchester, using estimated construction start dates and estimated construction project lengths. However, given the fact there are presently no PBSA schemes making meaningful construction progress in Manchester, it should be noted that estimated timeline deliveries are difficult to access and are often evolving throughout the planning consented stage.

- Of schemes with planning consent, 385 beds could be complete by 2025. Beds with an estimated completion in 2025 make up 20.0% of the total Manchester pipeline, which includes 841 beds with planning submitted but not yet consented.
- In 2026, there are 850 beds within one scheme with planning consent which is earmarked for 2026 completion.
- A further 55.2% of the pipeline is due for 2027 completion. This consists of 534 beds with planning consent anticipated for completion in 2027 as well as 2,854 beds with planning submitted but not yet approved.
- The remaining 242 beds in the Manchester supply pipeline with planning consent have an undetermined completion date.

4. PBSA Pricing Analysis, Manchester

4.1 PBSA Rental Growth, UK

Rising student numbers and slower PBSA delivery comes at a time when supply in the wider private rented sector is constrained. Less than 70% of students applying for university for the first time this year thought that there were enough accommodation options in their chosen city, according to our recent survey of more than 20,000 students, undertaken in partnership with UCAS. Analysis of listings data from Rightmove, meanwhile, shows that the number of homes available to rent across the UK was 52% lower in Q2 2023 than the 2017-19 pre-pandemic average. This is creating supply shortages for students, as well as supporting occupancy and lease up for PBSA schemes.

Consequently, rental growth for the sector has been strong – averaging 5.0% in 2022/23. Within this headline figure individual markets are seeing varying levels of performance, largely dependent on how stark the imbalance between supply and demand is. The change in rental values has been positive in 58 of the 59 locations covered Knight Frank PBSA rental growth index. Further rental growth of between 6% and 7% is expected for the 2023/24 cycle. Unite, the UK largest owner, operator and developer of PBSA, expects full occupancy and rental growth of 7% for the 2023/24 academic year. In markets facing the most acute supply and demand pressures, outperformance is likely.

Table 10: **PBSA rental growth historical series, UK**

UK PBSA	Non ensuite	Ensuite	Studio	Overall Market
2022/23	6%	5%	6%	5%
2021/22	2%	2%	3%	3%
2020/21	1%	1%	3%	2%
2019/20	2%	2%	2%	2%
2018/19	2%	2%	3%	2%
2017/18	2%	3%	2%	3%
2016/17	3%	3%	2%	3%
2015/16	3%	3%	3%	3%

Source: Knight Frank Research

4.2 PBSA Rental Pricing Analysis, Manchester

Knight Frank's Student Property Rental Index indicates Manchester's headline rental growth for PBSA was +6.0% for the 2022/23 academic year. In the same period, rental growth for the UK as a whole was +5.0%.

As one of the strongest regional student markets in the UK, it is unsurprising that rental growth in Manchester has consistently been in positive territory since Knight Frank's detailed rental growth index began.

Table 11: **PBSA rental growth historical series, Manchester**

Manchester PBSA	Non ensuite	Ensuite	Studio	Overall Market
2022/23	9%	5%	4%	6%
2021/22	2%	4%	1%	3%
2020/21	0%	2%	2%	1%
2019/20	3%	3%	3%	3%
2018/19	3%	2%	1%	2%
2017/18	3%	3%	4%	3%
2016/17	5%	5%	7%	5%
2015/16	3%	3%	0%	3%

Source: Knight Frank Research

For the purpose of the analysis in Table 12 and Figure 11 below, all PBSA rents have been standardised at a 51-week term length (all rates are inclusive of bills).

In Manchester, university rents for a standard room with a shared bathroom are estimated to range from £127 per week (p/w) in the lower quartile range through to £140 per week in the upper quartile range. For ensuite rooms, this range is between £148 to £182 per week.

In comparison, private direct let rents are estimated to range from £129 per week in the lower quartile range through to £175 per week in the upper quartile range for a standard room with a shared bathroom. For ensuite rooms, this range is between £164 to £267 per week. Average private direct let studio rents are estimated at £295 p/w, with a premium studio estimated at £336 p/w at the upper end of the market.

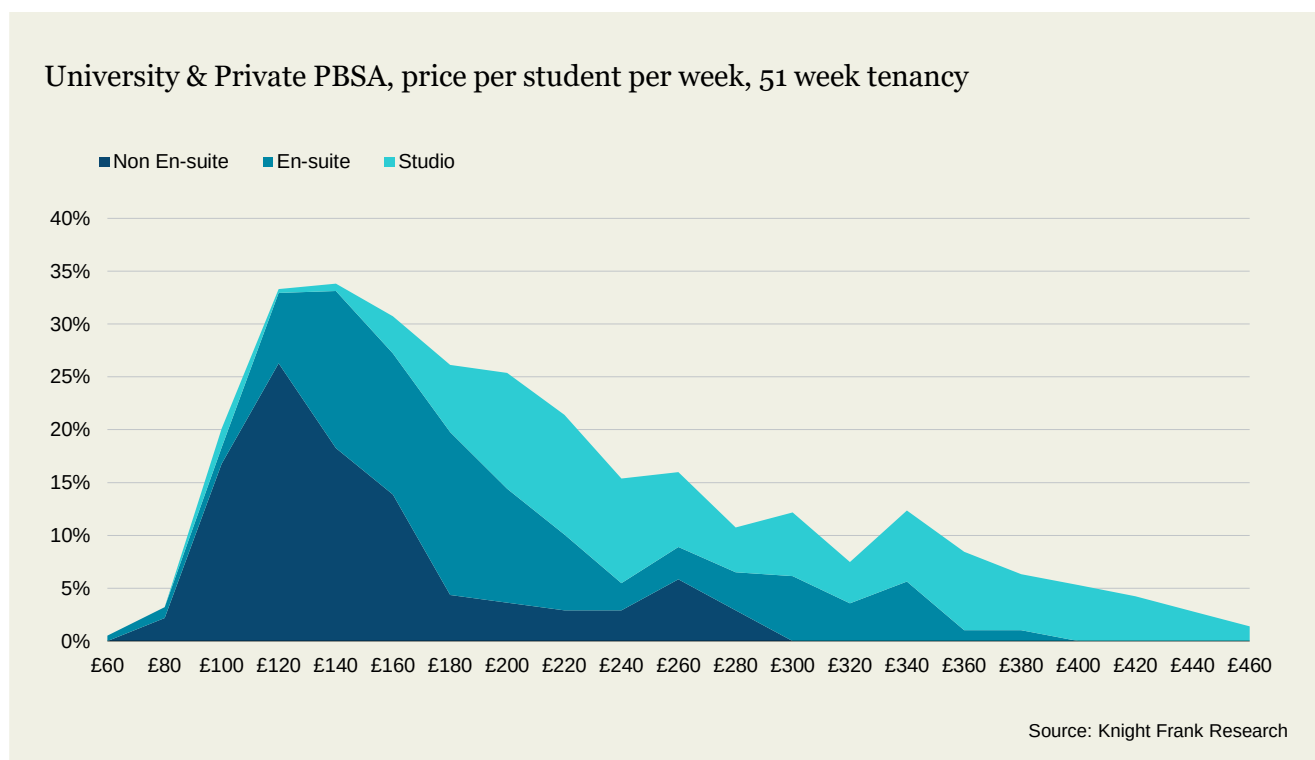
Overall, for the 2022/23 cycle, Manchester estimated average rents at £161 p/w for a non ensuite, £210 p/w for an ensuite, and £294 p/w for a studio.

Table 12: **PBSA pricing in Manchester, 51-week tenancy, 2022/23**

Type	University				Private Direct Let				Total			
	Lower Quartile	Median	Upper Quartile	Mean	Lower Quartile	Median	Upper Quartile	Mean	Lower Quartile	Median	Upper Quartile	Mean
Standard	£127	£134	£140	£134	£129	£149	£175	£162	£128	£147	£173	£161
Ensuite	£148	£156	£182	£166	£164	£198	£267	£214	£159	£193	£253	£210
Studio	£170	£279	£285	£238	£224	£276	£366	£295	£224	£277	£365	£294

Source: Knight Frank Research

Figure 11: **Pricing distribution of PBSA room types across Manchester, 2022/23 academic year**



It must be noted that students in PBSA schemes enjoy all-inclusive rents which include their utility bills and wi-fi and increasingly, in many schemes, contents insurance is also included. However, this is not the case in PRS properties where utilities are to be added on top of rent costs. Beyond all-inclusive rents, PBSA schemes offer a wide range of additional amenities that private rented sector properties cannot offer.

While PBSA is generally perceived as more expensive than living in a privately rented house share, the overall cost per annum is fixed and inclusive of all bills. Knight Frank's Student Accommodation Survey results

indicated that students welcome the sense of financial security this provides, as they do not need to worry about defaulting on bill payments caused by rising energy costs. Single rooms within a shared house were rated as 'good' or 'extremely good' value for money by only 48% of students surveyed. Whereas studio provision in private PBSA schemes was identified by 59% of students as 'good' or 'extremely good' value for money. The gap in cost between the two modes of accommodation is closing. As a result, PBSA is beginning to be seen as a much more affordable and a good value-for-money option to students.

4.3 PBSA Rented Sector – Student HMO

Private rented sector pricing

In student let properties in 2022, the average monthly asking rent in a two-bedroom property was £553 per student, in a three-bedroom, £434 per student and in a four-bedroom property, £415. The average asking price for a one-bedroom property was £888 and a studio was £909 in 2022. This is compared with an average monthly asking rent per student in 2021 of £786 for a one-bedroom and £792 for a studio, £469 for a two-bedroom, £369 for a three-bedroom and £358 for a four-bedroom property. These figures highlight the stark rise in asking rents in student properties year-on-year.

In Manchester, a student paying the mean price for an ensuite room in a private direct-let PBSA scheme will pay around £10,914 per annum (51-week tenancy), or £15,045 for a studio in a private PBSA scheme. While in the wider private rented sector in Manchester, a student can expect to pay an average of £12,669 in rent for a private studio or £10,948 for a one-bedroom property on a 51-week tenancy. It must be noted that students in PBSA schemes enjoy all-inclusive rents which include their utility bills and wi-fi and, increasingly, contents insurance is also included in many schemes, however this is not the case in PRS schemes where utilities are to be added on top of rent costs. Beyond all-inclusive rents, PBSA schemes offer a wide range of additional amenities that private rented sector properties cannot offer.

While PBSA is generally perceived as more expensive than living in a privately rented house share, the overall cost per annum is fixed and inclusive of all bills. Knight Frank's Student Accommodation Survey results indicated that students welcome the sense of financial security this provides as they do not need to worry about defaulting on bill payments caused by rising energy costs. Single rooms within a shared house were rated as 'good' or 'extremely good' value for money by only 48% of students surveyed. Whereas studio provision in private PBSA schemes was identified by 59% of students as 'good' or 'extremely good' value for money. The gap in costs between the two modes of accommodation is closing. As a result, PBSA is beginning to be seen as a much more affordable and a good value-for-money option to students.

Table 13: Average Asking Rents, bespoke catchment around M1 5QR*

Property Type	Bed Price P/M
Studio	£875
1 bedroom	£998
2 bedrooms	£629
3 bedrooms	£534
4 bedrooms	£434
5 bedrooms	£347
6 bedrooms	£392
7 bedrooms	£317

Source: Knight Frank Research, Rightmove
*1.5m catchment

Table 14: Historic Average Asking Rents per month, bespoke catchment around M1 5QR*

Property Size	2021	2022	2023
Studio	£748	£874	£875
1 bedroom	£825	£938	£998
2 bedrooms	£491	£594	£629
3 bedrooms	£437	£510	£534
4 bedrooms	£375	£441	£434
5 bedrooms	£381	£448	£347
6 bedrooms	£420	£473	£392
7 bedrooms	£502	£438	£317
8 bedrooms	£435	£415	-
9 bedrooms	£512	£216	-

Source: Knight Frank Research, Rightmove
*1.5m catchment

5. Summary of Analysis and Concluding Statement

5.1 Student Demand Ratios

An estimated 29,941 PBSA bed spaces have been identified across Manchester, representing 31% of full-time students at Manchester's largest three HEPs. This equates to a gross ratio of 3.2 students per bed space (0.31 bed spaces per student).

Within a one-mile radius of the former Hotspur Press there are 16,058 PBSA bed spaces, producing a current ratio of students per bed space of 4.6 (counting the two universities within one mile of the site, The University of Manchester and Manchester Metropolitan University).

Table 15: Summary of university cities by demand and current projected supply

University City	FT students	Existing PBSA beds	Expected Delivery 23/24	Estimated 22/23 supply	Ratio PBSA: FT Students	Ratio 23/24 PBSA: FT Students*
Sheffield	54,985	29,938	1,231	31,169	0.54	0.57
Nottingham	70,976	31,550	5,940	37,490	0.44	0.53
Liverpool	54,869	28,335	519	28,854	0.52	0.53
Exeter	25,934	12,007	204	12,211	0.46	0.47
Leeds	68,810	27,478	4,277	31,755	0.4	0.46
Newcastle	49,354	20,912	-	20,912	0.42	0.42
Cardiff	43,246	17,440	764	18,204	0.4	0.42
Manchester	73,814	29,941	-	29,941	0.41	0.41
Salford	22,315	5,367	-	5367	0.24	0.24
Glasgow	76,142	20,514	725	21,239	0.27	0.28
Edinburgh	59,683	20,901	1,006	21,907	0.35	0.37
Bristol	59,255	21,023	699	21,722	0.35	0.37
Birmingham	84,093	25,688	816	26,504	0.31	0.32
London	385,165	101,955	6,961	108,916	0.26	0.28
UK	2,167,236	759,774	37,680	797,454	0.35	0.37

Source: Knight Frank Research

*assuming no change in student numbers

Students living with parents

- Using data collected by HESA, Knight Frank estimated that of the students studying in Manchester, 21% live with parents/guardians. This figure compares with the UK average of 20%.
- Of the 73,814 students studying at the two universities within one mile of the former Hotspur Press (The University of Manchester and Manchester Metropolitan University), approximately 12,499 students lived at home in the 2021/22 academic year, which is approximately 17%.
- Of the 22,315 full-time students studying at The University of Salford, approximately 7,824 students lived with parents/guardians in their family home in the 2021/22 academic year, which equates to 35%.

Table 16: Summary of student term-time accommodation across major markets, 2021/22

University City	FT students	Existing PBSA bed spaces	Estimated % of students in PBSA	Estimated % of students living with parents	Estimated % of students in PRS/HMOs
London	385,165	101,955	26	24	50
Birmingham	84,093	25,688	31	30	39
Manchester	74,761	29,941	40	17	43
Salford	22,315	5,367	24	35	41
Nottingham	70,976	31,550	44	12	43
Leeds	68,810	27,478	40	13	47
Edinburgh	59,683	20,901	35	18	47
Bristol	59,255	21,023	35	16	48
Sheffield	54,985	29,938	54	14	32
Liverpool	54,869	28,335	52	18	30
Coventry	51,725	28,116	54	14	32
Newcastle	49,354	20,912	42	16	42
UK	2,167,236	759,774	35	20	45

Source: Knight Frank Research

5.2 Key Market Drivers

Based on our analysis the key demand and supply-side factors for the student market relating to the proposed scheme at the former Hotspur Press, M1 5QR, are as follows:

Key demand side factors

- There were 24,829 full-time students living within one mile of the former Hotspur Press in the 2021/22 academic year. The total number of students living in this area has increased by 35% in the five-year period since 2017/18. Students enrolled in studies at the University of Manchester make up the largest proportion of students living within the one-mile catchment around the former Hotspur Press, representing 56% of the student population in the area. 33% of students are studying at the second university within the one-mile catchment, Manchester Metropolitan University.
- Of these students living within a one-mile radius, 56% are international students. Total international students within the one-mile radius of the site have increased by 32% since 2017/18.
- In 2022, the three largest HEPs (University of Manchester, Manchester Metropolitan University and University of Salford) collectively received 185,635 applications, which is 31% higher than in 2017 and the highest number of applications to date. In 2022, there were 6.9 applications for every accepted place at the three institutions captured in this analysis.
- Acceptances of places at the three universities combined have increased by 18% since 2017. This growth in acceptances has been driven by demand from domestic and non-EU students, which has increased by 17% and 54% respectively, within the five-year period since 2017-2022.

Key supply side factors

Manchester (Three largest HEPs)

- An estimated 29,941 bed spaces have been identified across Manchester, representing 31% of total full-time students. This equates to a gross ratio of 3.2 students per bed space (0.31 bed spaces per student).
- Across Manchester, only 31% of full-time students have access to a PBSA bed. Whilst we have identified that around 2,011 bed spaces are in the pipeline (planning consented with none yet under construction), this will take the accessibility figure to only 33%. Whilst this analysis does exclude submitted plans, it is clear that Manchester has a severe supply/demand imbalance in PBSA stock.

Salford (Local Authority)

- An estimated 5,367 bed spaces have been identified across Salford, representing 24% of total full-time students at the University of Salford. This equates to a gross ratio of 4.2 students per bed space (counting only full-time students at the University of Salford).
- 7,824 University of Salford students were living with their parents/guardians in the 2021/22 academic year. If these 7,824 students were removed from the number of University of Salford students needing access to PBSA, the ratio of students to beds reduces from 4.2 to 2.7).

5.3 Concluding Statement

Knight Frank Research confirms that the location of the proposed PBSA development on the former Hotspur Press (M1 5QR) is both viable and preferable as a location to live for students, particularly for those studying at The University of Manchester and Manchester Metropolitan University. The detailed data presented within this report illustrates that there is an existing market for PBSA within the one-mile radius of the former Hotspur Press.

Currently, only 22% of full-time higher education students at the University of Manchester and Manchester Metropolitan University, the universities within the one-mile catchment, have access to university or private sector purpose-built accommodation, while a further 17% are living at home with parents or guardians. The remaining 61% of full-time students in Manchester are required to find accommodation within the private rented sector and HMOs and would otherwise be unable to access university or private sector purpose-built accommodation. As noted in detail throughout this study, full-time student numbers studying within the catchment area and the wider Manchester market are likely to record strong growth over the academic cycles to 2026/27, based on historic trends and market evidence.

When considering the development pipeline of student accommodation at present, there are three schemes with planning granted (but construction has not yet commenced) and a further three schemes with planning submitted within one mile of the proposed scheme. Knight Frank Research states the seriousness of the demand and supply imbalance and believes it is highly unlikely that supply will keep pace with demand. Considering the expected growth in student numbers in the area and wider again in the UK market as a whole, the student housing supply versus demand imbalance is therefore expected to increase and as a result will continue to place more unwanted pressure on the local private rented market.

On the basis of student demand, the proposed new development at the former Hotspur Press would satisfy part of the undisputed shortfall in both the city centre and outlying areas of Manchester. Knight Frank's analysis demonstrates how the proposed new development located at M1 5QR fulfils Manchester City Council's criteria of a centrally located scheme delivering high quality accommodation in an appropriate location close to Manchester's HEPs. Crucially, the development would provide an opportunity to reduce the number of students who are forced to be solely reliant on the wider private rented sector and HMO market in Manchester or are driven to neighbouring markets in search of appropriate accommodation. Thus, the development would ease the pressures on local housing across Manchester and enable greater access for students to good quality purpose-built accommodation to support their studies.

Appendices

Knight Frank / UCAS Student Accommodation Survey, 2023

Student Accommodation Survey



2023

Now in its fourth year, the Knight Frank/UCAS Student Accommodation Survey analyses the views and expectations of more than 20,000 students about where and how they live

knightfrank.com/research



UCAS

Surveying the market

With over 20,000 completed responses from both current students and new applicants, this year’s survey offers a rich insight into the role accommodation plays in the overall student experience.

WORDS: KNIGHT FRANK RESIDENTIAL RESEARCH

There are 2.2 million full-time students in the UK, according to the latest data from Higher Education Statistics Agency (HESA), up by 4% year-on-year and by 26% over the last decade. 2022 was also a record year for UCAS

560k

acceptances for UCAS applicants in 2022 – the second-highest number on record

applicants, reaching 760,000. Of these, there were over 560,000 acceptances – the second-highest number on record.

Growth in student numbers is forecast to continue. UCAS is predicting that by the end of the decade there could be up to a million higher education applicants in a single year. Our own forecasts point to total undergraduate numbers increasing by 263,000 over that same time.

Such growth will put pressure on an already undersupplied student housing market, as well as putting the quality and value of that accommodation under the spotlight.

This year’s survey, now in its fourth year, once again points to

affordability being the number one issue facing students when it comes to accommodation. Against a backdrop of soaring inflation and spiralling energy prices, cost leapfrogged value for money as the most important factor influencing decisions on where to live.

Encouragingly, the majority of students continue to report that they are satisfied with their accommodation. The proportion of students living in private PBSA who say they are satisfied with where they live, for example, increased for the third successive year, demonstrating the benefits of professionally managed, and high-quality purpose-built housing for residents.

The role that student accommodation plays in supporting wellbeing, is also reinforced, with the survey highlighting the importance that students place on the quality and usability of social and amenity space. Over the last decade we have seen a renewed interest in the quality and impact of the accommodation experience. For students living away from home, purpose-built accommodation is viewed as an opportunity for learning and development in contrast to the ‘bed space’ narrative of the previous generation. Much of this is driven by students themselves who value and benefit from a sense of safety, community and belonging.

Indeed, accommodation plays a crucial role in supporting and

providing students with a solid base from which to succeed academically. Encouraging both investment in, and delivery of, appropriate student housing continues to be a subject of much debate between local authorities, universities and private developers.

It is for this reason that we continue to work in partnership with UCAS to bring the highest quality insight to the sector. Coherent and timely data that supports decision making has never been more important. The views and opinions of more than 20,000 students shared in this report give a unique insight into the changing needs and motivations of students and will help the sector better plan for the future.

760k

students applied for a place in 2022 making it a record year for UCAS applicants



Trends to Monitor

Below we highlight some of the themes from the survey that will influence and shape the future of student property markets in 2023 and beyond



Digital integration

The UK PBSA market continues to follow the evolution and institutionalisation that has occurred in the US, with a greater focus on amenities and digital integration offerings for students. Students want an immersive “in-person” experience from university. Digital integration is set to have a positive impact and will enhance face-to-face learning, not replace it.



Student satisfaction

Overall, the majority of students were satisfied with their accommodation choice. Those living in private PBSA who indicated that this was the case increased for the third successive year. An increase in the levels of satisfaction from residents living in private PBSA illustrates that investors and operators are building stronger outcomes for students through high quality service provision and scheme design.



Value for money

While PBSA is generally perceived as more expensive than living in a privately rented house share, the overall cost per annum is fixed and inclusive of all bills. Our survey results indicated that students welcome the sense of financial security this provides, as they do not need to worry about defaulting on bill payments caused by rising energy costs.



ESG

There is a growing awareness from students towards Environmental Social and Governance (ESG) agendas. Despite identifying environmental factors as an important consideration in decision making on where to live, students were not particularly willing to pay an additional amount in their rent for features that reduced the impact of their accommodation on the environment. Whereas social factors to support student wellbeing featured heavily in student choices and are translating to price premiums.



Student wellbeing

High quality accommodation underpins positive outcomes for students as reinforced by the survey findings. With accommodation being the most important factor influencing student wellbeing, students rank the quality and usability of the social and amenity space highly.



Brand importance

Brand will be a key differentiator in attracting more second and third year students to PBSA, as operators start selling a “lifestyle”. Today’s students have grown up in the experiential economy, where goods and services are sold by demonstrating the effect they have on consumers lives. Students want good quality accommodation that offers good value for money, but additional focus will be on the degree to which accommodation choice enhances and improves outcomes for students.

Changing of the guard

The majority of students are satisfied with their accommodation, particularly those in purpose-built schemes. Long-term, we expect this will underpin an increase in demand for PBSA.

For the third consecutive year, the proportion of students who said they were satisfied with their accommodation increased. Those living in private PBSA or university-run halls were the most satisfied with their accommodation with

84% indicating this was the case, up from 82% last year and 78% in our 2020 survey. Whilst those living in the private rented sector were satisfied overall, a lower proportion (78%) said this was

the case, in line with the previous year's results. One legacy from the pandemic has been a desire among students for greater privacy. Reflecting this, the survey showed that those living in a studio were the most satisfied with their accommodation (87%), whilst students living in a room with shared bathroom facilities were least satisfied (65%).

Where students were dissatisfied, the most cited reasons among those living in privately operated PBSA related to a lack of value for money and problems with the building. For those in university operated accommodation it was broken facilities, noise problems and staffing issues. The most cited problem for students living in privately rented house-shares were related to the quality of the accommodation, having problems with the landlord and neighbourhoods feeling unsafe.

Satisfaction levels for second or more year students living in PBSA was 81% overall, a considerable uplift on last year's survey. Higher levels

of satisfaction among those living in purpose-built accommodation are one factor underpinning our expectation that by 2030 the PBSA sector will accommodate the majority of second- and third-year students.

Arguably, this shift is already happening, partly as students recognise that the choice and amenity provided by their accommodation is an essential element of a good student experience.

Indeed, when we asked students about their motivations for wanting to switch from a house share in the PRS into private PBSA the two most common reasons were to improve the condition of their accommodation (92%), and a belief that it would enable

them to study more effectively (88%). Having a single all-inclusive cost was important to 69% of students moving between the two accommodation types and feeling safer was important to 70%.

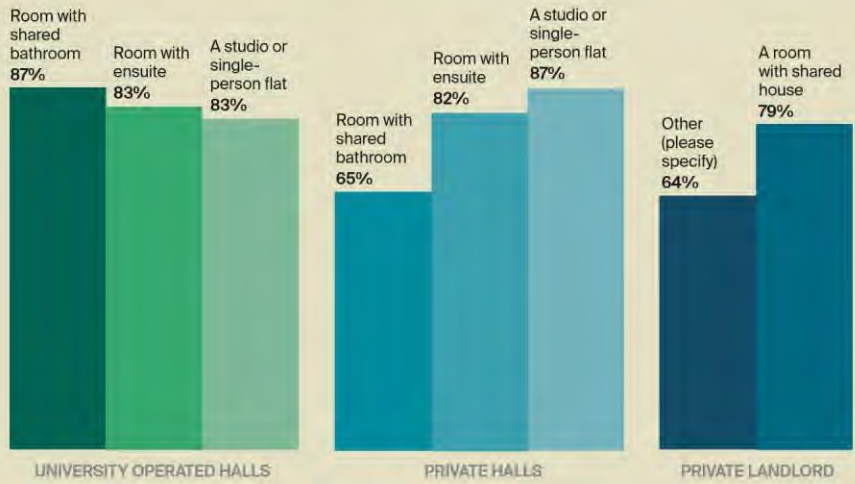
Encouragingly, some 80% of students currently living in privately owned and operated PBSA said they would recommend their accommodation to other students.

For students moving the other way, from PBSA into the PRS, the most important reason given was to be in accommodation at a lower cost (97%), followed by the ability to live with friends (93%) and having more freedom (91%). Not having to

pay for amenities they were not using was very or extremely important to 80% of students, whilst 'not having to see people I don't like' was important to 73% of students moving between accommodation types.

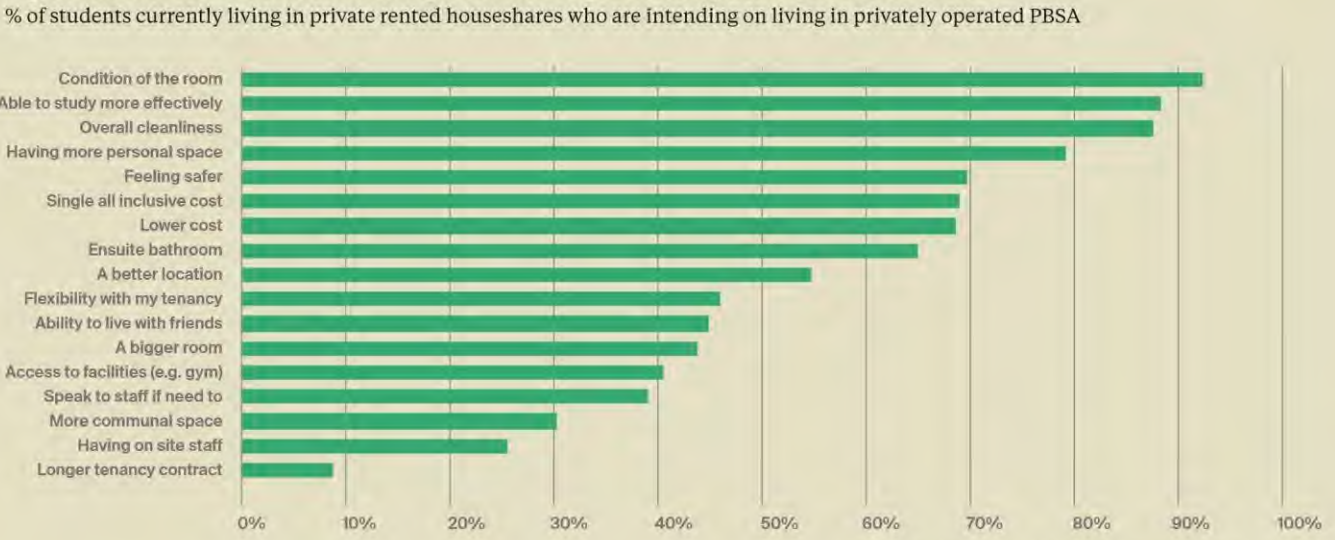
80%
of students currently living in privately owned and operated PBSA said they would recommend their accommodation to other students.

Fig 1: What type of rental accommodation are students most satisfied with?
% of students satisfied with their accommodation by room type



Source: Knight Frank/UCAS Student Accommodation Survey 2023

Fig 3: What are the reasons students give for moving back into privately operated PBSA?



Source: Knight Frank/UCAS Student Accommodation Survey 2023

Fig 2: Where are students most satisfied with their accommodation?

% of students satisfied with their accommodation by location

● % OF STUDENTS LIVING IN PRIVATE PBSA ● % OF STUDENTS LIVING IN PRIVATELY RENTED HOUSE SHARES



Source: Knight Frank/UCAS Student Accommodation Survey 2023

Cost and value

Cost has overtaken value as the most important factor influencing where students live.

This year's student accommodation survey was conducted against a backdrop of soaring inflation and a cost-of-living crisis. Accordingly, cost has overtaken value for money as the single most important factor influencing student's decision

on where to live. Some 62% of respondents to our survey rated it as being 'extremely important' to their decision making, with a further 31% saying it was 'very important'. To understand the impact of this more fully, in this year's survey

we asked students about their accommodation costs, as well as how they paid for their accommodation. According to our survey, on average students living in private PBSA are paying £7,865 per annum. This compares with an average of £6,160 for

62%

of students said cost was the single most important factor influencing their decision on where to live

were either affordable or just about affordable, in line with the findings in last year's survey. However, in this year's survey a marginally higher proportion, at 58%, said that their accommodation was only just affordable and that it had required them to adjust their spending elsewhere.

Reflecting this, 92% of students said they were worried about rising living costs and 62% said they regularly worried about not having enough money to live on. At 30% a much smaller proportion of students indicated that they had thought about dropping out of university because of the current high cost of living, whilst just 12% said that the current high cost of living would mean it is likely that they will have to drop out of university this year.

Thinking specifically about accommodation, some 65% of students overall said they were worried specifically about how much their accommodation is going to cost next year.

Most first-year students (79%) said they pay for their rent directly from their own bank account, with 46% saying their parents contribute towards this cost.

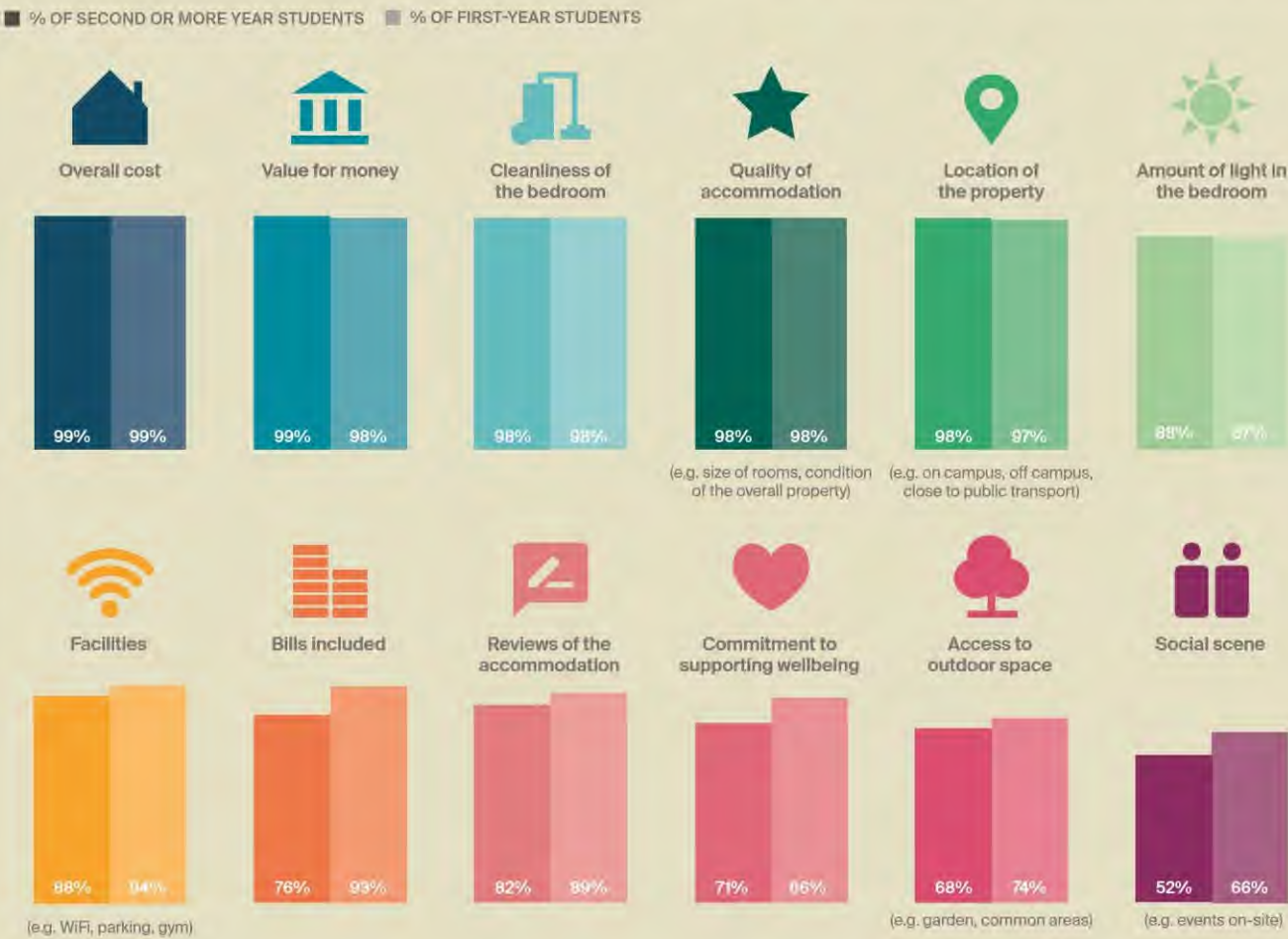
Parental involvement also had a bearing on decision making, especially for first-year students living in PBSA, with 83% and 76% saying that their parents were involved when they were deciding where to live depending on whether they were in privately operated PBSA or university halls. Overall, 68% of first-year students had involvement from their parents on deciding where to live. Parental involvement is much lower for second- and third-year students at 54%.

As the market evolves, investors, developers and operators will need to focus on the affordability of their offering to students and how accommodation costs feed into the way students decide on where they study, highlighted by the fact that over half (52%) of students indicated that the student funding and financial support available to them affected their decision to study.

VALUE FOR MONEY

While still important, value for money was rated as 'extremely important' by 61% of respondents, and 'very important' by a further 33%. Responses were comparable regardless of whether students were living in private or

Fig 4: Which of the following had either an 'extremely' or 'very important' influence on your decision on where to live?



Source: Knight Frank/UCAS Student Accommodation Survey 2023

Fig 5: Which room type offers the most value for money?

% of students rating their accommodation as 'good' or 'extremely good' value for money

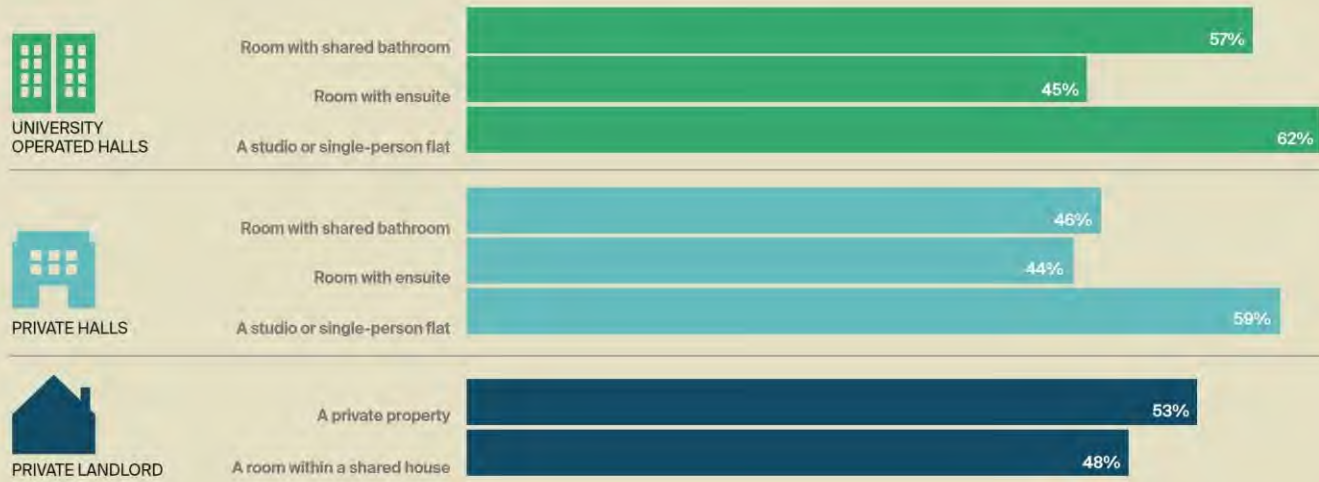
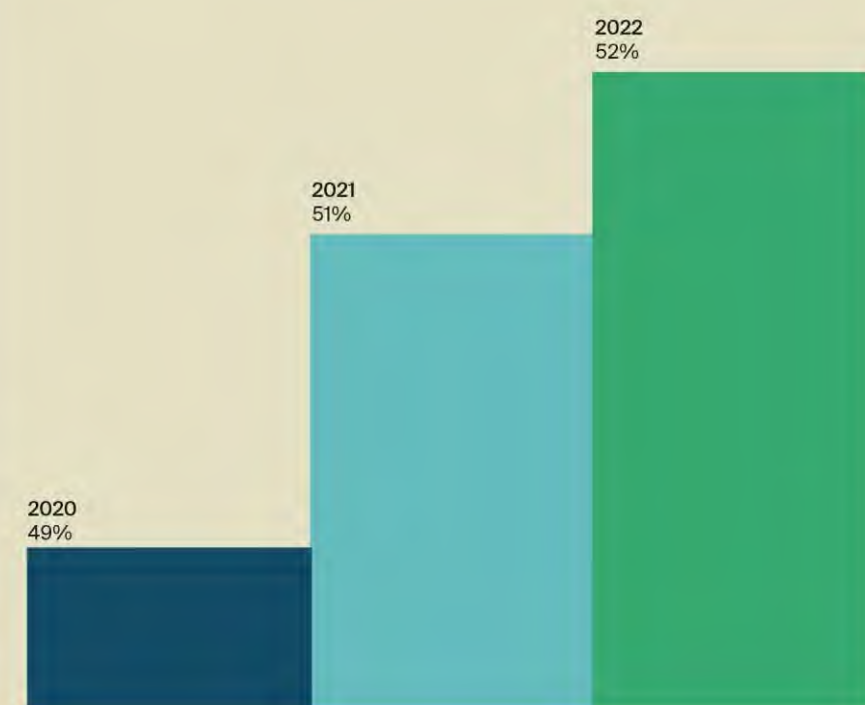


Fig 6: Increasing value for money: students living in privately operated PBSA by survey year

% of students rating their accommodation as 'good' or 'extremely good' value for money



Source: Knight Frank/UCAS Student Accommodation Survey 2023

university-owned PBSA or in the private rented sector, despite the variations in cost between the three.

Some 52% of students living in private PBSA indicated that their accommodation was good value for money. There has been an increase in this measure across the last three surveys. At 48%, a lower proportion of students living in house shares

in the private rented sector said their accommodation was good value for money. Over a fifth (21%) of students living in house shares in the private rented sector believe their accommodation was poor value for money.

Overall, less than half of students in university halls indicated that their accommodation was good value for money. This is the first time that this has dropped below the same measure for privately operated PBSA. Just 45% of students living in an ensuite room, rated their accommodation as being good value for money.

Studio accommodation, either privately operated or within university halls, received the highest value for money score – with around 60% of students overall saying that their accommodation was good value for money.

21%

of students living in house shares in the private rented sector said their accommodation was poor value for money.

60%

of students said that their accommodation was good value for money

WILLINGNESS TO PAY

As in previous surveys, this year's results suggest a preference for high-quality accommodation that provides clear and obvious elements that add value. For example, respondents said that on top of their existing rent they would be prepared to pay a premium for access to certain amenities. Stronger WiFi remained the number one service that students living in private purpose-built accommodation said would pay a premium for, followed by a larger bedroom. The opposite is true for amenities such as on-site swimming pools, cinemas and games rooms.

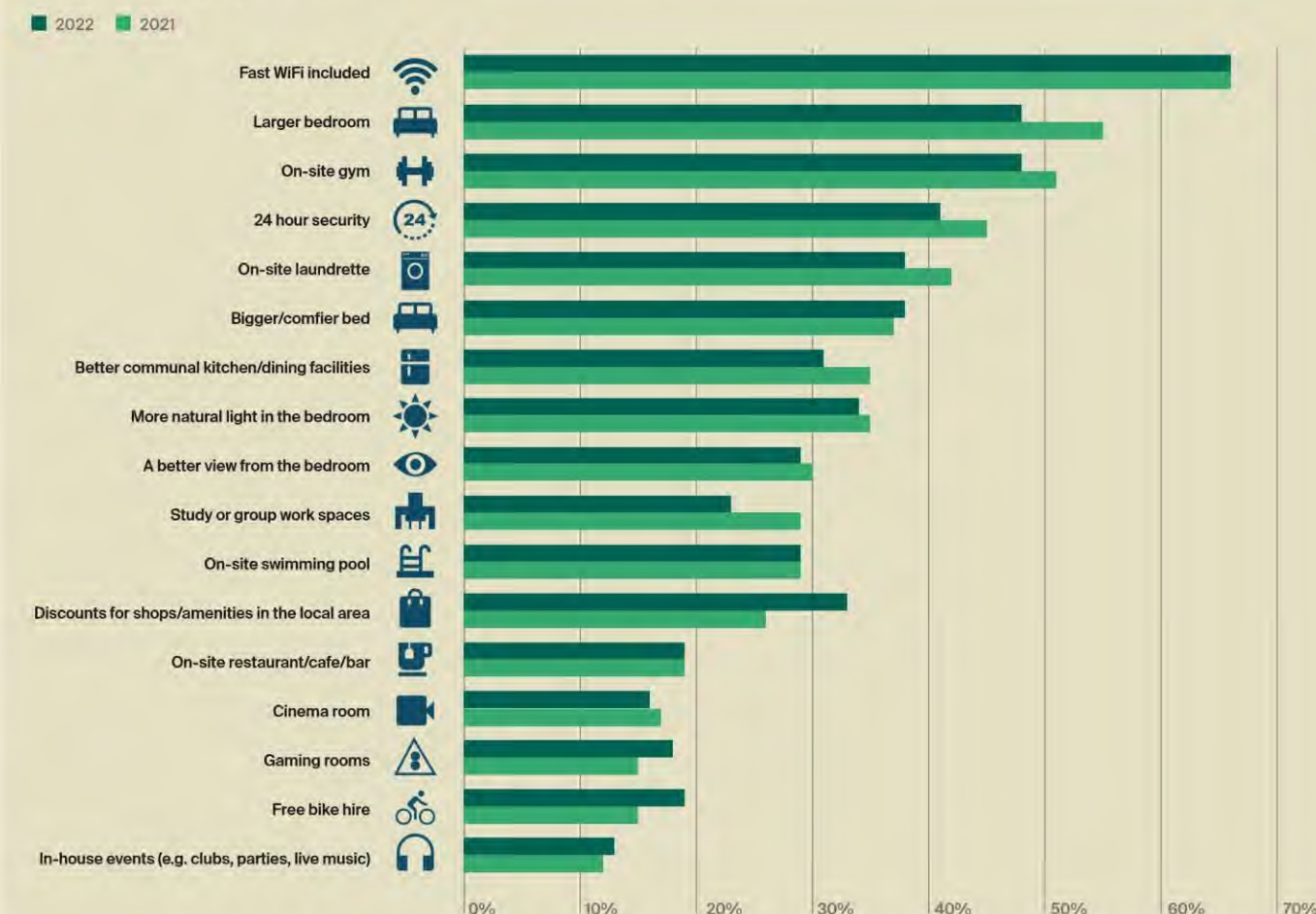
Interestingly, and perhaps reflecting the stronger weight placed on overall cost in this year's survey, students' willingness to pay for access to most amenities, including 24-hour security, a larger bedroom, or on-site facilities such as a gym or cinema room was notably lower than in previous years.

IMPORTANCE OF BRAND

Brand recognition again featured as a key influence with 52% of new first years living in private PBSA saying it was a factor in their decision of where to live, comparable to the 50% of new students who said the same last year. For second or more year students currently living in private PBSA it was

Fig 7: Which of the following would you be willing to pay a premium for?

% of students living in private PBSA



Source: Knight Frank/UCAS Student Accommodation Survey 2023

even more of an influencer, with 60% indicating it was an important factor.

Brand is set to be a key differentiator in attracting more second and third year students to PBSA, as operators look to sell a "lifestyle" around quality, service provision, and by being 'in tune' with the way students feel and experience their time at university. This is likely to include offering flexible accommodation packages, such as shorter and longer tenancies.

Today's students have grown up in the experiential economy, where goods and services are sold by demonstrating the effect they have on consumers lives. Students want

good quality accommodation that offers value for money, but additional focus will be on the degree to which accommodation choice enhances and improves the outcome for students. Brand is a long game for operators, but the pay off in demand from the students of the future will be worthwhile.

ESG & WELLBEING

In this year's survey we asked a series of questions relating to the environmental, social and governance (ESG) aspects of student accommodation. We found that the student mindset is evolving towards ESG agendas, but equally the survey

results also highlighted an emerging divergence between environmental and social factors.

Some 61% of students indicated that their accommodation provider's commitment to reducing their impact on the environment was important

52%

of new first years living in private PBSA said brand recognition was a factor in their decision of where to live

in their decision on where to live. However, despite identifying environmental factors as an important consideration, students were not particularly willing to pay an additional amount in their rent for features that reduced the impact of their accommodation on the environment. Only 17% indicated that they would be willing to pay extra for technology that made their building more environmentally friendly,

61%

of students indicated that their accommodation provider's commitment to reducing their impact on the environment was important in their decision on where to live

whilst just 13% said they would pay extra to live in a building that is carbon neutral.

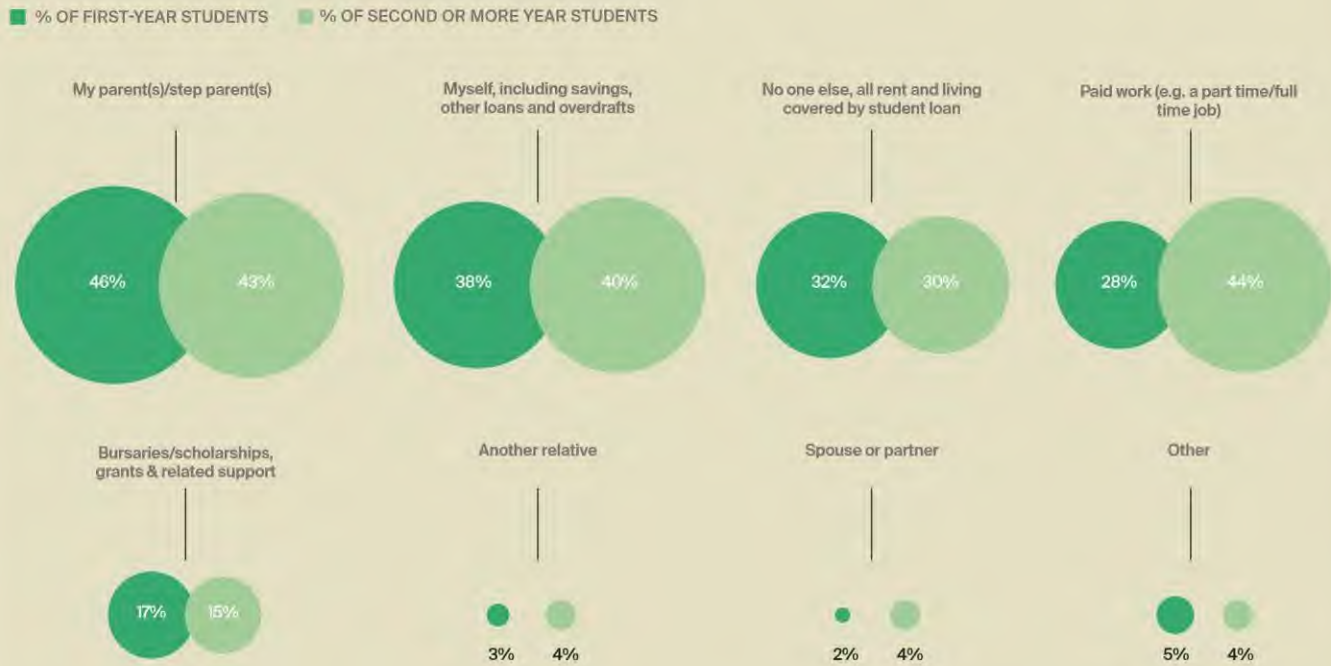
Social factors to support wellbeing featured heavily in student choices and there is evidence that these requirements are translating to price premiums. The survey results reinforced the importance that students place on the quality and usability of the social and amenity space provided in their accommodation, with 80% of students saying that their current term-time accommodation and home whilst at university is important in supporting their own wellbeing and mental health.

As well as improving mental health outcomes for students, PBSA has demonstrated a sense of community and belonging for its residents. In total, 61% of students indicated that their accommodation providers commitment to supporting student wellbeing and mental health was important in their

decision on where to live, whilst 63% said the same about their provider's committed to inclusivity. Previously, there had been a narrative of "Town vs Gown", but this is outdated and obsolete as it fails to recognise the emotional investment students have in their communities. PBSA can generate that link from student to society through the provision of space for a specific community purpose, allowing for example students to partake in volunteering or community programmes.

Moreover, an operator or landlord's approach to student wellbeing and mental health has also an influence on retention and the renewal of tenancies. Some 81% of first-year students living in private PBSA, for example, said that their accommodation provider's approach to student wellbeing and mental health was an important factor in their decision to stay in the same accommodation next year.

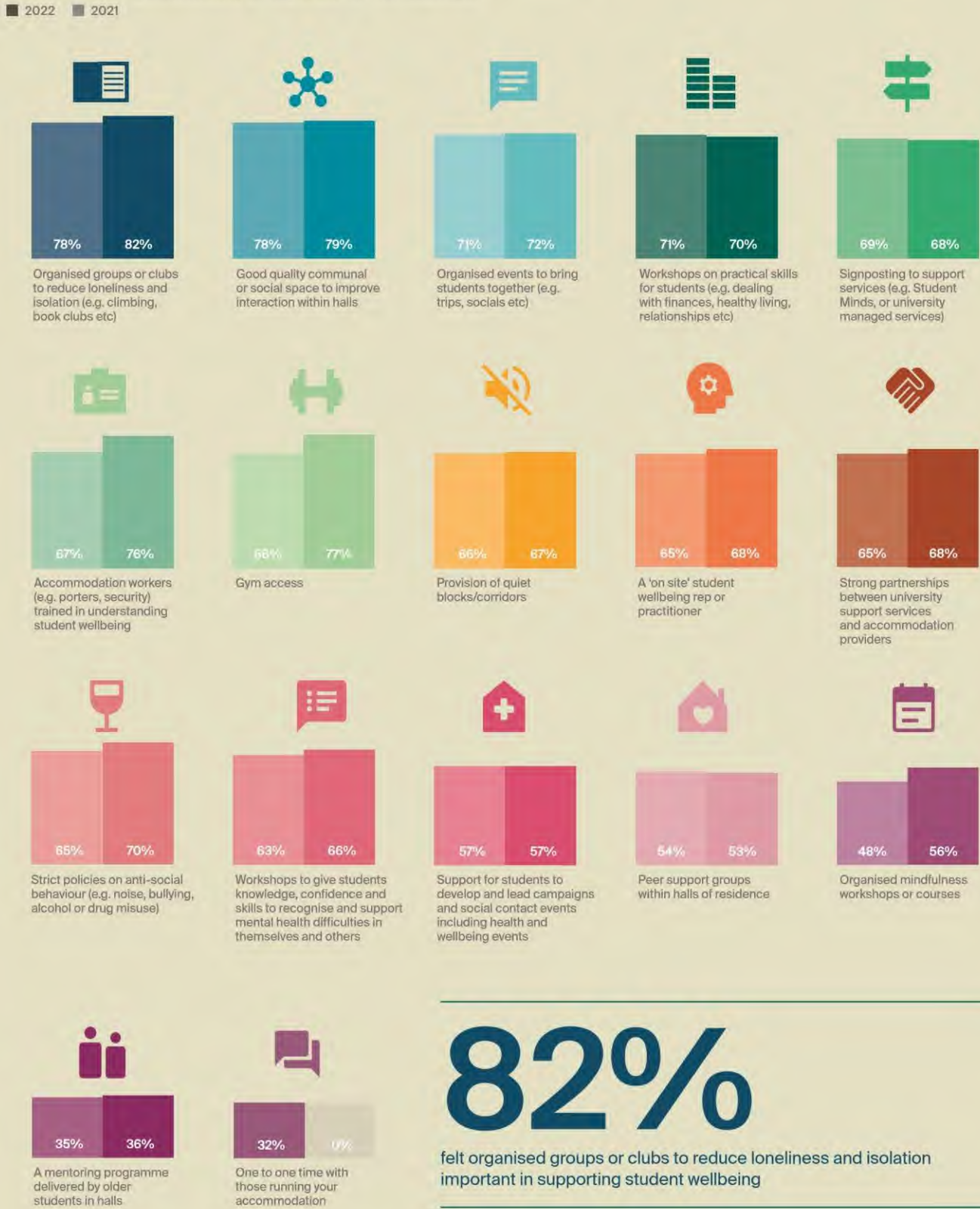
Fig 8: How are students funding their accommodation costs?



Source: Knight Frank/UCAS Student Accommodation Survey 2023

Fig 9: How important are the following in supporting student wellbeing?

% of students rating each element as 'important' or 'very important'



82%

felt organised groups or clubs to reduce loneliness and isolation important in supporting student wellbeing

Evolving markets

Operators this year have seen a return to pre covid-19 conditions following a more traditional exam-based enrolment cycle.

The timing of when new and existing students find somewhere to live for the following year has a material impact on how student housing providers price and market.

Some 96% of applicants for the 2022/23 academic cycle had secured their accommodation by October 2022, compared to 92% in last year's survey. Some 59% of students applying to university for the first time secured their accommodation in August and September, which is comparable to the 61% last year.

Less than 70% of students applying for university for the first time this year thought that there were enough accommodation options in their chosen city, compared to 80% last year.

DEALS AND INCENTIVES

To attract new students and retain existing ones some private PBSA

providers offer incentives and deals to students. Indeed, 47% of first-year students living in private PBSA were offered an incentive when looking for somewhere to live. This is slightly lower than the 50% last year but indicates that incentives continue to play a significant role in the market for private PBSA. Of those students that chose the accommodation

offering the incentive, a fifth (21%) said they would not have chosen the same accommodation had it not been offered.

SHIFTING SENTIMENT

While most first-year students live in a form of PBSA, this changes in the second year. Indeed, 76% of second years who live in the PRS, moved from PBSA. However, just 64% of first-year students who are currently living in PBSA said they planned to move into mainstream private rental accommodation in their second year. This is down from the 73% of first-year students in last year's survey.

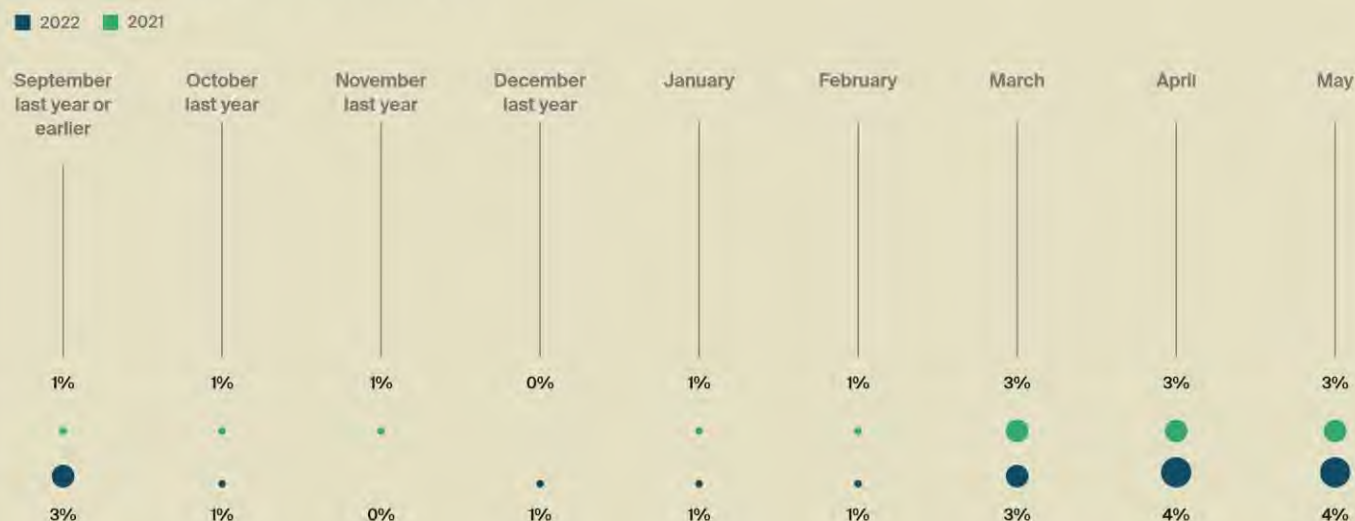
Some 37% of first-year students who currently live in private PBSA said they planned to stay in the same accommodation the following year, this is up on the 25% who said the same in last year's survey.

96%

of applicants for the 2022/23 academic cycle had secured their accommodation by October 2022

Fig 10: When did you sign your tenancy agreement?

% of students applying for the 2022 academic year



Graduate retention

Some 38% of final-year students said they intend to stay in the city in which they study after graduation. Providing them with high-quality purpose-built rental accommodation is a real opportunity for residential investors.

A range of economic, social, geographical and employment factors all contribute to whether graduates decide to live and work in their university towns post-study. As a result, retention rates vary greatly across the UK.

Overall, some 38% of final-year students said they intend to stay in the city in which they study after graduation, comparable to 39% in last year's survey. London was, once again, the location with the highest graduate retention rate at 64%, followed by Glasgow (53%), Bristol (48%) and Manchester (44%).

Retaining and recruiting the brightest and best workers is key for cities to maintain their growth, with access to talent often cited as one of the biggest challenges for businesses looking to scale up.

As cities get bigger and attract more businesses and variety of occupiers, retention of students is of increasing importance. The intention of graduates to stay in Bristol, for example, has increased from 38% in our 2021 survey. This also reflects employment opportunities in the city, with total jobs numbers in Bristol rising faster than any other core UK city over the last five years, according to data from the ONS.

But aside from future employment opportunities, a city's ability to retain skilled graduates depends on the availability of vibrant, amenity-rich, flexible living space for those workers in the right areas and at the right cost. Regeneration and residential development projects are crucial in creating attractive city centres where people want to live and work.

38%

of final-year students said they intend to stay in the city in which they study after graduation

Tenure is also key in this regard. Our survey suggests that more than half (51%) of final year students, equating to some 292,000 individuals, plan to move directly into a property in the private rented sector upon graduation. Furthermore, 60% of final year students indicated that they would consider living in a purpose-built development when they graduate. In London, for example, with a graduate retention rate of 64%, this equates to 26,500 potential new renters.

There are clear synergies between PBSA and the offer in the professional-managed Build to Rent (BTR) market. Delivering more BTR accommodation in these locations will ensure the convenience and quality of housing these households need in locations they want to be. Co-living is a crucial component of this – given the affordability that this sector can offer.

Split between the main university cities of Birmingham, Bristol, Cardiff, Edinburgh, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield and Southampton were just over 55,000 graduates considering remaining post-study in 2022. Residential investors and developers have a unique and

significant opportunity to access this pool of renters.

By providing both the high-quality accommodation that graduates have become accustomed to, along with the right job opportunities, a city will fulfil two of the key requirements graduates have for remaining in their university cities.

There is a huge untapped opportunity to ramp up the delivery of co-living and BTR accommodation across the UK. If designed and delivered properly, this could be the key to unlocking further graduate retention – especially in the North, where university leavers can play a hugely important role in supporting the government's levelling-up agenda.

Retaining talent in a city builds human capital, and the increasing knowledge and skills held in a city will all be strongly linked to regional growth. Universities are integral to the economic fabric of any city, but the accommodation the students stay in while attending university and post-graduation play a huge role in how their experience in the city is perceived.

60%

of final year students indicated that they would consider living in a purpose-built development when they graduate.

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