

Watkin Jones Group

MANCHESTER STUDENT DEMAND STUDY

Wilmslow Road and Langley Road, M14 6LJ

DEMAND ASSESSMENT & MARKET ANALYSIS

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EXECUTIVE SUMMARY

HIGHER EDUCATION	DEMAND	SUPPLY	OUTLOOK
There are three Higher Education Providers (HEP's) in Manchester; University of Manchester, Manchester Metropolitan University and the Royal Northern College of Music. The University of Manchester is ranked the highest at 8th in the UK by Times Higher Education in 2021, and 51st in its World Rankings. In 2019, HEP's in Manchester received over 121,000 applications for places. International applications across Manchester have experienced a 29% increase in numbers since 2014/15. The University of Manchester is investing £1billion into its estate over the next ten years, whilst Manchester Metropolitan University is looking to increase fees received by international students to at least £31million by 2021.	There are 65,434 full time students currently attending higher education providers (HEPs) across Manchester, as of 2018/19. This total has increased by more than 6% compared to 2014/15. There are 12,390 full time students living within a 0.5-mile radius of the Wilmslow Road site, of which 76% (9,405) are full time undergraduates. Between 2014/15 and 2018/19, the number of full time student living within a 0.5-mile radius, has increased by 29%. International students represent 23% of total students across the Manchester catchment area, experiencing an increase of 18.8% between 2014/15 and 2018/19. Year-on-year increases in international students has been driven almost equally by both of the universities.	There are an estimated 28,748 Purpose Built Student Accommodation (PBSA) bed spaces in Manchester representing just 45% of total full time students. The supply of PBSA across Manchester has increased by 17% since 2012 whilst full-time student numbers have increased 7% over the same period. There has been no new PBSA development within the local Fallowfield area in over seven years. University owned PBSA bed spaces account for 11,285 of total supply, comprised of non-ensuite (67.9%), ensuite (30.4%), and studio rooms (1.7%). Privately operated PBSA totals 17,832 bed spaces, comprised of ensuite rooms (51.4%), studios (33%) and non-ensuite (15.6%). The current supply of bed spaces equates to a ratio of 2.2 full time students per bed space. If the current potential pipeline is included in the ratio, alongside the projected increase in full time student numbers, the ratio will remain unchanged at 2.2 students per bed space.	Despite the impact of Covid 19, new data from UCAS on applications for the 2021 academic year indicates a 12% growth in applicants overall and a 20% growth in international student applicants. Sentiment survey data from UCAS indicates that 80% remain committed to going to university in 2021. These trends coupled with an ongoing demographic trend, which will see the absolute number of UK 18 year olds increase year on year for the next decade, should mean that student numbers increase. According to the latest Knight Frank/UCAS Student Accommodation Survey, Manchester has one of the highest retention rates in the UK, with 53% of final-year students stating that they intend on remaining in the city after graduation. According to the Report for Resolution consultation carried out by the Council December 2020, "whilst there might be a short term dip in the number of students taking up places as a result of Covid-19 pandemic, it is expected that numbers will continue to remain strong over the medium term."

1. INTRODUCTION

Knight Frank Global Research and Knight Frank Student Property have been instructed by Watkin Jones Group to produce a bespoke analysis of the student housing market in Manchester. This is in support of a proposed 420-bed purpose built student accommodation (PBSA) scheme located on the north-western side of the junction of Wilmslow Road and Langley Road in Fallowfield, Manchester (M14 6LJ).

The research assesses the demand for student accommodation across Manchester and specifically in relation to the proposed Wilmslow Road scheme. The research also identifies the extent of competing supply, as well as analysing the rent profile of student housing in close proximity to the site and across Manchester.

This report provides the following analysis:

- Demand side drivers - socio-economic profile, growth projections;
- Existing supply of student accommodation – existing PBSA, HMO accommodation within the mainstream rental market, across Manchester and within close proximity to Wilmslow Road;
- Development pipeline – across Manchester.
- Housing market profile - supply and demand balance, and pricing trends.

Catchment

We have assessed demand across Manchester (see Figure 1) and where applicable presented demand/supply metrics at lower levels of geography based on distance/travel times from the proposed Wilmslow Road scheme. This reflects the location of the site and travel times to and from Higher Education Providers (HEPs) and other amenities.

Within the analysis, a 0.5 mile, 1 mile and 2.5 mile radius of the Wilmslow Road site has been presented.

Figure 1 presents the scheme's location and local information relating to public transport service access and access to amenities. The proposed scheme is in a location that is readily accessible by cycle, public transport (train and tube) or on foot to the university and college campuses.

The subject site is within close proximity to numerous bus stops, providing regular services into the city centre and to the university and college campuses. The Wilmslow Road site is located less than 2 miles from the three Higher Education Providers in Manchester and just 2.2 miles from Manchester Piccadilly Station; the principal station for the city.

Manchester City Council, Core Strategy

Manchester City Council has outlined in its core strategy a vision “for Manchester to be in the top flight of world-class cities by 2025”. At this point, the city will have a competitive and sustainable economy, possess highly skilled, enterprising and industrial people, limit its impact on climate change, be clean and attractive, and be a culturally rich and dynamic city.

Key themes set out in the strategy:

- Have a thriving and sustainable city – which supports the growth of established and emerging businesses, becomes a leading digital city, upskill the city's workforce to ensure Mancunians can benefit from job creation and improves its resource efficiency, carbon and environmental performance for all business sectors.
- A highly skilled city – ensuring everyone is paid at least a real living wage, improve education attainment above the UK average, encourage work placements for young people, increase the number of apprenticeships on offer, connect the higher education institutions (HEI's) with businesses in the city and reduce the number of people with no qualifications in the city.
- A progressive and equitable city – radically improve health outcomes, reform services for children and families and increase the number of children who arrive at school ready to learn, expand programmes to support young people with complex problems, ensure there is a shelter available for homeless people who want it and support people to find and retain work, encouraging progressions.

- A liveable and low-carbon city – provide a diverse supply of good quality housing, encourage walking, cycling and public transport use, reduce waste and litter, invest in cultural and sports facilities, provide opportunities for the city's artistic and creative community and be 100% clean energy by 2050.
- A connected city – it is predicted that Manchester Airport will double its 2014 record of over 22 million passengers, to over 40 million by 2030. Alongside future HS2 connections, the city must develop an integrated transport network to reflect the current successes and use the momentum of the existing network to drive growth and investment.

Manchester City Council Housing Strategy (2016-2021)

Over the past ten years, Manchester has demolished more than 4,000 obsolete homes and built 24,000 new and improved quality homes. Through partnerships with residents and the Decent Homes Programme, estates have been transferred into new not-for-profit landlords and brought in £1.3billion investment. During 2016-2021, the council aims to have delivered 12,500 more homes supporting the aspirations of both new and existing residents.

The council recognises that a large proportion of graduates from the city's Higher Education Providers (HEP's) remain in the city after graduating. In order to support the universities, the city will need to have a high quality purpose-built student housing offer, to attract not only the best students, but retain students in a competitive global market. As discussed in the Executive Report for Resolution for PBSA in Manchester (9 December 2020), the provision of new student accommodation should be balanced with the need to promote other types of housing to ensure long term retention of talent. Recent residential development in the city centre has enabled the retention of graduates closely to skilled employment opportunities in the city. The provision of further PBSA can support the freeing up of mainstream housing in the city, currently being occupied by students.

The council further acknowledges that some neighbourhoods are negatively affected by large concentrations of students, impacting families and community areas. Highly populated student neighbourhoods have also affected the quality of housing and as such, the council aims to control the spread of Houses in Multiple Occupation (HMO). The council will work with the universities to manage the impact of students on residential neighbourhoods in line with the Student Strategy Action Plan.

In 2010, the council created the Student Strategy Implementation Plan of which the main objectives were to:

- Develop and improve neighbourhood management approaches in areas with high concentrations of student households.
- Provide better accommodation for students in appropriate locations.
- Address the need for resident parking schemes in Ardwick and Hulme.
- Take all available steps to prevent further encroachment of student lets into areas characterised by traditional family housing.

To better control the spread of HMO housing and prevent further encroachment of student lets into traditionally family housing areas, the council consulted local authorities on how best to deal with high concentrations of HMO's. As such, the Government amended planning legislation on 6 April 2010 to introduce a specific definition of 'HMO' into the Planning Use Class Order. Therefore, planning is now required for a change of use from a Class C3 dwelling house to a C4 HMO. The council suggests more students should be encouraged to live in halls, which are easier to manage in terms of negative environmental impacts on neighbourhoods.

Report for Resolution, Manchester City Council

The Report for Resolution (9 December 2020) on the subject of Purpose Built Student Accommodation (PBSA) informs the Executive of the outcome of a consultation between key stakeholders within the sector. The Executive is recommended to endorse the approach set out in the report to “help guide the decision making process in advance of the review of the Local Plan and request the Planning and Highways Committee take this approach into material consideration until the Local Plan has been reviewed.”

The report, and council, acknowledges that a high quality residential offer for students is critical for the Universities' ability to attract and retain students, particularly the growing international student population. In addition, the retention of graduates plays a key role in underpinning a highly skilled economy within Manchester; the report acknowledges that graduates have become a driving force behind some of Manchester's most valuable growth sectors included advanced manufacturing, health and life sciences.

Covid-19 – Potential Impact on PBSA

The Council recognises that “whilst there might be a short term dip in the number of students taking up places as a result of Covid-19 pandemic, it is expected that numbers will continue to remain strong over the medium term.” The Council’s “long term plan remains one of growth in the city and any future approved PBSA developments will be completed before 2023, at which point the target would be for student numbers to have return to or improved on currents.”

The Report for Resolution on PBSA in Manchester outlines several key metrics relating to the development of PBSA, as follows:

Location and Sustainability

Future PBSA should be delivered within or adjacent to the Oxford Road Corridor. Proximity to campuses and high frequency transport links reduces the need to travel, supporting green travel plans and the city’s commitment to carbon neutrality by 2038. In addition, there has been an increase in people wanting to live in the city centre particularly since the recent closure of Manchester Metropolitan University’s Crewe and South Manchester campuses (and thus more students being located at city centre campuses). It is essential that the Oxford Road Corridor and city centre is able to maintain a balance of commercial, educational, residential, cultural and leisure use in order to support economic growth of the city.

Quality and Affordability

Manchester is one of the “most expensive cities in the UK for PBSA” and as such, “a more diverse pipeline of new PBSA is now needed to stabilise rental growth.” The report acknowledges that the quality of PBSA in Manchester is poor compared to other cities. A lack of quality and affordable student accommodation was highlighted as a key issue in the 2019 report and is considered a barrier for domestic students. Accommodation is considered to be less sustainable where more than a 20 minute walk to campus, room quality is below average and below average quality of common space. In order to be a competitive university city, the quality of PBSA in Manchester needs to improve.

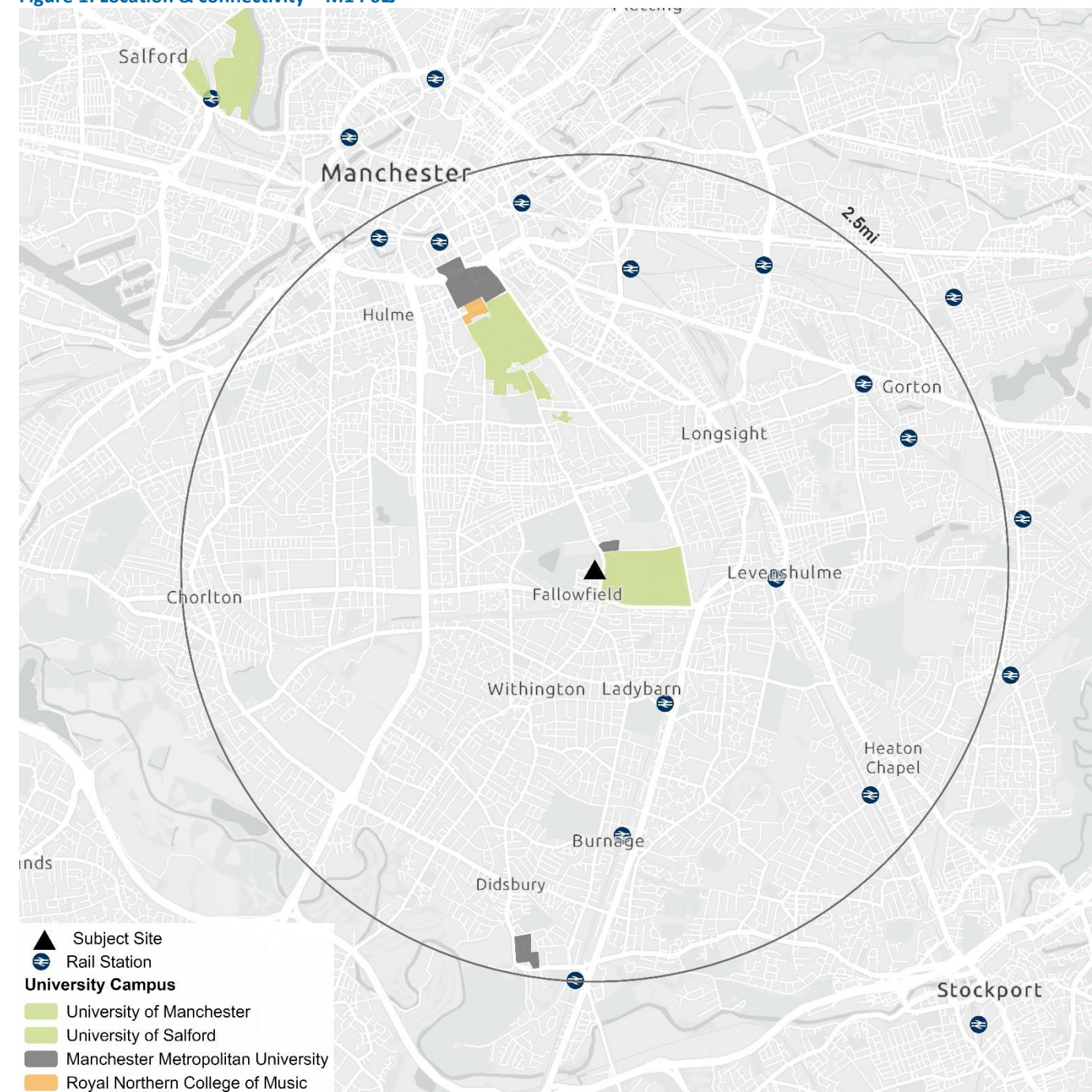
Wellbeing and Safety

PBSA must consider the wellbeing of students. The location of accommodation and being close to HEI’s has been identified as critical in ensuring the safety and wellbeing of students, similarly impacting on student retention. Private halls of residence should be encouraged to provide pastoral care and programmes which seek to enhance the student experience.

Graduate Retention

Provision of new PBSA should be balanced with the need to promote other types of housing to ensure long term retention of talent. Upon recognition of the importance of graduate retention on the local economy, the report notes that other forms of high quality housing will be needed. The provision of PBSA can further support the freeing up of mainstream housing in the city centre, currently occupied by students.

Figure 1: Location & connectivity – M14 6LJ



Source: Knight Frank Global Research

Higher Education Providers - Manchester

University of Manchester

In its latest vision and strategic plan for 2025, the University of Manchester has outlined the vision “to be recognised globally for the excellence of its people, research, learning and innovation and for the benefits it brings to society and the environment.” To help achieve this, the strategic plan has been built around three core themes; innovation, global influence and civic engagement.

Key focus areas of the strategy include:

- People and values:
 - Recruit, retain and support the best students and staff.
 - Staff and students will be representative of diversity and talent across all communities.
 - Create an environment and setting to help support through the £1billion campus investment, achieving zero carbon by 2038 and increase the availability of personalisation to services which supports the blend of on-campus and off-campus provision.
- Research and discovery:
 - Become a world leading source of knowledge, discovery and application.
 - Achieve unison of the world best people, combining expertise from across the world to help achieve path-breaking research.
 - Provide a creative and ambitious learning environment.
- Teaching and learning:
 - Meet the diverse needs of students through flexible and personalised education experiences – create increased student choice and flexible learning through combinations of face-to-face, online and blended learning at greater scale.
 - Enhance the quality of teaching, supported by the new ‘Institute for Teaching and Learning’ Academic Centre.
- Global Influence:
 - Aim to be ranked within the top 25 universities globally.
 - Increase the geographic and socio-economic diversity of student intake.
 - Put in place measures and the infrastructure to help grow and diversify the international student population.

Campus Masterplan

The University is investing £1 billion over the next ten years to create an inspiring environment that supports its world class university status. Planned projects include:

- Schuster Annexe – an extension to the Physics and Astronomy buildings will allow the university to accommodate the recent growth in physics undergraduates.
- Manchester Engineering Campus Development – to become the home of engineering at the university, providing inspiring and flexible spaces to help promote innovation.
- Fallowfield Student Village – redevelopment of Owens Park delivering 3,209 student beds (phase 1 complete) which will provide a net increase of 1,148 bed spaces. The new student village will deliver much needed improvement to the universities accommodation for students.

Manchester Metropolitan University

Manchester Metropolitan University's Education Strategy has been designed to tackle the numerous challenges in the education sector, from increased competition between HEP's and higher student expectations. The university has outlined several key performance indicators to define its educational performance goals, as below:

- Targeted recruitment – 50% of full time undergraduate students to have 280 tariff points or more, for best level three qualifications. This is a target from the 43% achieved in 2015/16.
- Teaching quality – targeting 90% overall for course satisfaction, encouraged by promoting teaching qualifications for all staff.
- Academic ambition – aiming to encourage 90% of students who enrol at Level 4 to re-enrol at Level 5 the following year.
- Employment ambition – to achieve the top quartile for graduate level employment for further study, increase the number of students involved in international study or work and increase the number of students to take part in work placements or sandwich degrees.

The university recognises the importance of being globally connected, not only for its reputation, but for long term sustainability. At present, 90% of total fee income is sourced from domestic and EU students and there is opportunity to diversify income streams through promoting internationalisation. As such, the university has created an Internationalisation Strategy, where it has outlined the following ambitions:

- To increase the proportion of international on-campus students to 10% by 2021.
- To increase the number of TNE students to over 2,000 by 2021.
- To increase international student fee income to at least £31million by 2021, representing a 125% increase on 2015/15 figures.
- Increase the proportion of students engaging in international mobility programmes from 1% to 5% by 2021, alongside increasing the opportunity for staff mobility.
- Develop at least four new high quality partnerships by 2021.

In order to achieve the above targets, the university must become pro-active in its international recruitment effort, offer attractive programmes at both undergraduate and postgraduate level, work on agreements with partners that deliver international students into the university's programmes and explore alternative Erasmus + funding to support both international student and staff mobility. The university has already begun to improve the articulation of its pre-session English programmes on offer.

Estate Strategy 2017 – 2027

From 2015/16 – 2020/21, the university's student headcount is projected to increase by 10% to over 36,300 students – driven in part by planned growth in postgraduate students and international students. As such, the university has defined three key strategic themes associated with the estate:

- High quality – reinforce the status and ambition of the university, providing excellent teaching spaces and research facilities, encouraging students to remain on campus in an educational environment.
- Effective – the estate must be flexible and adaptable to change, absorbing any peaks and dips in demand.
- Efficient – ensuring the estate meets the highest standards of energy efficiency, whilst maximising the use and value of the land.

Major developments to the estate over the coming years include:

- The new Science and Engineering building.
- The new International Screen School Manchester.
- The new Manchester Sport Initiative.
- An expanded Library and Student Commons.
- Investment in the Residential estate, avoiding over reliance on short term nominations.

2. UK STUDENT MARKET

2.1 Higher Education

Covid 19 and the potential impacts on student numbers

The majority of UK universities have indicated that courses are likely to be delivered through a 'blend' of online lectures and face to face teaching in small groups through tutorials, seminars and practical lessons. This follows a warning from the Office for Students (OFS) that universities needed to provide "absolute clarity" on how courses will be taught – before students made their choices for the autumn.

On the 17th July the government provided its second set of guidance for higher education providers in England on when and how to reopen campuses and buildings. This update included amended advice on social distancing, taking account of the demographic profile of your staff and students, reopening libraries, exemptions to regulations on social gatherings relevant to higher education, advice on the performing arts, a section on student accommodation.

A further set of guidance was issued on September 10th – it represents the government's response to the advice it got from the Scientific Advisory Group for Emergencies (SAGE) task and finish group on further and higher education, and also acts as the answer to repeated questions being asked in the media about campus reopening in light of the reported rise in cases of Covid. The guidance indicates that the public health response should be treated in 'tiers' depending on the severity. The key element for operators of PBSA is that within the response the expectation is that students do not return home but remain in their accommodation. This will bring about its own challenges for operators.

Covid 19 and the potential impacts on student numbers for this cycle

On A-level results day a total of 415,600 students had a confirmed place on an undergraduate course in the UK. This is a 1.6% increase on results day last year, despite a drop of 1.5% in the number of UK 18 year olds in the wider population. The Clearing process has placed a further 100,050 students taking overall demand for higher education to a record 515,650 students with a confirmed place – up 4% on last year. The proportion of students with a confirmed deferred place is similar to last year (5.7% in 2020, 5.4% in 2019).

Following three years of decreases, accepted applicants from the UK are up 4%, to 441,720. When looking at 18 year olds specifically, 36.4% of all young people (253,890 students) were in line to start a course in September this year – a new record. The number of students accepted from outside the EU has risen by 9% to 44,300, while EU acceptances have decreased by 2%, to 29,630. The latest outturn of data from UCAS, following the clearing process is a massive improvement on modelled scenarios earlier in the year. The British Council's baseline scenario in May/June suggested that enrolment of students from China and East Asia would be down 12%. This hasn't transpired.

The majority of students are on campus and the sector faces new challenges – Universities and operators face a balance of maintaining a high quality service whilst also adhering to social distancing rules and restrictions. There is also an uncertain view of how Christmas is going to impact students and the sector, and questions about what January will look like. Will students return to campus and will there be a move by universities, away from online learning to back in class teaching and seminars, to boost student sentiment after what has been a difficult first-term. The start of term for international students (postgraduate students in particular) has largely been delayed and many have been unable to get flights to get to the UK.

Booking levels for purpose built student accommodation continue to pick-up despite the challenges facing students. Our latest snapshot survey of six of the largest student accommodation operators in the UK, shows that 86.2% of available beds have now been booked for this cycle, up from 77% when the survey was first compiled in the week following A Level results day, in August. Occupancy levels currently stand at 76%. Furthermore, we expect that headline occupancy is likely to rise in January, given the revised start date for some postgraduate courses.

Postgraduate students

Demographic trends suggest that overall UK-domiciled undergraduate numbers are expected to remain flat until the 2021/22 academic cycle. However, the number of first-year students who are undertaking post-graduate courses increased in 2018/19, the third consecutive year they have risen.

Post-graduate numbers rose by 4.3% year-on-year with the number of postgraduate students currently enrolled on a university course in the UK at the highest level on record, according to data from HESA. Growth in 2018/19 builds on the increases seen in the 2016/17 and 2017/18 cycles.

This coincides with the introduction of post-graduate loans for those students from England studying a master's course. Importantly, this level of growth is apparent in both higher and the lower tariff groups of universities.

Longer-term impacts of Covid 19

Despite the requirement of a material uncertainty clause earlier in the year, yields are holding stable and investor activity is increasing. Investors continue to be attracted to the fundamentals of the sector. Knight Frank's Residential Investment Survey for this year, shows that 70% of respondents who expect to be invested in student property in 2025 remain undeterred in their view of this, despite COVID.

The student sector was a key outperformer in the Global Financial Crisis, and this was driven by counter cyclical demand. Applicants to higher education increased by 30% and an uptick in demand is expected as a result of the COVID related downturn. New data from UCAS on applications for the 2021 academic year indicates a 12% growth in applicants overall and a 20% growth in international student applicants. Sentiment survey data from UCAS indicates that 80% remain committed to going to university in 2021. These trends coupled with an ongoing demographic trend, which will see the absolute number of UK 18 year olds increase year on year for the next decade, should mean that student numbers increase.

2.2 UK Outlook for Purpose Built Student Accommodation

Historically, the rising number of full-time students in higher education (HE) has meant that traditional student halls of residence have been unable to accommodate the increase in demand for student bed space. Typically, students end up in shared accommodation in the private rented sector when they are unable to access traditional student accommodation, be it university halls or PBSA. They often reside in second hand housing stock or Houses of Multiple Occupation (HMOs) which present a cheaper housing alternative.

Following the rise in student fees, there are higher expectations for the entire university experience and student accommodation is increasingly being regarded as a crucial element of this experience. Accommodation now ranks alongside the course, the location and the reputation that the institution offers.

Knight Frank's own Student Accommodation Survey undertaken in 2019, alongside partners UCAS, demonstrated higher levels of satisfaction with purpose built student accommodation over mainstream rental accommodation. The market is at a juncture where large injections of investment will in time mean a new level of stock in the market, creating higher quality accommodation for students and a more vibrant investment market.

Whilst HMOs provide competition to PBSA at the lower end of the price and quality scale, many local authorities across the UK have noticed the impact this HMO based student housing is having on local property markets and local government revenues. As such, numerous consultations are underway to restrict the supply of new HMO stock in markets that already contain a high number of student households. If successful, local authorities will be faced with the need to provide alternative desirable student accommodation to counterbalance any displacement of student demand, which will find itself diverted to purpose-built student accommodation.

Both the market and policy environment for PBSA are positive for further growth in the sector. However, picking the correct location and type of units are critical to viability. There is also a firm limit on how much students can and will pay for rent on a weekly basis. Operators are now looking at creating a viable model taking into account the budget constraints of consumers through either 'rebranding' or price discrimination by offering different products at different price points. It is the view of Knight Frank's Student Property Team that the next evolution in the student market will be for an increasing focus on 'brand' and 'market segmentation'.

2.3 UK Student Market Projection

The demographic challenges facing universities are well known, but behind this are significant regional differences. In the North West, for example, the application rate of 18 year olds in 2019 stood at almost 35%, notably higher than in the South West, which was less than a third. Though application rates of young people have increased in each region this year, the varied picture across the country together with changes in type of course and provider that

students are applying to, mean there are challenging circumstances for some institutions. Admissions and marketing are becoming ever closer, enabling universities to be more proactive in the fast moving market.

Where places remain open following the main application process, Clearing then represents a time when many universities need to secure more applicants to achieve recruitment targets. UCAS has seen Clearing accelerate with greater numbers of applicants placed in the days immediately following A-level results day. This has coincided with increased expenditure by universities on marketing. Clearing will continue to be a crucial recruitment channel as more students choose to apply later in the cycle than before.

It is our expectation that the growth in student numbers will be maintained over the longer-term, with Knight Frank analysis of ONS population projections, along with entry rates from UCAS, pointing to a 15% increase in full-time undergraduate numbers between now and 2030. This would represent an increase of 220,000 students. This is driven by continuing demand from international students for UK higher education and a growth in the UK 18 year old cohort from 2021/2022 onwards.

3. DEMAND PROFILE

3.1 Student Population Profile

The Wilmslow Road site is located across the road from the Fallowfield Campus of the University of Manchester, circa 1.6 miles from the main campus, and less than 2 miles from the Manchester Metropolitan University. The location benefits from good transport links to all surrounding higher education providers (HEPs) as well as into the city, central retail and leisure amenities.

Fallowfield area (0.5-mile catchment area)

- 2018/19 data from the Higher Education Statistics Authority (HESA) indicates that there are 12,390 full time students living within a 0.5 mile radius of the Wilmslow Road site. 6,124 (49%) of these students are studying at the University of Manchester, 5,877 (47%) are studying at Manchester Metropolitan University and a further 389 students (3%) are studying at the Royal Northern College of Music.
- Only 0.3% (40) of these students are identified within the data as living at home with parents. Of the 12,350 full time students not living at home with parents, over 76% (9,405) are full time undergraduates. A further 2,945 full time postgraduate students currently live within a 0.5 mile radius of the Wilmslow Road site.
- International, non-UK domiciled students represent over 46% of total full time students within a 0.5 mile radius (5,742 students). Between 2014/15 and 2018/19 their numbers have increased by 36.2%.
- Given that there are 12,390 full-time students living within a 0.5-mile radius of the Wilmslow Road site, of which 40 (0.3%) live at home and 3,918 (31.6%) live in PBSA, we can deduce that the remaining 8,432 (68.1%) full-time students live in non-PBSA accommodation/HMO accommodation within the mainstream private rented sector.

University of Manchester and other Higher Education Providers across the Manchester area

- There are approximately 36,581 full time students currently attending higher education courses at the University of Manchester as of 2018/19. This total has increased by 5.8% over the period 2014/15 – 2018/19.
- The total number of full time undergraduates at the University of Manchester, representing 72.9% of the total student population, has increased by 2% since 2014/15 - approximately 133 additional students in this group per annum.
- International students at University of Manchester have experienced growth of 18.2% since 2014/15, representing over 35% of total student population.
- There are 27,985 full time students studying at Manchester Metropolitan University as of 2018/19 and this has increased by almost 7% since 2014/15 – circa 453 additional full time students per annum.
- International students at Manchester Metropolitan University have experienced over 20% growth in student numbers and now represent 7.9% of the total student population.
- Postgraduate students at Manchester Metropolitan University have experienced the largest increase in numbers (+21.5% since 2014/15), largely driven by non-UK domiciled postgraduates (+34.6%).
- Across the Manchester area, there are 65,434 full time students – of which 79.1% are full time undergraduates.
- International, non-UK domiciled students represent 23.3% of total students across all Manchester HEPs and between 2014/15 and 2018/19 their numbers have increased significantly (+18.8%).

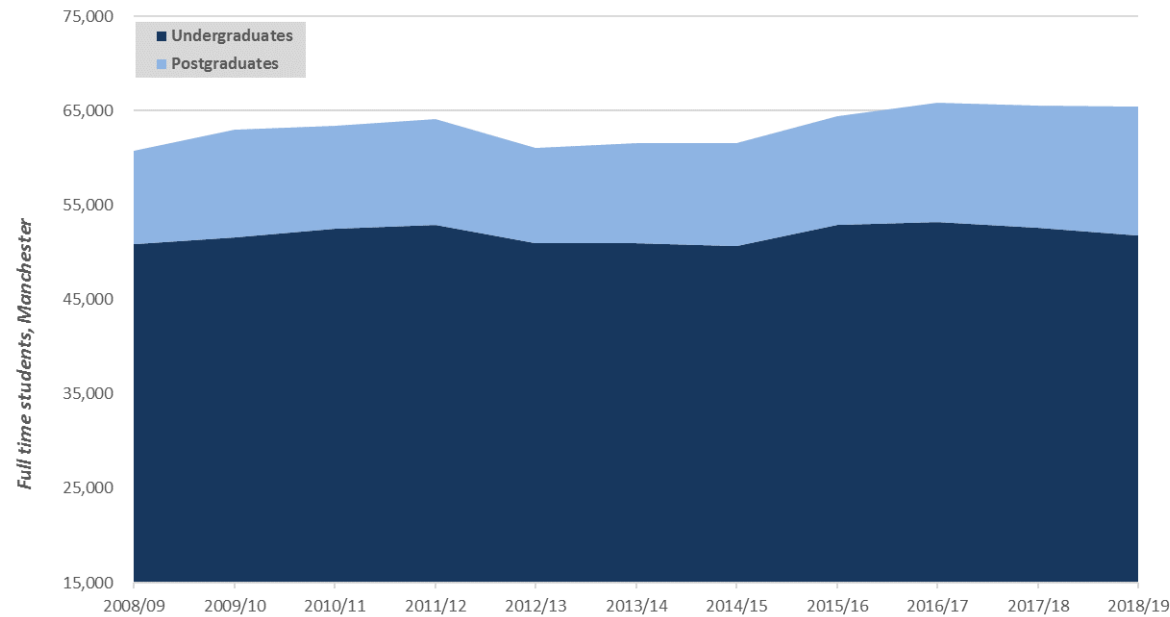
Table 1: Student Profile – 2018/19 academic cycle

HE Student Population	University of Manchester	%	% change from 2014/15	Manchester Metropolitan University	%	% change from 2014/15	All Manchester	%	% change from 2014/15
Undergraduate	26,855	66.7	0.5	26,314	79.6	2.0	53,783	72.5	2.2
UK	18,882	46.9	-6.4	24,667	74.6	1.2	44,023	59.3	-2.2
Non-UK	7,973	19.8	21.5	1,647	5.0	14.1	9,760	13.2	20.3
Postgraduate	13,394	33.3	12.9	6,736	20.4	21.5	20,395	27.5	15.7
UK	6,926	17.2	11.4	5,782	17.5	19.5	12,847	17.3	15.1
Non-UK	6,468	16.1	14.5	954	2.9	34.6	7,548	10.2	16.9
Total student population	40,249	100.0	4.3	33,050	100.0	5.4	74,178	100.0	4.8
Total international students	14,441	35.9	18.2	2,601	7.9	20.9	17,308	23.3	18.8
Total full time undergraduates	26,675	72.9	2.0	24,501	87.6	2.3	51,790	79.1	2.2
Full time students	36,581	90.9	5.8	27,985	84.7	6.9	65,434	88.2	6.3

* NOTE: All Manchester includes University of Manchester, Manchester Metropolitan University and Royal Northern College of Music.

Source: HESA, Knight Frank Residential Research

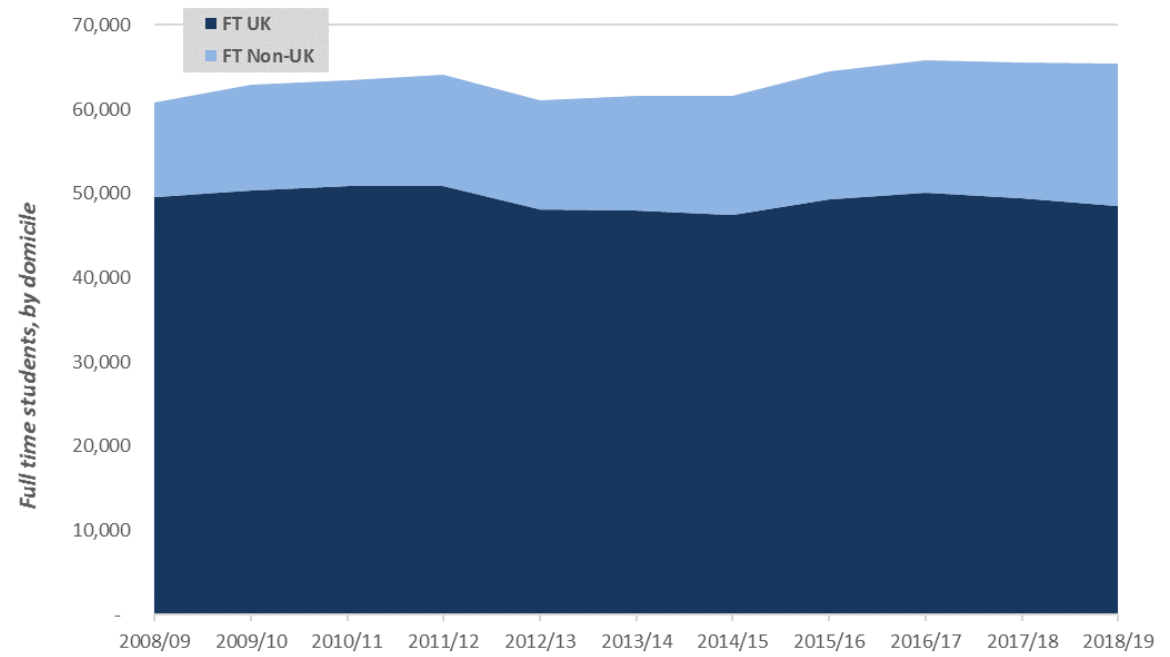
Figure 2: Full time students – Manchester



* Manchester is based on University of Manchester, Manchester Metropolitan University and Royal Northern College of Music

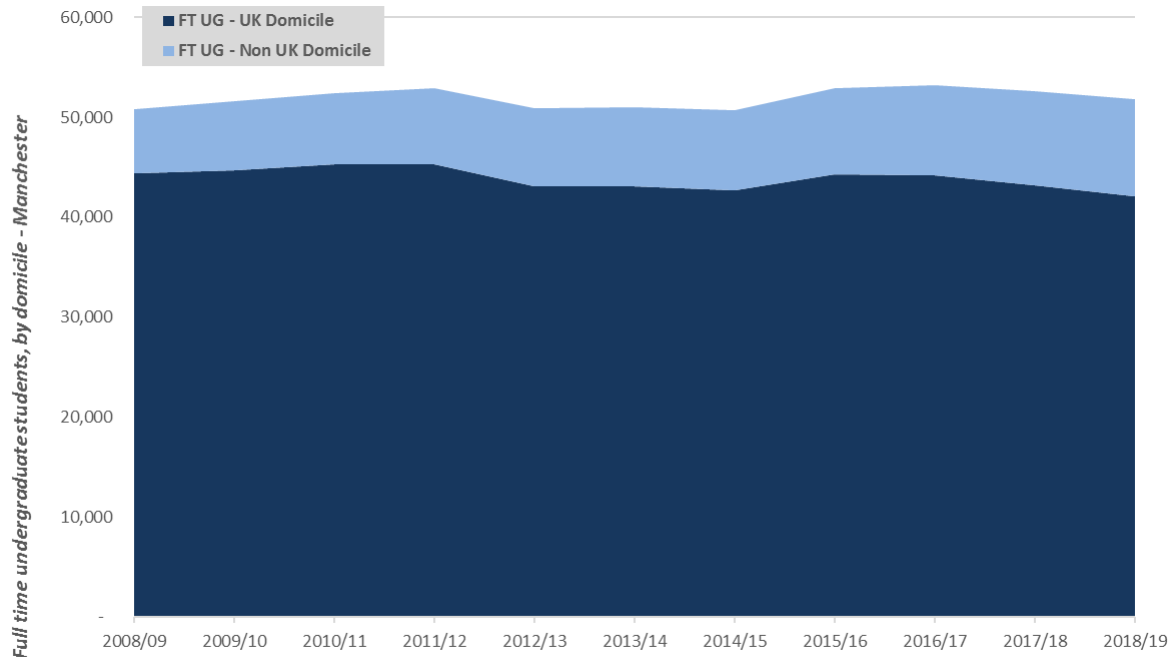
Source: HESA, Knight Frank Residential Research

Figure 3: Full time students, by domicile – Manchester*



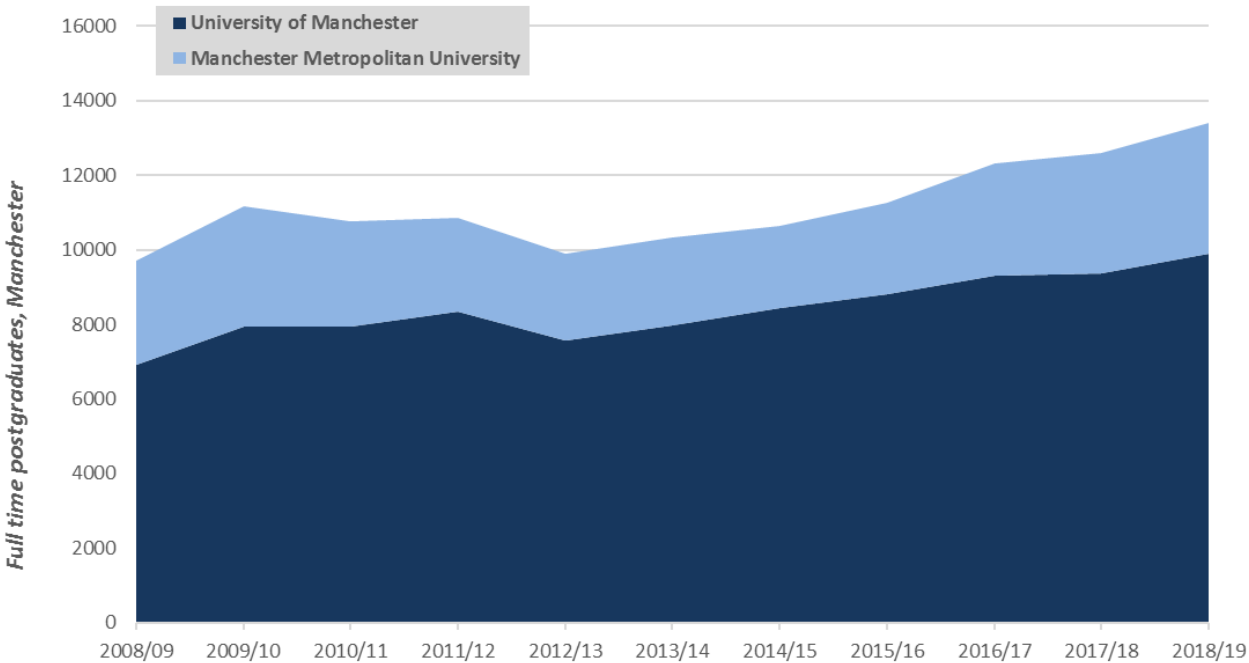
* Manchester is based on University of Manchester, Manchester Metropolitan University and Royal Northern College of Music
Source: HESA, Knight Frank Residential Research

Figure 4: Full time undergraduate students, by domicile – Manchester



Source: HESA, Knight Frank Residential Research

Figure 5: Full time postgraduate students – Manchester



Source: HESA, Knight Frank Residential Research

3.2 Applications & Acceptances

- In 2019, the University of Manchester received 72,295 applications for places, an increase of 18% on the volume of applications in 2014. In 2019, there were 8.3 applications for every accepted place at Manchester. This ratio has fluctuated over the previous five years.
- Manchester Metropolitan University received over 49,000 applications for places in 2019, a decrease in applications compared to 2014 (-15.3%), driven largely by EU applicants (-20%). Acceptances in 2019 however, are up 1.9% compared to 2014. The ratio of applications to acceptances (5.4) has decreased over the same period.
- Applications to HEPs across the whole Manchester area combined, have seen a 1.8 increase in numbers since 2014, primarily driven by applications from non-EU students (+32.3% over the same period). In 2019, international students represented 23% of applications across Manchester.
- Acceptances of places across Manchester have experienced a marginal decrease since 2014 (-0.9%). The ratio of applications to acceptances across Manchester has remained relatively stable over the past five years, currently at 6.8.
- As a whole, international applications across Manchester has experienced an increase of 29% between 2014 and 2019, driven largely by non-EU applicants. In particular, international applications to the University of Manchester had the strongest growth over the same period (+34%).

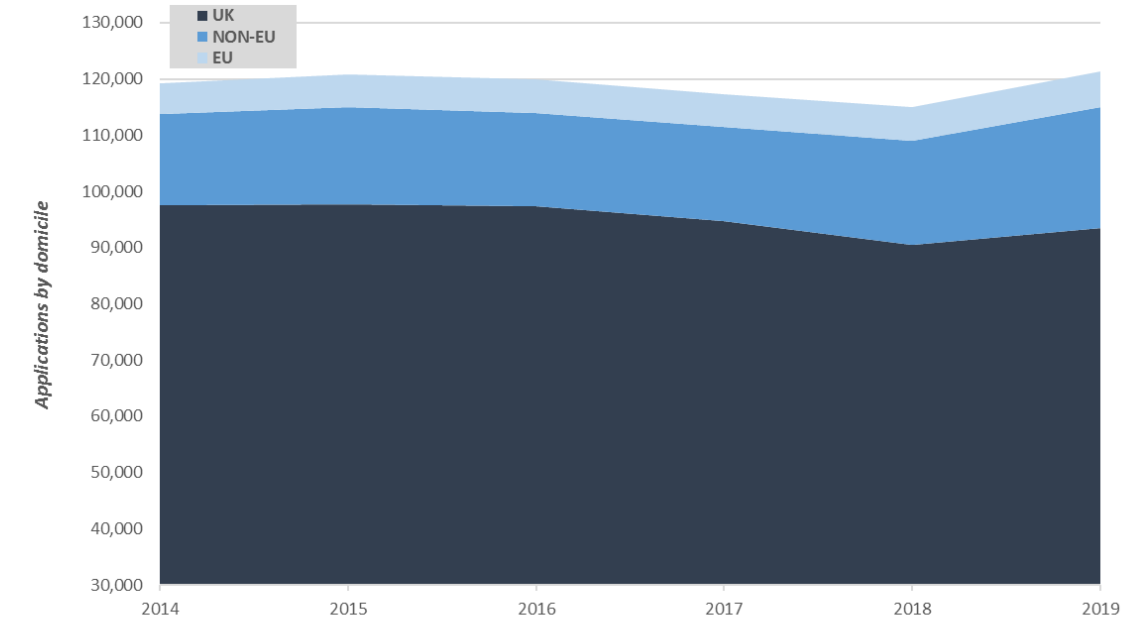
Table 2: Applications & Acceptances – Ratios

Year	University of Manchester			Manchester Metropolitan University			All Manchester HEP's		
	Applications	Acceptances	Ratio	Applications	Acceptances	Ratio	Applications	Acceptances	Ratio
2014	61,285	9,040	6.8	57,880	8,830	6.6	119,165	17,870	6.7
2015	63,980	9,330	6.9	56,770	9,535	6.0	120,750	18,865	6.4
2016	63,570	8,705	7.3	56,355	8,780	6.4	119,925	17,485	6.9
2017	63,950	8,320	7.7	53,335	8,785	6.1	117,285	17,105	6.9
2018	65,060	8,420	7.7	49,875	8,645	5.8	114,935	17,065	6.7
2019	72,295	8,715	8.3	49,040	9,000	5.4	121,335	17,715	6.8
% change	18.0	-3.6		-15.3	1.9		1.8	-0.9	

NOTE: All Manchester HEP's includes the University of Manchester and Manchester Metropolitan University.

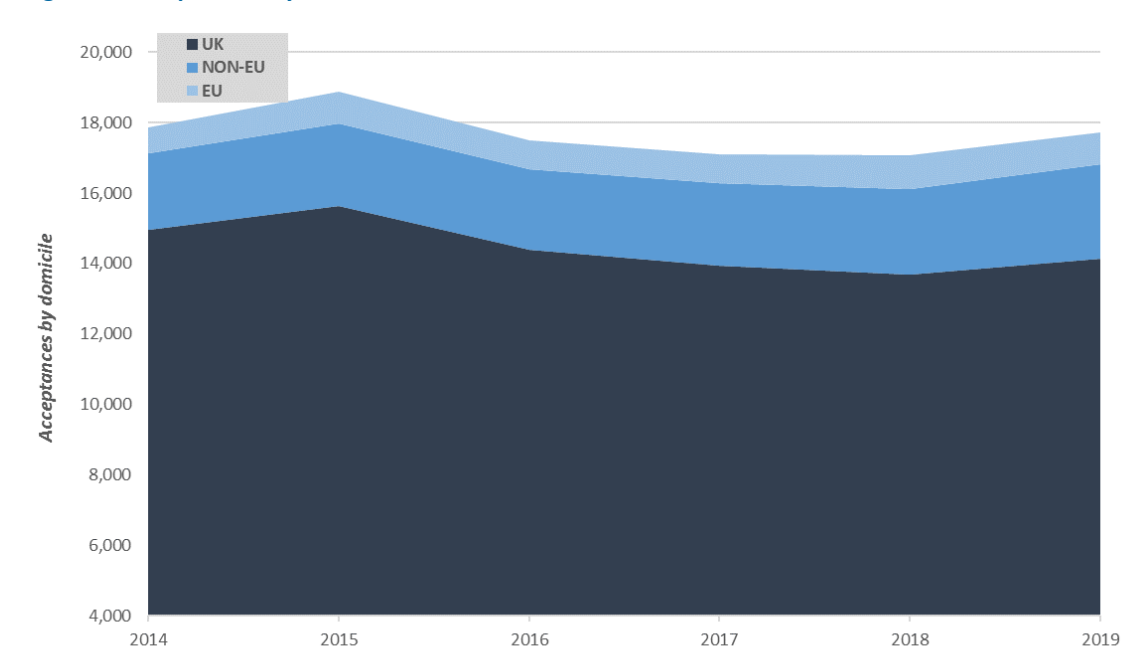
Source: UCAS, Knight Frank Residential Research

Figure 6: Applications by domicile – Manchester HEP's



Source: UCAS, Knight Frank Residential Research

Figure 7: Acceptances by domicile – Manchester HEP's



Source: UCAS, Knight Frank Residential Research

Catchment Demographics

Using the postcode of full time undergraduate UK domiciled students, it is also possible to map the home address for students studying at HEP's across Manchester. Table 3 presents the top ten LA origins of full time UK domiciled students, studying within the Manchester area.

At 6.5%, the highest proportion of students originate from areas within Manchester itself, with the next largest population originating from London (4.4%) and Birmingham (1.9%).

Overall, the number of students whom originate from areas within Manchester and are studying at HEP's across the city, have increased by 7.2% since 2014/15. Students who originate from Leeds have seen the biggest increase since 2014/15 (+14.6%).

Table 3: Origin of UK full time students studying at HEP's within Manchester – Top 10 locations

Full time undergraduates	Number of students	%	Cumulative %	% change from 2014/15
Manchester	3,074	6.5	6.5	7.2%
London	2,049	4.4	10.9	10.4%
Birmingham	884	1.9	12.8	0.0%
Sheffield	841	1.8	14.5	-2.8%
Stockport	786	1.7	16.2	6.2%
Leeds	728	1.5	17.8	14.6%
Northern Ireland	707	1.5	19.3	6.2%
Warrington	706	1.5	20.8	9.6%
Preston	700	1.5	22.2	-4.9%
Blackburn	658	1.4	23.6	-4.9%

Source: HESA, Knight Frank Residential Research

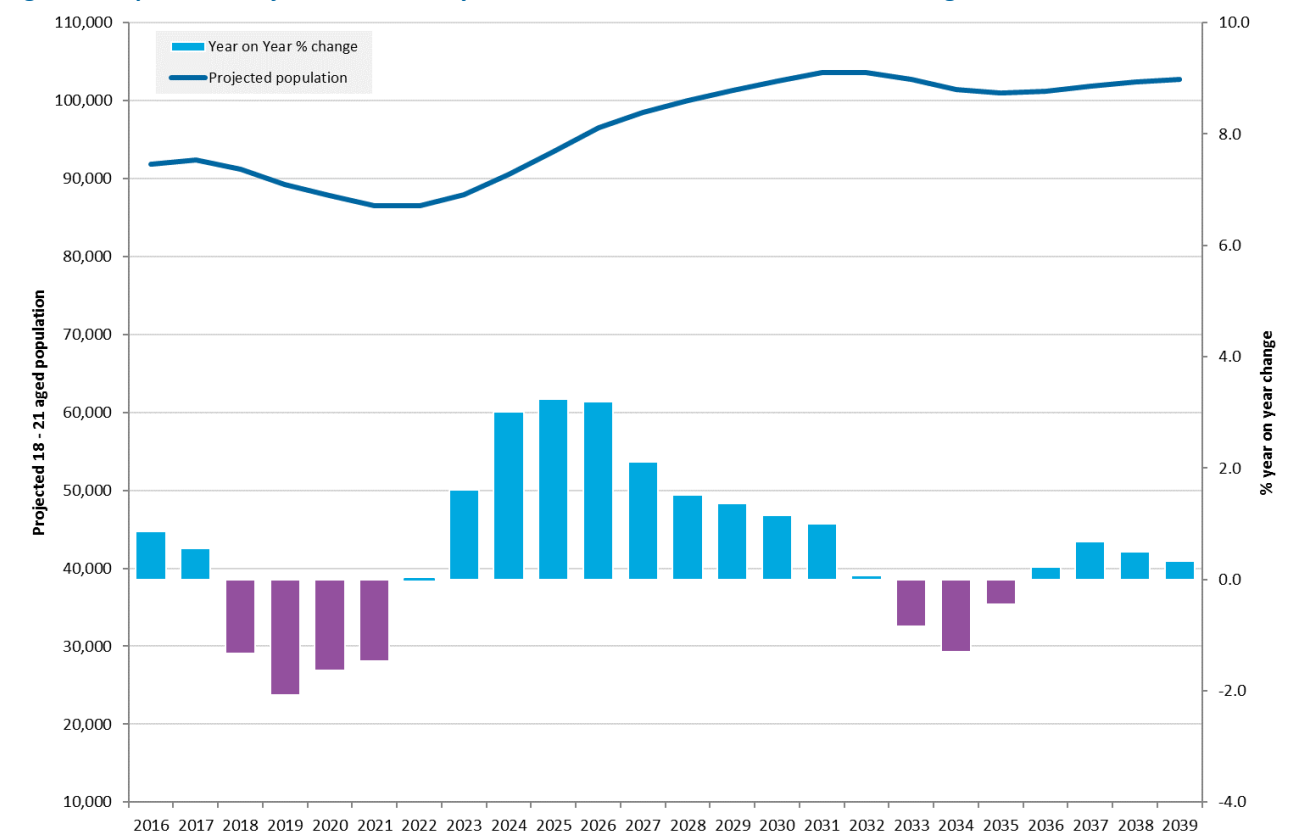
*NOTE: the number of full time students, does not include those living at home with parents.

3.3 Regional population projections

Regional population growth is integral to demand for undergraduate places at the institutions within Manchester. Figure 8 presents ONS population projection data for 18 – 21 year olds across the whole of the Manchester catchment area (including Bolton, Bury, Oldham and Salford).

Similar to other areas across the UK, the 18 – 21 year old population within these local authorities is projected to continue to decline until 2022, before increasing consistently for the next ten years. The population is predicted to dip again for three years, before rising and remaining stable from 2036 onwards. The expected total population of 18 – 21s within these local authorities is set to increase by 11.8% in 2039 compared to 2016.

Figure 8: Population Projection – 18 – 21 year olds in Manchester and the surrounding local authorities



Source: ONS, Knight Frank Residential Research

*NOTE: ONS data includes Manchester and the surrounding local authorities: Bolton, Bury, Oldham and Salford.

4. SUPPLY

4.1 Aggregate supply of Purpose Built Student Accommodation (PBSA)

University operated accommodation

There are 32 halls of residence operated by universities across the whole of Manchester, providing 11,385 bed spaces. Overall, the accommodation is split between standard rooms with a shared bathroom (67.1%), standard ensuite rooms (30.4%), and studios (1.7%). 3,336 (30%) of the university bed spaces are located in the Fallowfield area, whilst 670 (6%) are within the city centre.

Table 4: Summary of University Operated Accommodation – Manchester, and the areas of Fallowfield and the City Centre

Bed space type	All Manchester		Fallowfield*		City Centre**	
	# bed spaces	%	# bed spaces	%	# bed spaces	%
Non-ensuite	6,692	64.9	2,626	78.0	156	23.3
Ensuite	3,425	33.2	740	22.0	514	76.7
Studio	196	1.9	0	0.0	0	0.0
Total	10,313	100.0	3,366	100.0	670	100.0

Source: Knight Frank Residential Research

NOTE: *Fallowfield based on schemes located within a 0.5-mile radius of the proposed scheme, **City Centre based on all schemes within M1, M2, M3, M4 postcodes.

Private Direct Let Purpose Built Student Accommodation (PBSA)

There are 76 privately owned PBSA schemes across the whole of Manchester, all of which are operated on a direct let basis or through a nomination's agreement with a local higher education institution. Collectively, these schemes provide 17,832 bed spaces for students (61% of the total). The accommodation comprises standard ensuite rooms (52.4%), studios (33.0%), and standard rooms with shared bathrooms (15.6%). 552 (3%) of the privately owned bed spaces are located in the Fallowfield area, whilst 6,361 (36%) are within the city centre.

Table 5: Summary of Direct-let Accommodation – Manchester, and the areas of Fallowfield and the City Centre

Bed space type	All Manchester		Fallowfield*		City Centre**	
	# bed spaces	%	# bed spaces	%	# bed spaces	%
Non-ensuite	2,774	15.1	0	0.0	1,116	17.5
Ensuite	9,666	52.4	435	78.8	1525	24.0
Studio	5,995	32.5	117	21.2	3720	58.5
Total	18,435	100.0	552	100.0	6,361	100.0

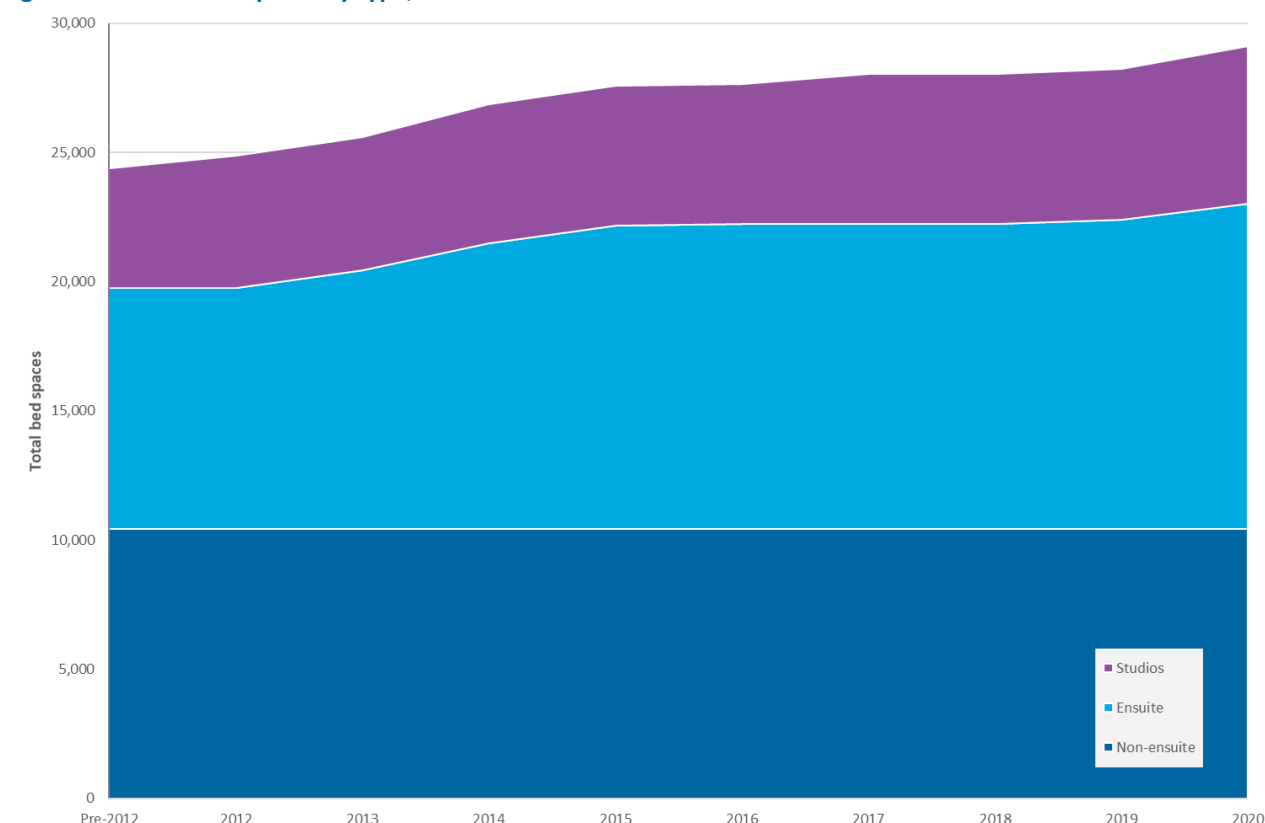
Source: Knight Frank Residential Research

NOTE: *Fallowfield based on schemes located within a 0.5-mile radius of the proposed scheme, **City Centre based on all schemes within M1, M2, M3, M4 postcodes.

Changing composition of PBSA

The supply of Purpose Built Student Accommodation (PBSA) across Manchester has increased by approximately 17% since 2012. The majority of new stock has been delivered by private operators, comprising predominantly studio and ensuite rooms. There has been no significant increase in the supply of PBSA within the Fallowfield area for more than 8 years (with the exception of the redevelopment of Owens Park which has provided no net increase in bed spaces).

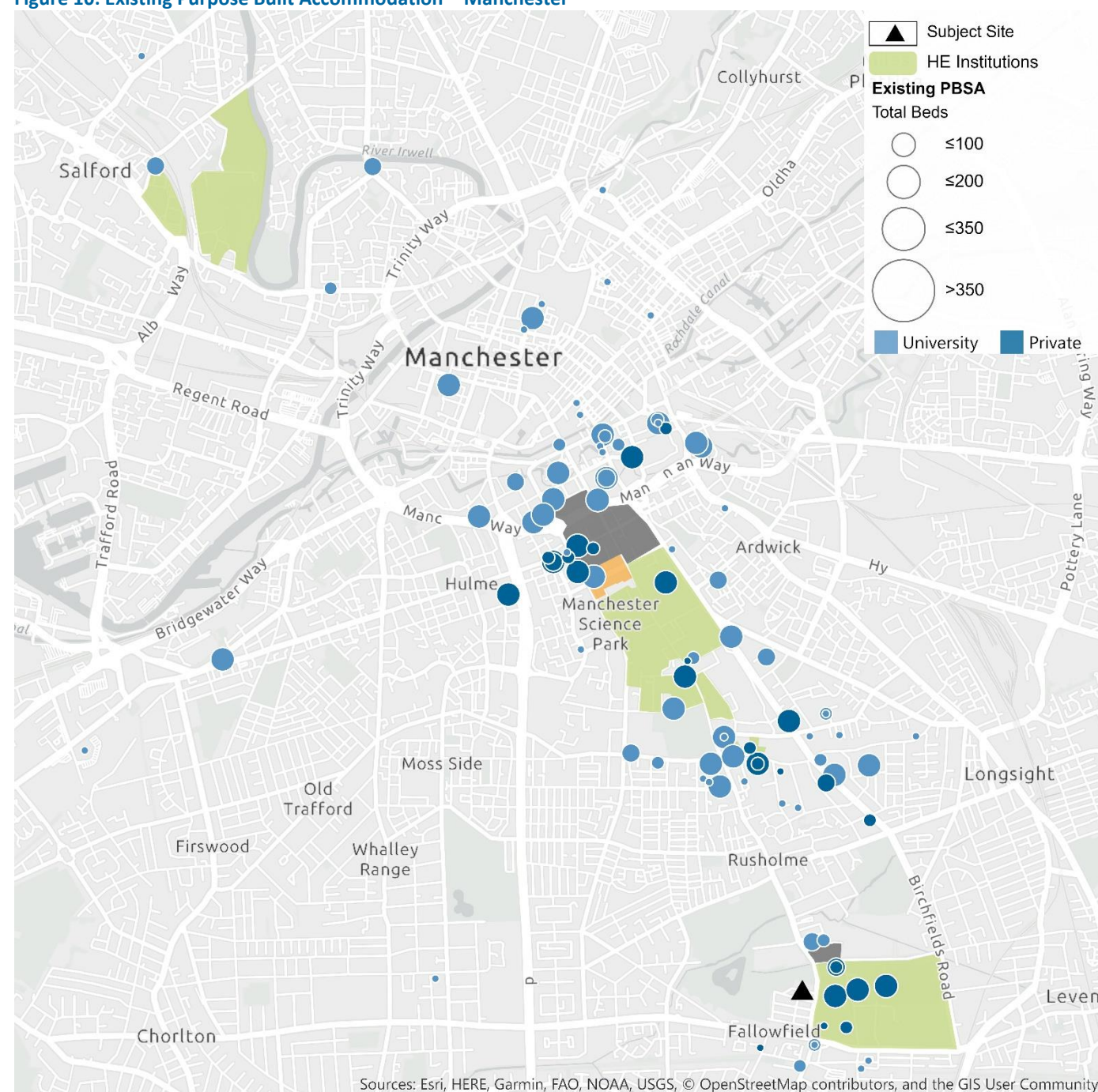
Figure 9: Student bed spaces by type, Manchester – time series *



* NOTE: It is not possible to estimate the construction date of every scheme in the market and so the total does not sum to Knight Frank's estimate for total bed spaces as of 2020/21 letting cycle.

Source: Knight Frank Student Property

Figure 10: Existing Purpose Built Accommodation – Manchester



* A reference table is provided in Appendix 1.
Source: Knight Frank Residential Research

4.2 Satisfaction with PBSA & Student Preferences

Student Accommodation Survey 2019/2020

The Knight Frank/UCAS Student Accommodation Survey was undertaken in the period between February and November 2019 and comprises both applicants, current students and new students who started university in the 2019/2020 academic year. The survey received a response from 30,850 applicants and 30,995 current or new students.

Students living in private purpose-built student accommodation, or university run halls are the most satisfied with their accommodation, according to the results of the Knight Frank/UCAS Student Accommodation Survey 2019, with some 78% of such respondents indicating that this was the case. Whilst those living in the private rented sector were satisfied overall, a lower proportion (71%) said this was the case. Looking specifically at property types, across the UK, those living in a cluster flat, or in a shared house, said they were happier with their accommodation than those living in a single-occupancy studio or alone.

Overall, more than 80% of students living in shared PBSA accommodation, e.g. a twodio - a two bedroom flat with shared kitchen and bathroom - a shared house operated by the university, or in a cluster flat (with ensuite) within either private or university operated accommodation said they were happy with their living arrangements. While still positive, levels of happiness were slightly lower for students living in privately rented house shares, with 75% saying they were happy with their accommodation.

The survey shows that, in addition to property type, other key drivers of happiness with private PBSA are location, the option to live with friends and the quality of accommodation. Students in London have the longest commutes in the UK with more than 20% travelling 30 minutes or more.

In total, 75% of students who lived in private PBSA said that they would recommend their accommodation to new first-year students, up from 69% in 2018's survey. Some 79% of those in university-run accommodation said the same, up from 77% in 2018. The survey also asked second year students living in private PBSA if they would recommend their accommodation to first year students with 78% indicating that they would do so.

The single most important factor influencing the choice students make about where they live is value for money. Some 98% of respondents rated this as being important to them, with just under half (49%) rating it as "extremely important". Across the UK just under half (49%) of students indicated that their current accommodation represented 'extremely good' or 'good' value for money.

Overall, the survey suggests a preference for high-quality accommodation that provides clear and obvious elements that add value. Other factors identified by students as "extremely important" included the cleanliness of the bedroom (96%), the quality of the accommodation (95%) and the facilities offered (91%).

More subjective factors include reviews of the accommodation by other students, and the level of daylight in the bedroom. Indeed, these two factors were particularly important to first-year students, with over 80% saying it helped them decide on their accommodation. Second and third-year students also sought value for money but were equally influenced by the absolute cost of accommodation, with 92% rating this as either "very" or "extremely important".

This compared with 88% of new students. Second and third-year students deemed being able to maintain friendship groups as important when looking for accommodation, with over 65% of this group identifying the number of bedrooms available in a property, and the effect this had on being able to live either with friends or alone, as influencing their choice. This is up from 60% of the response in last year's survey.

Manchester has one of the highest retention rates in the UK, with 53% of final-year students stating that they intend on remaining in the city after graduation. The outcome of the Report for Resolution consultation process (discussed in Section 1) acknowledges that a high quality residential offer for students is critical for the universities' ability to attract and retain students, and that the retention of graduates plays a key role in underpinning a highly skilled economy within Manchester.

4.3 Private Rented Housing

The majority of the private-sector accommodation is in the form of HMOs let through the private rental market. Private rented supply to students living within a 2.5-mile radius of the Wilmslow Road site, consists predominantly of either flats or terraced houses in the M14, M15 and M1 7 areas.

Accommodation within a 2.5-mile radius of Wilmslow Road, predominantly consists of 2,3 and 4 bed flats and terraced houses, with single/double rooms, often with shared bathrooms and kitchen amenities. Larger 8 or more-bedroom houses within a 2.5-mile radius account for just 6% of PRS supply.

Manchester City Council has granted HMO licenses against 1,400 properties (Local Authority Housing Statistics, 2018-19), however estimates that there are approximately 6,000 HMO's within the local authority. Analysis of online listing data indicates that approximately 4,081 private rented sector (PRS) properties explicitly marketed at students came up for rent within a 2.5 mile radius of M14 6LJ in the year to October 2020. Most of these rentals were two, three and four bedroom flats and terraced houses. Over 51% of the total PRS supply consists of two, three- and four-bedroom flats and terraced houses, whilst larger seven or more-bedroom properties represented only 11%. Collectively these PRS properties supplied approximately 15,352 bed spaces within a 2.5-mile radius of the Wilmslow Road site.

Table 6: Student PRS supply 2019/20 – 2.5 mile, 1 mile and 0.5 mile radius of Wilmslow Road, M14 6LJ.

Accommodation type	Manchester			Fallowfield area*		
	#	%	Imputed bed spaces	#	%	Imputed bed spaces
Studio	117	2.9	117	3	0.3	3
One bedroom	468	11.5	468	28	2.7	28
Two bedrooms	868	21.3	1,736	135	13.0	270
Three bedrooms	583	14.3	1,749	103	9.9	309
Four bedrooms	667	16.3	2,668	207	19.9	828
Five bedrooms	513	12.6	2,565	242	23.3	1,210
Six bedrooms	413	10.1	2,478	171	16.4	1,026
Seven bedrooms	208	5.1	1,456	77	7.4	539
Eight or more	244	6.0	2,115	74	7.1	622
Total	4,081	100	15,352	1,040	100	4,835

Source: Knight Frank Residential Research
*Fallowfield area represents the supply within a 0.5-mile radius of the proposed Wilmslow Rd site.

HMO supply is thought to have increased across the catchment in the previous three years. According to Local Authority Housing Statistics, the number of HMO licenses against properties in Manchester has increased by 10% since 2015/16. It must be acknowledged that only a proportion of all HMOs will be marketed at and occupied by students. Shared houses are also popular with graduates and young professionals.

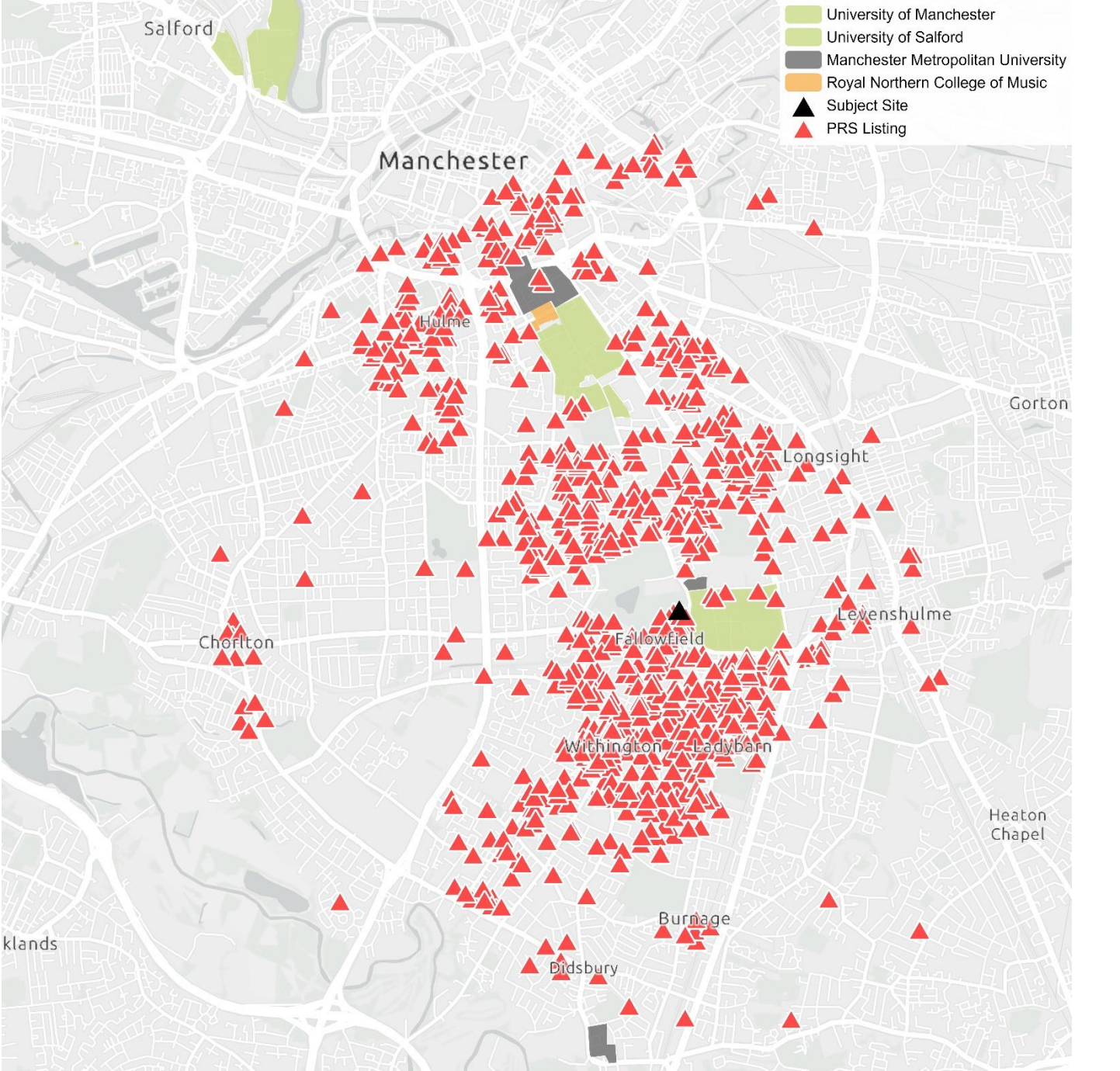
Total existing supply

The universities across Manchester provide accommodation for approximately 11,285 students, which represents approximately 17.2% of the total full-time student population (65,434 students). There are currently a further 76 additional private purpose-built student accommodation (PBSA) schemes within Manchester, providing approximately 17,832 bed spaces on a direct let basis. In total, there are 28,748 PBSA bed spaces across Manchester, representing 44.5% of total full-time students.

According to HESA, there are 65,434 full-time students across Manchester, of which 11,888 (18%) live at home with parents. As illustrated in Tables 4 and 5, there are 28,748 PBSA beds in Manchester which may indicate that up to 24,429 (37%) of its full-time students live in non-PBSA accommodation/HMO within the private rented sector. If student numbers increase across Manchester and the development pipeline is unable to match this, then the number

of students living in HMO accommodation will increase. Across Manchester, full time student numbers are projected to increase by 10.3% over the next 5 years.

Figure 11: Mainstream rental market student listings – 2019/20



Source: Rightmove, Knight Frank Residential Research

4.4 Pipeline supply

The supply pipeline has been compiled by collecting all residential accommodation records from Egi planning data and data from the planning departments at Manchester City Council. This data has been combined and sorted dependent on planning and construction status.

As of November 2020, 3 schemes are currently under construction representing 1,924 bed spaces and a further 3 schemes have been granted detailed permission (not under construction) representing 1,078 bed spaces. An additional scheme with planning has been submitted to representing 833 beds (a potential pipeline totalling 3,855 bed spaces). 2,087 (54%) of the bed spaces in the development pipeline are in the Fallowfield are, whilst remaining 1,768 bed spaces (46%) are located within or close to the city centre.

Table 7: Development Pipeline – Manchester

Ref.	Address	Owner	Total Beds	Planning Status	Location	Status	Estimated completion Date
1*	Fallowfield Phase 2, Owens Park, Wilmslow Road, Manchester, Greater Manchester M14 6HD	University of Manchester	1,191	Under Construction	Fallowfield	Pre-Tender	On Hold
2*	Fallowfield Phase 3, Wilmslow Road, Manchester, Greater Manchester M14 6HD	University of Manchester	896	Planning Consented	Fallowfield	Pre-Tender	On Hold
4	Land known as Birley Plot E Stretford Road Manchester	Manchester Metropolitan University	491	Under Construction	Other	Start on Site	2021
5	Land at Chandos Hall Between Echo Street, Granby Row, Vimto Gardens and Manchester South Junction, M1 3QJ	IQ Student Accommodation	242	Under Construction	City Centre	Start on Site	2022
6	(Extension) Kincardine Court, Kincardine Road, Manchester, M13 9JA	Unite Group plc	100	Planning Consented	Other	Tenders returned	2021
7	84 Cambridge Street, Manchester, M15 6BP	Alumno Group	82	Planning Consented	Other	Pre-Tender	2022
TOTAL CONSENTED			3,002				
3	Great Marlborough Street Car Park, Manchester M1 5NJ	Student Castle	853	Planning Submitted	City Centre	Tenders returned	2023
TOTAL SUBMITTED			853				
TOTAL DEVELOPMENT PIPELINE			3,855				

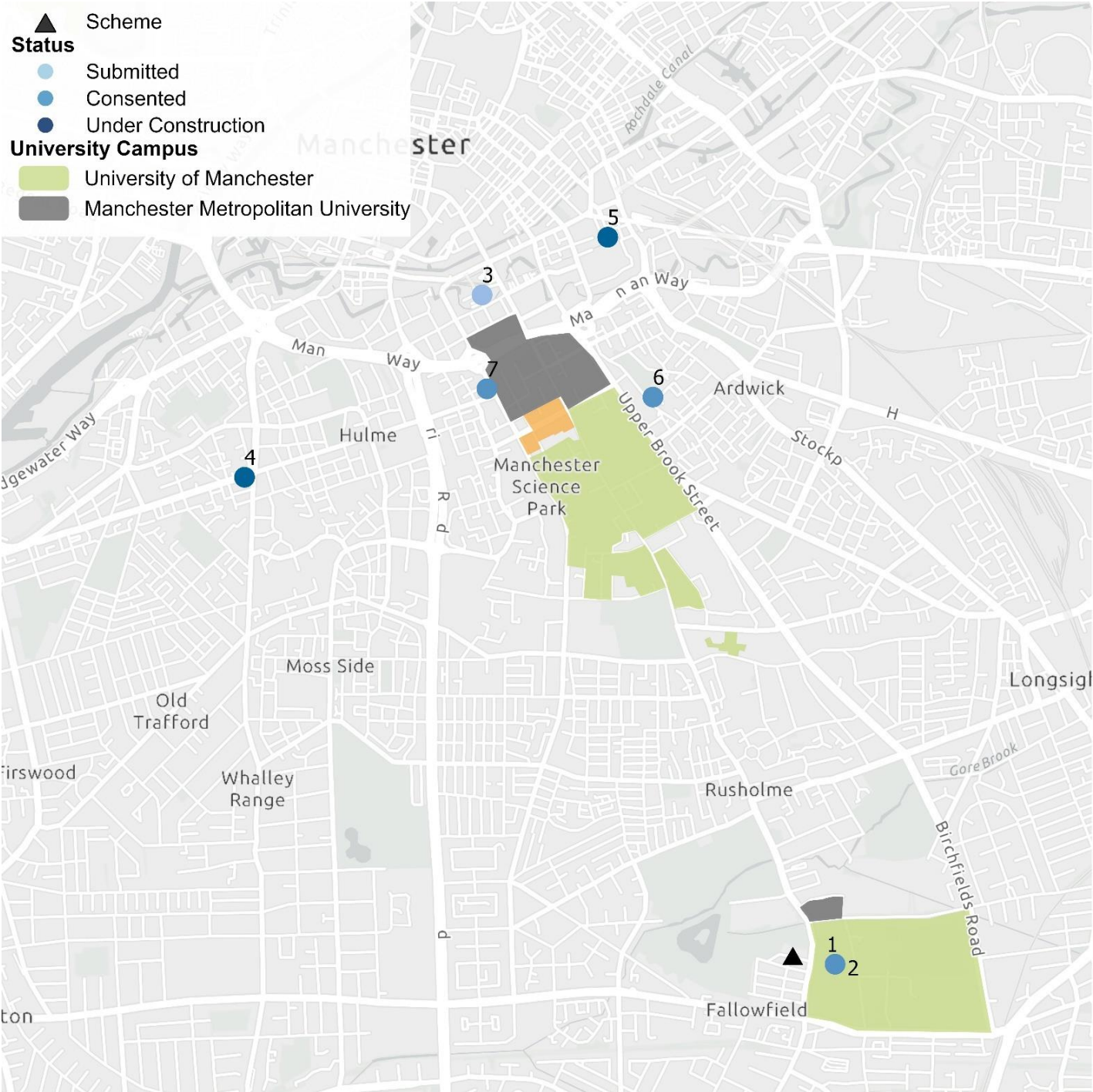
Source: Knight Frank Student Property

***NOTE:** The Fallowfield Campus is in the process of being redeveloped. Around 2,200 bed spaces were demolished at the Fallowfield Campus and a further 800 bed spaces were demolished at Grosvenor Halls, located in the city centre. The redevelopment at the Fallowfield Campus will comprise in total of around 3,135 bed spaces and as a result, there will be no significant net growth in the University's stock of bed spaces. Phase one of the redevelopment at Owens Park completed in 2019, totalling 1,048 bed spaces (already accounted for in supply).

Timeline

We have assessed the delivery timeline using estimated construction start dates and estimated construction project duration lengths. Where time information was unavailable, we have assumed that the project will not commence until 2022, at the earliest. 15% (591 bed spaces) of the pipeline is estimated to complete by 2021, 8% (324 bed spaces) by 2022 with a further 22% (853 bed spaces), estimated for 2023. The remaining 54% has been estimated to complete post 2023.

Figure 12: Development Pipeline – Manchester



Source: Knight Frank Student Property Team

Demand/Supply ratios

- There are an estimated 28,748 PBSA bed spaces across Manchester, representing 45% of total full time students. This equates to a gross ratio of 2.2 students per bed space (0.45 bed spaces per student). If the current potential pipeline (3,855 bed spaces with planning) is included the gross ratio decreases to 2.0 students per bed space (0.51 bed spaces per student).
- HESA estimate that the number of full time students living at home with parents across Manchester is 18% (11,888). If this figure is subtracted from total full time students to create a net student number requiring accommodation – the current ratio reduces to 1.9 full time students to each PBSA bed space.

Table 8: Existing and Potential Total Supply of Bed Spaces & Total Student Numbers

University City	FT students	Existing PBSA bed spaces	Estimated % of students in PBSA	Potential supply PBSA bed space	Total potential future bed spaces	Current number of bed spaces per student	Future number of bed spaces per student*
Leicester	38,055	22,950	60	3,532	26,482	0.60	0.70
York	23,769	9,778	41	1,887	11,665	0.41	0.49
Bristol	46,398	16,763	36	6,051	22,814	0.36	0.49
Cardiff	35,294	16,657	47	2,717	19,374	0.47	0.55
Sheffield	52,206	26,955	52	5,656	32,611	0.52	0.62
Exeter	22,947	9,188	40	3,098	12,286	0.40	0.54
Edinburgh	54,994	18,553	34	4,853	23,406	0.34	0.43
Birmingham	69,810	25,096	36	7,548	32,644	0.36	0.47
Nottingham	59,397	26,959	47	7,767	32,609	0.47	0.57
Oxford	32,932	8,380	25	2,807	11,187	0.25	0.34
Cambridge	38,606	4,213	11	1,203	5,416	0.11	0.14
Manchester	64,434	28,748	45	3,855	32,603	0.45	0.51
Glasgow	60,595	19,003	31	6,281	25,284	0.31	0.42
Liverpool	51,617	28,117	54	3,743	31,860	0.54	0.62
Brighton	33,915	8,436	25	2,244	10,680	0.25	0.31
Leeds	57,851	23,310	40	7,575	30,885	0.40	0.53
London	311,611	93,106	30	17,603	110,709	0.30	0.36
Bournemouth	18,287	7,163	39	1,106	8,269	0.39	0.45
Loughborough	16,824	7,661	46	681	8,342	0.46	0.50
Aberdeen	21,838	8,036	37	2,602	10,638	0.37	0.49
Bath	23,252	7,524	32	1,116	8,640	0.32	0.37
Newcastle	47,511	22,390	47	1,524	23,914	0.47	0.50
Southampton	30,223	13,711	45	1,177	14,888	0.45	0.49
Coventry	52,442	18,974	36	6,517	25,491	0.36	0.49
UK	1,844,546	640,000	35	149,225	749,225	0.33	0.41

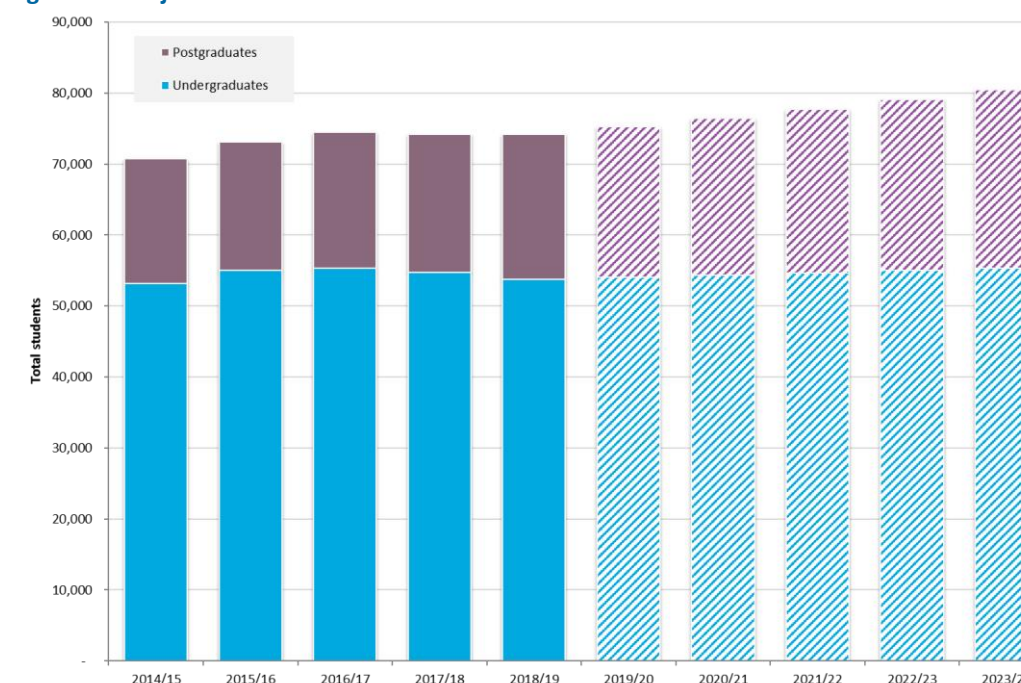
* assuming no change in student numbers

Source: Knight Frank Residential Research, Knight Frank Student Property, GLENIGAN, HESA

Projected student numbers – Manchester

- Based on previous trends for key student groups, the total number of full time students (including those living at home) within the combined Manchester area is projected to increase by 10.3% over the next five years (see table 9 and figure 13). This represents an increase of approximately 1,346 full time students per annum.
- Across Manchester, there is a potential 3,855 PBSA beds in the development pipeline. If the potential pipeline is included within current supply, alongside the projected five-year increase in full time student numbers, the future student to bed space ratio remain unchanged at 2.2 students per bed space (0.45 bed spaces per student).

Figure 13: Projected full-time student numbers - Manchester



Source: HESA, Knight Frank Residential Research

Table 9: Projected full-time student numbers - Manchester

Academic cycle	Undergraduate	Postgraduate	ALL	Full-time students
2014/15	53,131	17,623	70,754	61,533
2015/16	55,083	18,008	73,091	64,448
2016/17	55,313	19,143	74,456	65,883
2017/18	54,725	19,439	74,164	65,549
2018/19	53,783	20,395	74,178	65,434
2019/20	54,038	21,227	75,265	66,610
2020/21	54,327	22,114	76,441	67,866
2021/22	54,644	23,060	77,705	69,207
2022/23	54,992	24,071	79,063	70,638
2023/24	55,371	25,149	80,520	72,166
% Growth 2014/15 - 2018/19	1.2	15.7	4.8	6.3
% Projected 5 yr. growth	3.0	23.3	8.5	10.3

Source: HESA, Knight Frank Residential Research

*The projected student numbers in figure 13 and table 9 illustrate strong growth over the next five years, however, the model used to produce this projection is based on recent trends and does not consider other limiting factors such as university capacity and university student number growth plans.

5. PRICING ANALYSIS

Rental Growth

- Knight Frank's Student Property Index indicates headline rental growth for purpose built student accommodation (PBSA) across Manchester of +2.79% for the 2019/20 academic year. This is higher than performance across the UK (+2.36%).
- The Report for Resolution on PBSA (discussed in Section 1) acknowledges that Manchester is one of the "most expensive cities in the UK for PBSA" and this is supported by the strong rental growth achieved over the last four years detailed in Table 10, outstripping the UK average each year. This strong rental growth may be as a result of a demand/supply imbalance pushing PBSA rents upward, and as such, the Report for Resolution consultation recommends "a more diverse pipeline of new PBSA" to "stabilise rental growth."

Table 10: 4 year price performance by PBSA room type – Manchester and the UK

Accommodation Type	2016/17	2017/18	2018/19	2019/20
Non-Ensuite	5.06%	3.33%	3.02%	2.73%
Ensuite	5.37%	2.87%	2.18%	2.83%
Studio	6.90%	3.53%	1.28%	2.90%
Manchester (all)	5.32%	3.12%	2.48%	2.79%
UK average	2.60%	2.55%	2.26%	2.36%

Source: Knight Frank Residential Research

Rents for the proposed Wilmslow Road scheme

Table 11 below illustrates the rent of an en-suite room at the proposed Wilmslow Road scheme, assuming opening in academic year 2023/24. The ensuite room is anticipated to be £160 per week on a 45-week tenancy totalling £7,200.

To allow us to compare and contrast the proposed weekly rate at Wilmslow Road against other PBSA schemes and private rental listings (marketed to students), we've included an adjusted weekly rate based on a 51-week tenancy which equates to £141 per week.

Table 11: Rents for the proposed Wilmslow Road site (2023/24 opening)

Room Type	Term length	Weekly rate	Total	Weekly rate (adj. to 51 wks)
En-suite	45	£160	£7,200	£141

Source: Watkin Jones Group, Knight Frank Residential Research

University and Private PBSA Rents

For the purpose of the analysis in Table 12 and Figure 14 below, all PBSA rents have been standardised at a 51-week term length (all rates are inclusive of bills).

To allow us to compare the proposed Wilmslow Road rates on a like-for-like basis, we've applied the latest Consumer Prices Index (CPI inflation) forecast from the Office for Budget Responsibility (OBR) to the 2020/21 PBSA rates to provide us with 2023/24 estimates.

- University rents for a standard room with a shared bathroom, are estimated to range from around £102 per week through to £197 for a premium studio room (at a letting term of 51-weeks).
- Private direct let rents are estimated to range from around £110 per week for standard non-ensuite accommodation through to £253 per week for a premium studio on a 51-week tenancy.

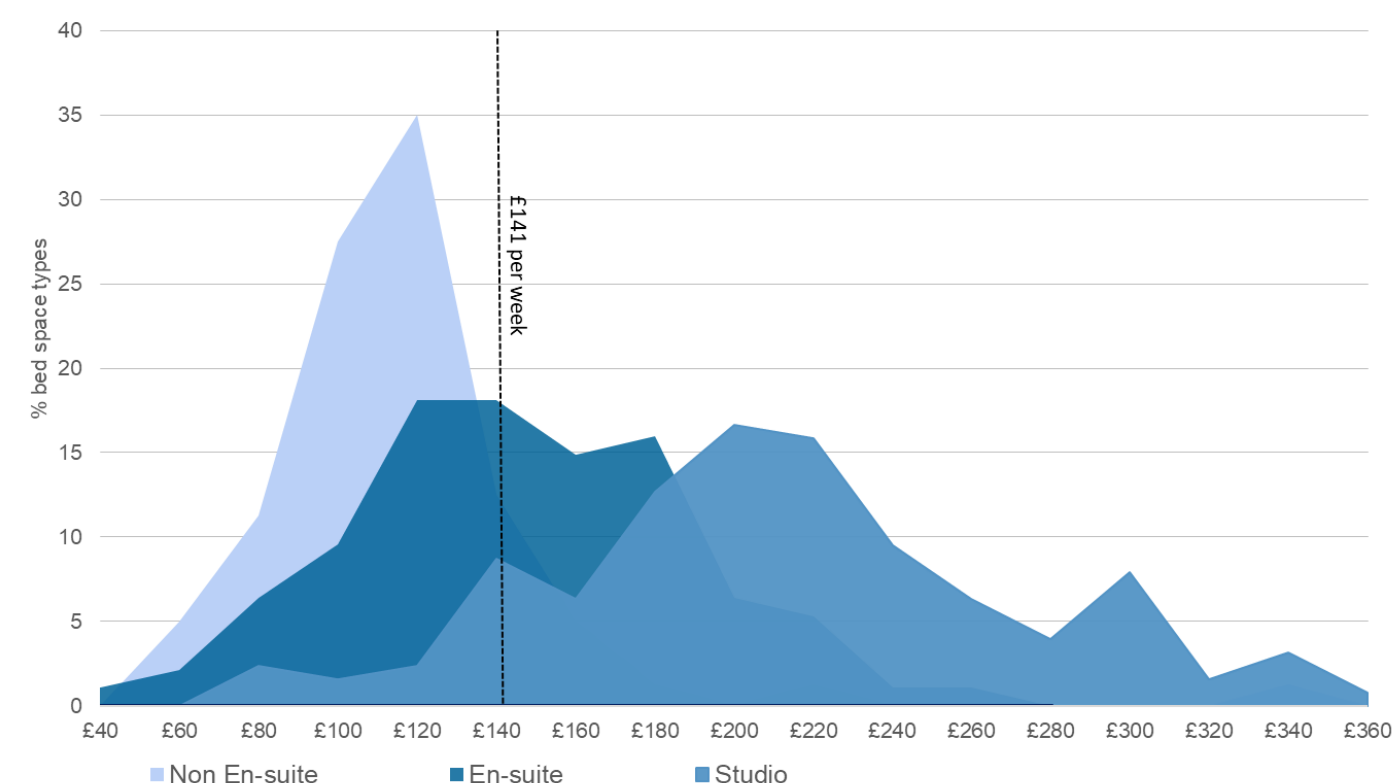
- Figure 14 illustrates the distribution of estimated 2023/24 price points for PBSA across Manchester. The price points for a non-ensuite room has a narrower spread at the lower end of the market, whilst the ensuite and studio rooms follow a wider spread of pricing towards the upper end of the market.
- The weekly adjusted rate of £141 per week (based on a 51-week tenancy) for the proposed Wilmslow Road scheme sits directly in the middle of the en-suite pricing distribution across Manchester.

Table 12: University & private PBSA rents (51-week term) – 2023/24 estimates

Type	University				Private				Manchester (all)			
	Lower Quartile	Median	Upper Quartile	Mean	Lower Quartile	Median	Upper Quartile	Mean	Lower Quartile	Median	Upper Quartile	Mean
Non-Ensuite	£102	£119	£128	£115	£110	£127	£143	£131	£104	£122	£136	£125
Ensuite	£123	£141	£163	£147	£128	£155	£188	£158	£125	£153	£187	£156
Studio	£143	£159	£197	£173	£189	£220	£253	£225	£187	£219	£251	£224

Source: OBR, Knight Frank Residential Research

Figure 14: Distribution of all self-catered PBSA room types across Manchester (2023/24 estimates)

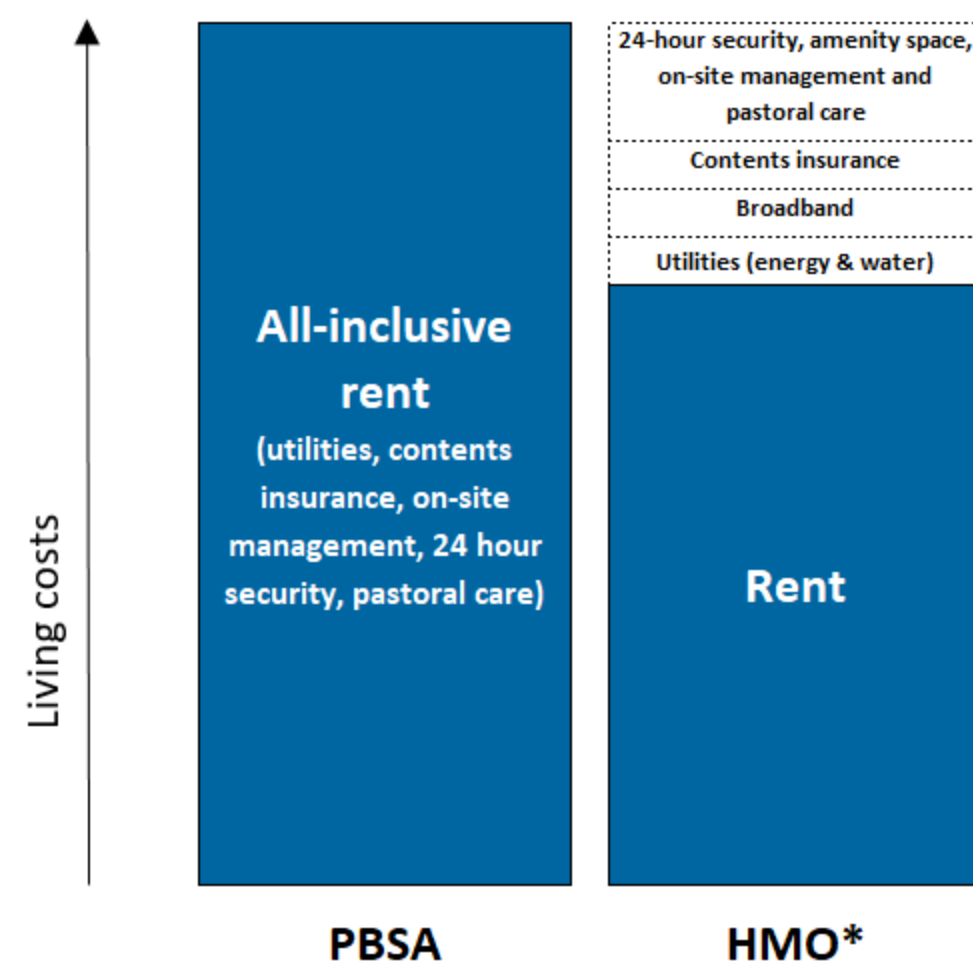


Source: Knight Frank Residential Research

Comparison of PBSA and non-PBSA rents

A large proportion of university and private PBSA operators in the UK provide furnished rooms inclusive of utility bills high-speed broadband and contents insurance, as a minimum, and in some instances their offering also includes an on-site gym, study rooms, cinema room, and more. Shared accommodation for students in the private rented sector (non-PBSA) tend to be in secondhand housing stock or Houses of Multiple Occupation (HMOs), and exclusive of any bills.

Figure 15: Breakdown of living costs in PBSA compared to that of non-PBSA (HMO*)



Source: Knight Frank Residential Research
* HMO private rental listings marketed to students only

Tenancy lengths for PBSA typically range from 39 to 51 week contracts, whilst non-PBSA is generally offered on a 51-week contract only. To enable us to provide a like-for-like pricing comparison of PBSA and non-PBSA (private rental listings marketed to students), we have standardised all PBSA and non-PBSA pricing on a 51-week tenancy length. To calculate the additional living costs in the private rented sector, we have used latest estimates based on a 3-bedroom house in the Fallowfield area:

- For electricity, gas, water and broadband costs we have used estimates from Glide.co.uk (which totals £16.63 per person, per week).
- For contents insurance, we've used Endsleigh to provide an estimate for a student living in Fallowfield (which totals £2.23 per person per week).
- In total, additional bills for livings cost £18.91 per person, per week and this figure has been added to the weekly rate for non-PBSA rents (private rented listings marketed to students).

Similar to previous section, we have applied the latest Consumer Prices Index (CPI inflation) forecast from the Office for Budget Responsibility (OBR) to the 2020/21 PBSA and non-PBSA rates to provide us with comparable 2023/24 estimates.

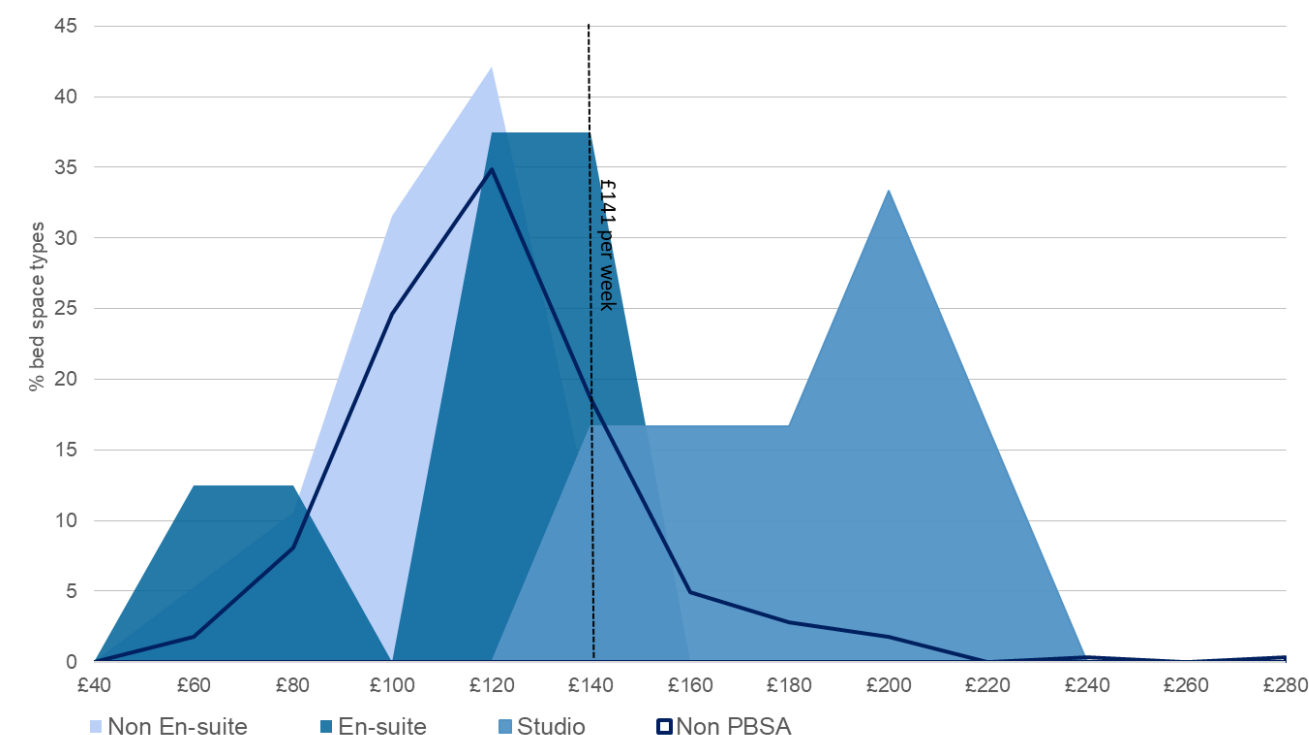
- The weekly adjusted rate of £141 per week (based on a 51-week tenancy) for the proposed Wilmslow Road scheme sits between the mean (£128) and the upper quartile (£147) of en-suite rooms within the local Fallowfield area. The proposed rate also sits in the middle of the mean (£137) and upper quartile (£143) of HMO rents in the local Fallowfield area.
- The average en-suite PBSA room (£181) and HMO bed space (£202) located in city centre is estimated to be 29% and 43% more expensive than that of the proposed Wilmslow Road rate.

Table 13: Distribution of weekly rents of PBSA and non-PBSA – estimated 2023/24 rates based on 2020/21 actuals

Type		Fallowfield				City Centre				All Manchester			
		Lower Quartile	Median	Upper Quartile	Mean	Lower Quartile	Median	Upper Quartile	Mean	Lower Quartile	Median	Upper Quartile	Mean
PBSA	Standard	£105	£125	£133	£119	£125	£135	£145	£137	£104	£122	£136	£125
	Ensuite	£122	£131	£147	£128	£151	£184	£225	£181	£125	£153	£187	£156
	Studio	£168	£197	£214	£190	£204	£231	£267	£244	£187	£219	£251	£224
Non-PBSA	HMO*	£113	£128	£143	£137	£147	£185	£240	£202	£113	£133	£155	£147

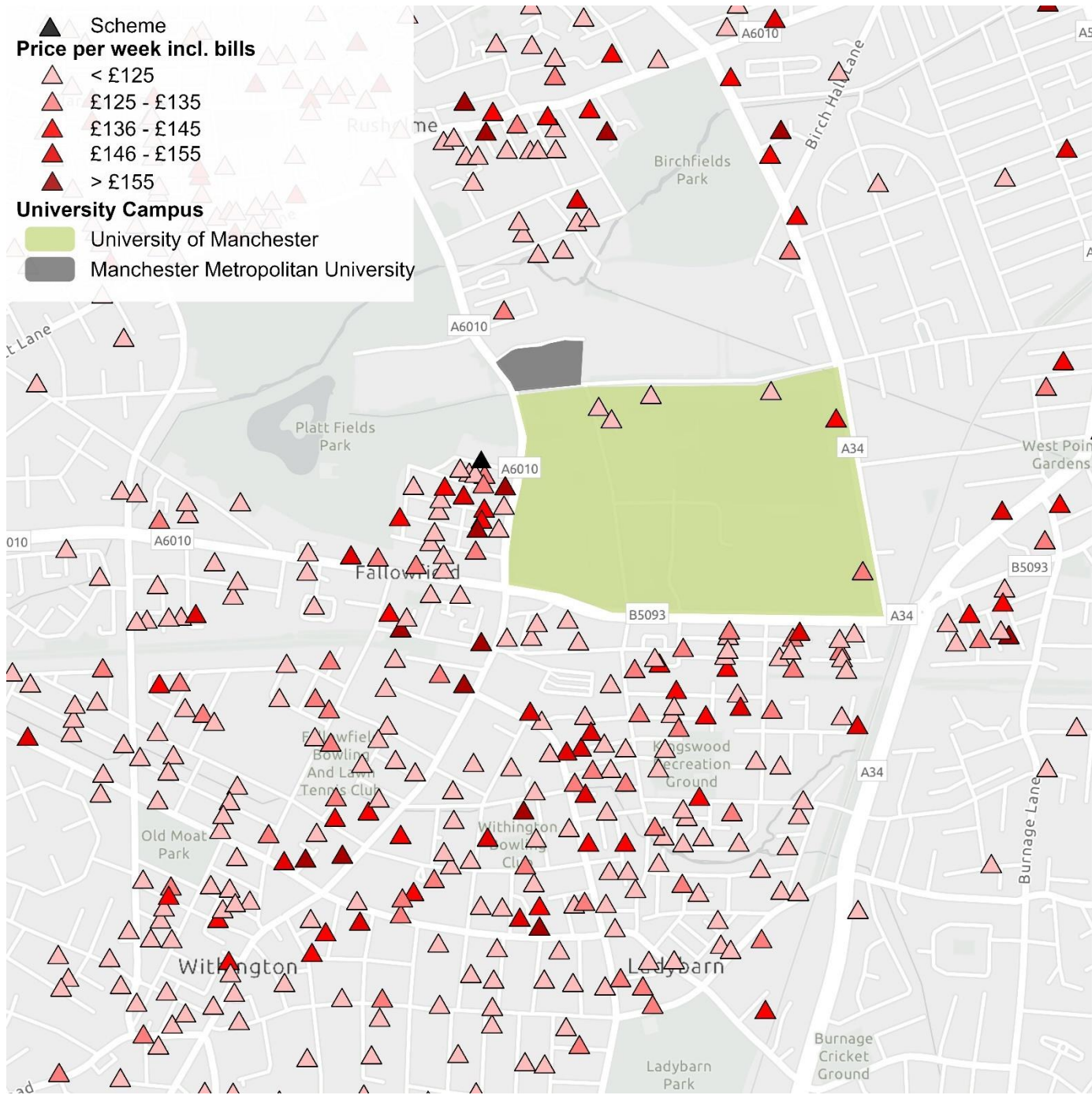
Source: OBR, Rightmove, Knight Frank Residential Research
PBSA pricing distribution based on all university and direct let stock.
*HMO private rental listings marketed to students only and include £18.91 to account for additional living costs.

Figure 16: Distribution of PBSA and Non-PBSA pricing in Fallowfield



Source: Knight Frank Residential Research

Figure 17: Map private rental listings (marketed to students) by price range within the local Fallowfield area



Source: Rightmove, Knight Frank Residential Research

6. SUMMARY

6.1 Key market drivers

Based on our analysis the key demand and supply-side factors for the student market relating to the Manchester market, are as follows:

Key demand side factors

- 2018/19 data from the Higher Education Statistics Authority (HESA) indicates that there are 12,390 full time students living within the Fallowfield area (0.5 mile radius of the Wilmslow Road site). Of the 12,350 full time students not living at home with parents, 9,405 (76%) are full time undergraduates. Between 2014/15 and 2018/19, the number of full time students living within a 0.5 mile radius of Wilmslow Road, have increased by 29%.
- There are 65,434 full-time students studying at HEPs across Manchester and their numbers have grown 6.3% between 2014/15 and 2018/19, representing a net increase of approximately 975 students per annum.
- International students have increased 18.8% over the previous four years and now account for over 23% (17,308) of total students studying in Manchester, with Manchester Metropolitan University experiencing the strongest growth (+20.9%).
- Over 121,000 applications were made to universities in Manchester for the 2019/20 academic cycle, of which 17,715 students accepted places. Applications have increased 1.8% since 2014, whilst acceptances have marginally declined -0.9% over the same period. Applications in 2019 to universities within Manchester are the highest they have been over the past ten years.
- Similar to other areas across the UK, the 18 – 21 year old population within these local authorities is projected to continue to decline until 2022, before increasing consistently for the next ten years. The population is predicted to dip again for three years, before rising and remaining stable from 2036 onwards. The expected total population of 18 – 21s within these local authorities is set to increase by 11.8% in 2039 compared to 2016.

Key supply side factors

- The current supply of student bed space within Manchester largely comes from the private rented sector in the form of HMOs and parental homes. Combined this is deemed to represent approximately 55% of accommodation for full time students across the city.
- There were approximately 4,081 private rented sector (PRS) properties explicitly marketed at students that came up for rent within Manchester in the year to October 2020, of which over 1,000 were located within the local Fallowfield area (within a 0.5 mile radius of the Wilmslow Road site).
- The universities across Manchester provide accommodation for approximately 10,313 students. Approximately 65% (6,692 bed spaces) of accommodation is standard rooms with a shared bathroom. Single occupancy ensuite rooms represent a further 33% (3,425 bed spaces) of supply, whilst studio provision accounts for just 2% of the university-controlled stock.
- Privately operated direct let accommodation represents 64.1% of the total city wide purpose built bed space provision (18,435 bed spaces). The privately operated PBSA is predominantly provided as ensuite rooms (52%) with the remainder split between studio accommodation (33%) and non-ensuite rooms (15%).
- Our analysis of pipeline supply shows that there are approximately 3,002 bed spaces with permission granted and a further 853 bed spaces with planning submitted in Manchester, totalling 3,855 potential bed spaces. 12% (591 bed spaces) of the pipeline is estimated to complete by 2021, 6% (324 bed spaces) by 2022 with a further 17% (853 bed spaces), estimated for 2023. The remaining 65% has been estimated to complete post 2023.
- The University of Manchester is currently in the process of redeveloping its Fallowfield Campus which will provide around 3,315 bed spaces. The redevelopment will replace the 3,000 bed spaces that were demolished across the Fallowfield Campus and Grosvenor Halls (located in the city centre), and as such, will not equate to a significant net growth in its bed stock.

Impact of Covid-19

UCAS data for the 2021 academic year indicates a 12% growth in applicants overall and a 20% growth in international student applicants. Sentiment survey data from UCAS indicates that 80% remain committed to going to

university in 2021. These trends coupled with an ongoing demographic trend, which will see the absolute number of UK 18 year olds increase year on year for the next decade, should mean that student numbers increase.

Manchester City Council agree with this sentiment, as according to its recent Report for Resolution on PBSA, its states that “whilst there might be a short term dip in the number of students taking up places as a result of Covid-19 pandemic, it is expected that numbers will continue to remain strong over the medium term.” The Council’s “long term plan remains one of growth in the city and any future approved PBSA developments will be completed before 2023, at which point the target would be for student numbers to have return to or improved on currents.”

Concluding statement

There are an estimated 28,748 PBSA bed spaces in Manchester, representing 45% of total full time students. This equates to a gross ratio of 2.2 students per bed space (0.45 bed spaces per student). If the potential development pipeline (3,855 bed spaces) is included within the supply, alongside the projected 10.3% increase in student numbers (1,346 students per annum), the estimated future full-time student to bed space ratio will remain unchanged at 2.2 students per bed space.

Manchester City Council supports the strong growth of both universities and recognises the benefits of the graduates who remain in the city, have on both the local economy and the culture of the city. The council has acknowledged the negative impact that high concentrations of students living in HMO’s have amongst neighbourhoods and as such, is actively controlling the spread of HMO housing. As such, the council has suggested students should be encouraged to live in halls which are easier to manage in terms of negative environmental impact on the surrounding neighbourhoods.

There are 12,390 full-time students living within the local Fallowfield area (within a 0.5-mile radius of the Wilmslow Road site), of which 40 (0.3%) live at home and 3,918 (31.6%) live in PBSA, we can deduce that the remaining 8,432 (68.1%) full-time students live in non-PBSA accommodation/HMO accommodation within the mainstream private rented sector.

The proposed scheme will provide high quality PBSA accommodation at an affordable price point, in a location where student demand remains very high (and increasing), where there is a serious deficiency of PBSA, and where there is continuing pressure placed on the mainstream housing stock. The proposed scheme will cater for proven demand and provide the potential to draw students out of HMOs in the local area, in a way that the more expensive city centre PBSA is very unlikely to.

The anticipated price point for the Wilmslow Road proposals sits substantially below city centre PBSA and HMO prices and between the median and upper quartile for HMO prices in Fallowfield (taking into account contract lengths, inclusive bills and inflationary adjustments). The price point, together with the high standard of accommodation, amenity offered and its prime location, provides an attractive and realistic alternative to a good proportion of the HMO stock in Fallowfield. The proposal will both serve to reduce the supply deficiency (which in itself reduces pressure on mainstream housing stock) and offer essential choice.

APPENDIX 1

Table 14: Existing PBSA – Largest 20 schemes in Manchester

Map Ref	Scheme	Postcode	Controlling Entity	Total bed spaces
1	Whitworth Park	M13 9WJ	University of Manchester	1,173
2	Unsworth Park	M14 6FZ	University of Manchester	1,122
3	Owens Park	M14 6HD	University of Manchester	1,048
4	iQ Wilmslow Park	M13 0JQ	iQ	1,019
5	dwell Manchester Student	M1 5SX	Dwell Student Living	1,017
6	Birley	M15 6GX	Manchester Metropolitan University	967
7	Booth Hall	CW1 5NP	Manchester Metropolitan University	799
8	River Street Tower	M15 5GQ	Downing Students	792
9	Cambridge	M15 6TT	Manchester Metropolitan University	765
10	Parkway Gate	M15 6JE	Unite	729
11	Mill Point	M1 2AR	Unite	712
12	Denmark Road	M15 6GQ	Sanctuary students	697
13	New Medlock House	M15 6JX	Unite	671
14	Sir Charles Groves Halls	M15 6PF	Unite	600
15	Grafton Street	M13 9LR	Sanctuary Students	590
16	Piccadilly Point	M1 2AD	Unite	588
17	Bridgewater Heights	M1 5NR	Unite	520
18	Weston Hall	M1 3BB	University of Manchester	514
19	Richmond Park	M14 6YY	University of Manchester	503
20	Vita Student Manchester -	M1 7FA	Vita Student	496

Source: Knight Frank Student Property

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