

# 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

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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%.

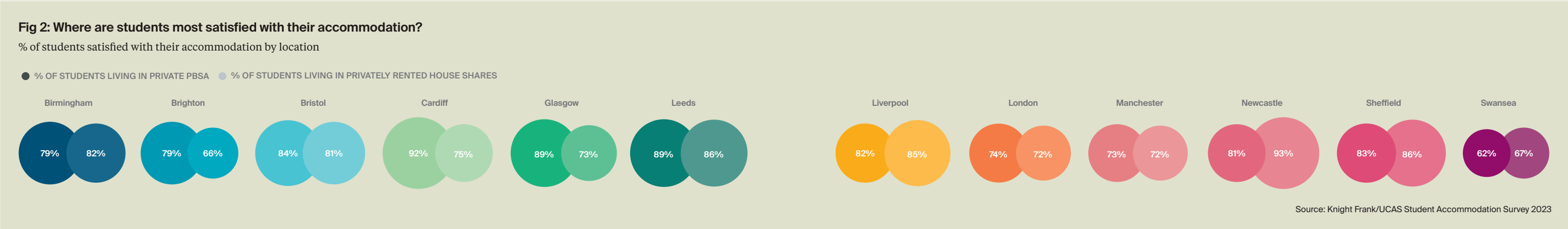
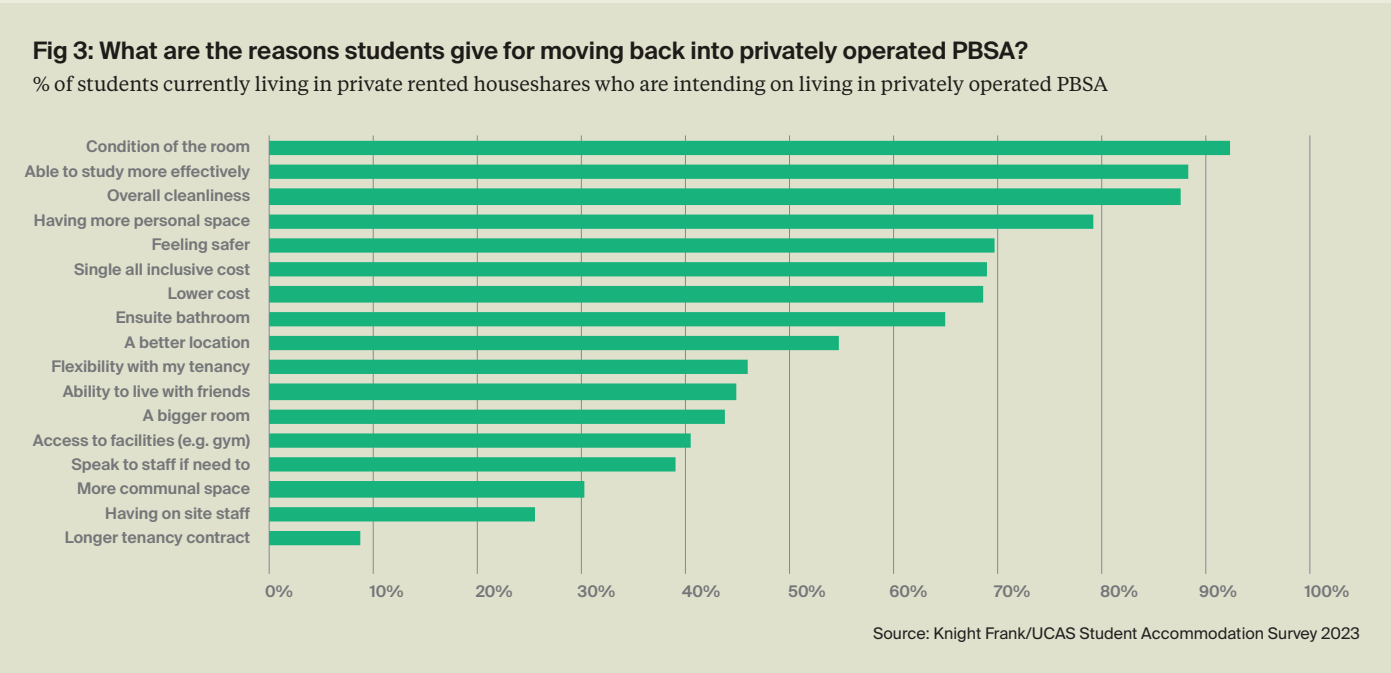
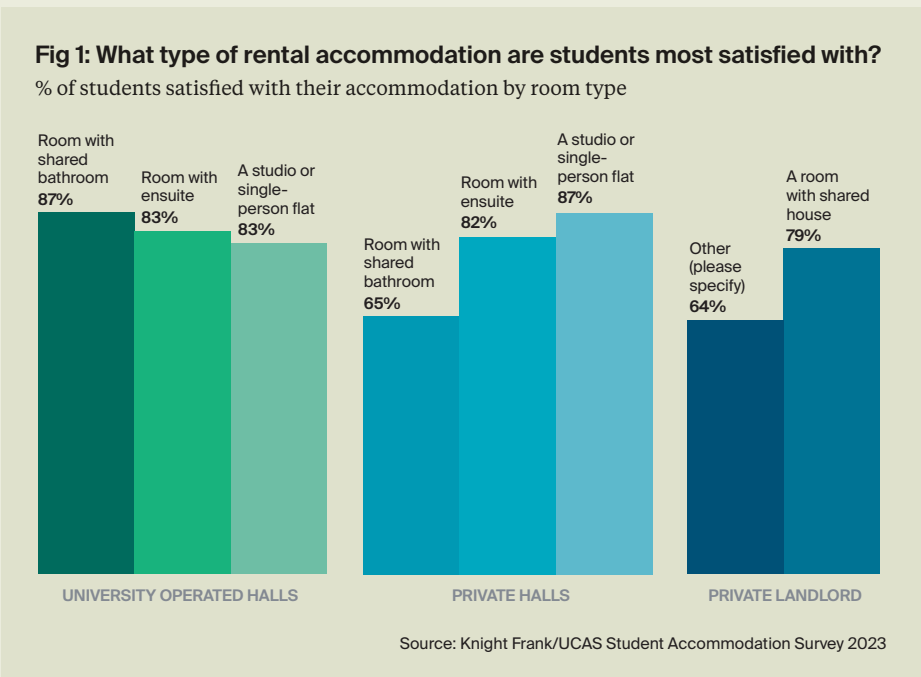
Encouragingly, some 80% of students currently living in privately owned and operated PBSA said they would recommend their accommodation to other students.

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.



# Cost and value

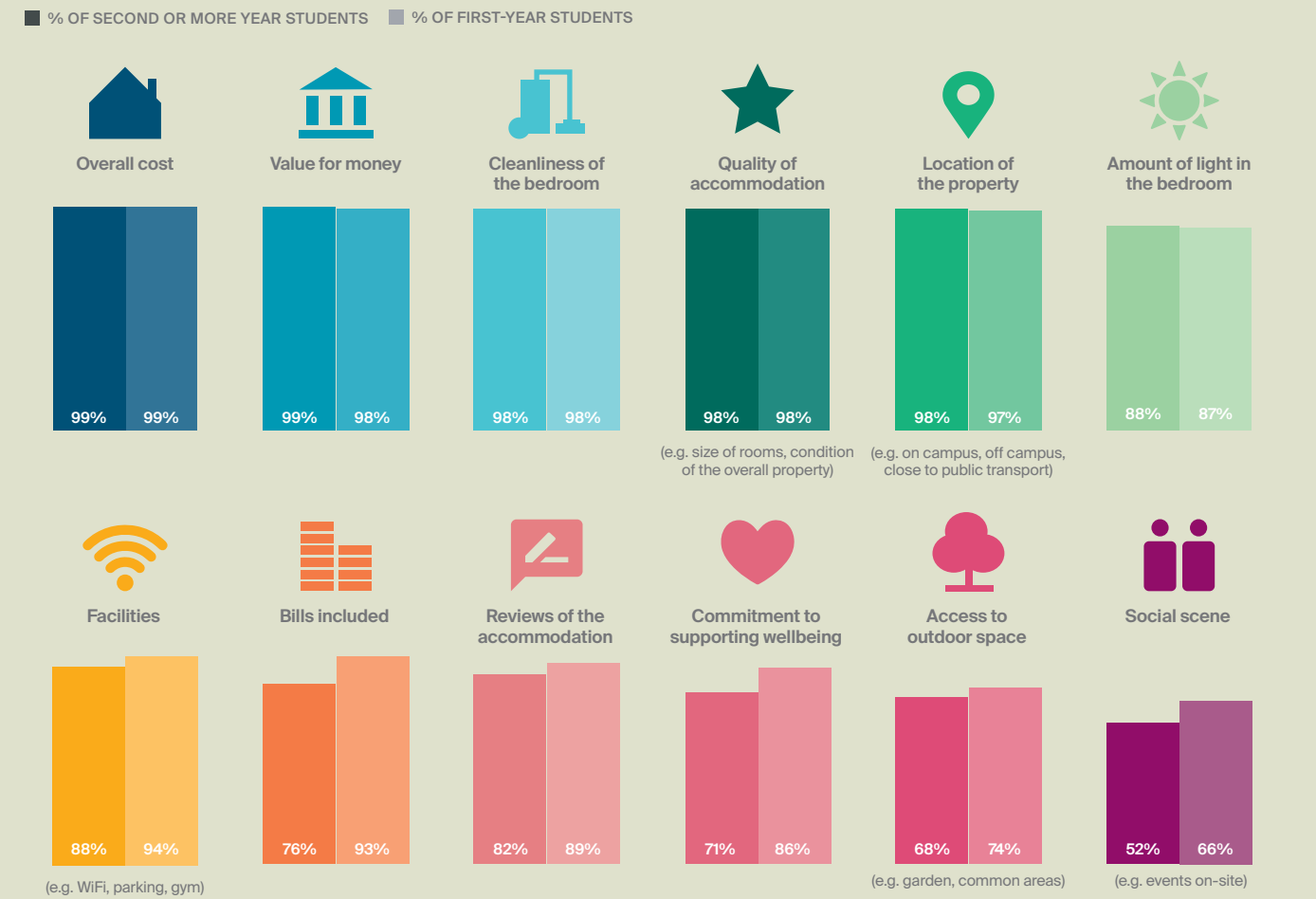
Cost has overtaken value as the most important factor influencing where students live.

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

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

62%

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

those living in university-operated accommodation and £6,860 for students living in privately rented house shares.

Relative to last year’s survey, the gap between the cost of privately operated and university-operated accommodation has narrowed considerably. The average rent for students living in private PBSA has increased by £670, compared with an average increase in cost for private renters of approximately £1,000 per annum (not including bills). The cost of university halls has remained comparable to last year.

Regardless of the type of accommodation they were living in, most students (84%) indicated that their accommodation costs

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%.

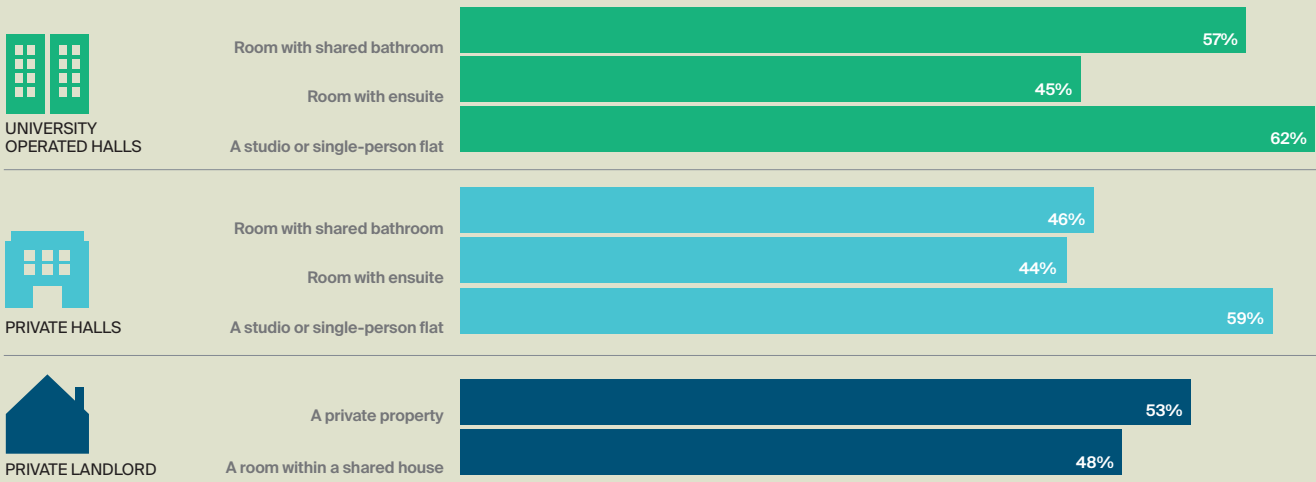
As the market evolves, investors, developers and operators will need to focus on the affordability of their offering to students and how accommodation costs feed into the way students decide on where they study, highlighted by the fact that over half (52%) of students indicated that the student funding 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 5: Which room type offers the most value for money?

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

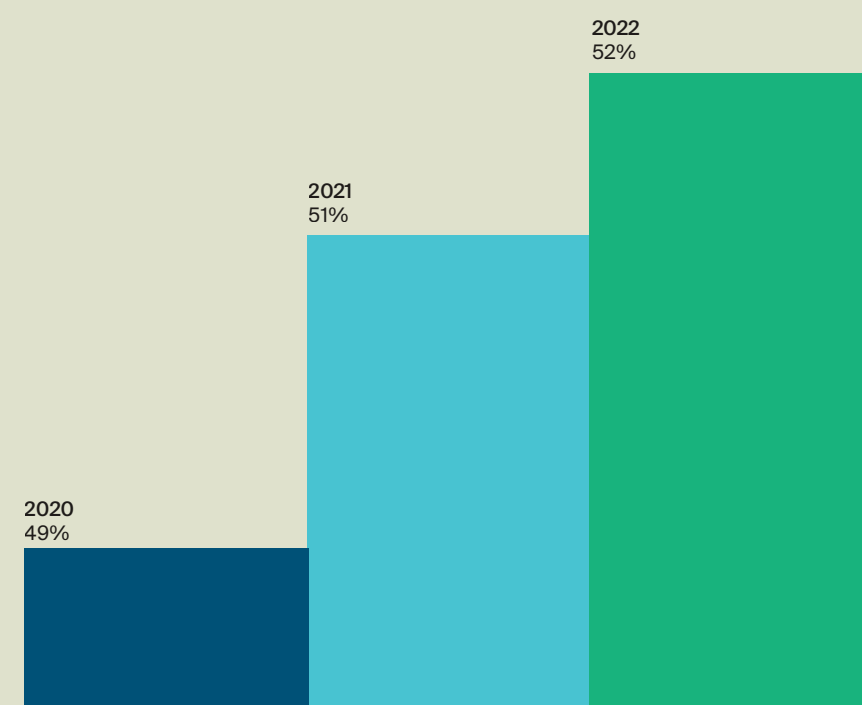


Source: Knight Frank/UCAS Student Accommodation Survey 2023



**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.

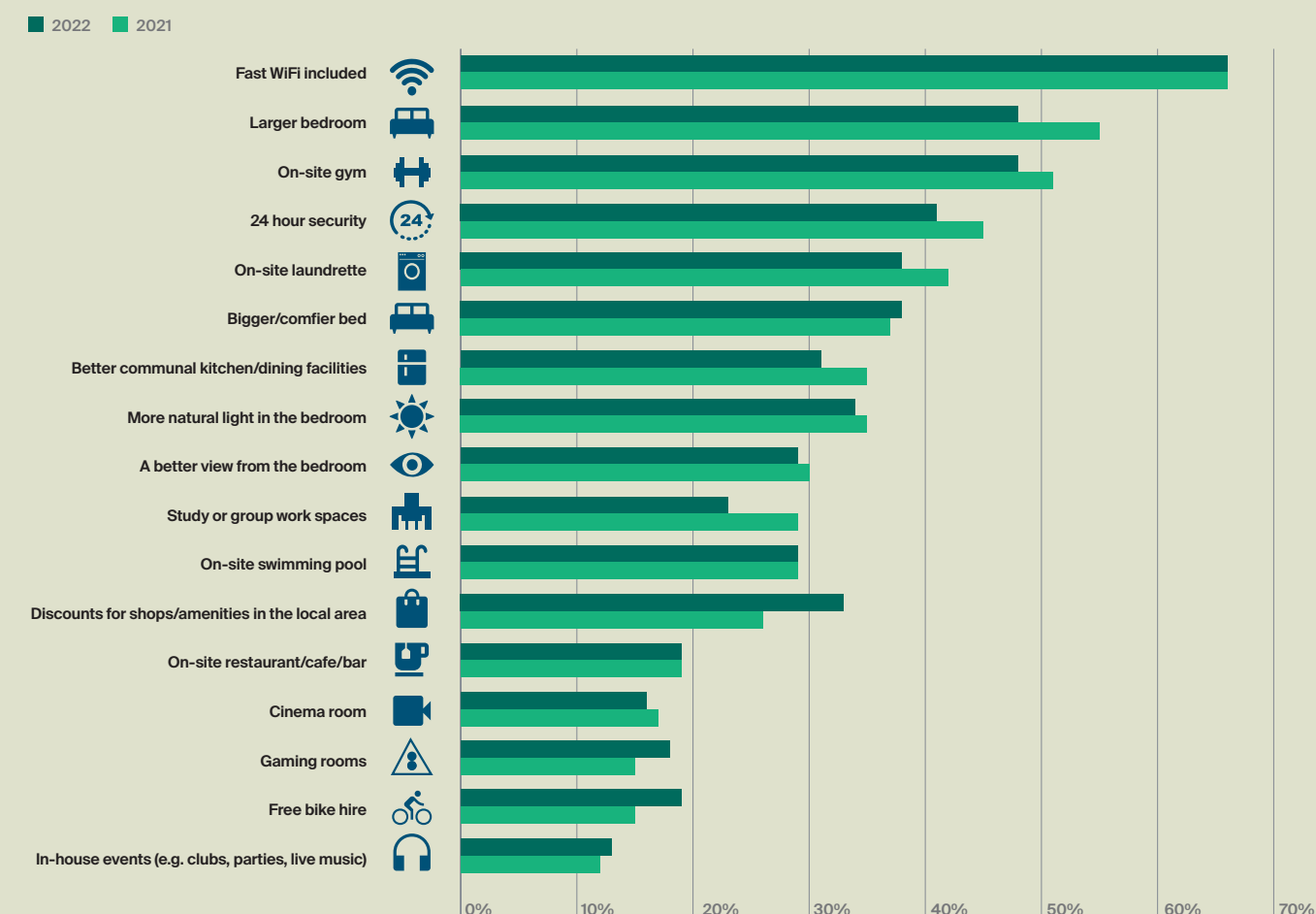
Interestingly, and perhaps reflecting the stronger weight placed on overall cost in this year's survey, students' willingness to pay for access to most amenities, including 24-hour security, a larger bedroom, or on-site facilities such as a gym or cinema room was notably lower than in previous years.

## 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.

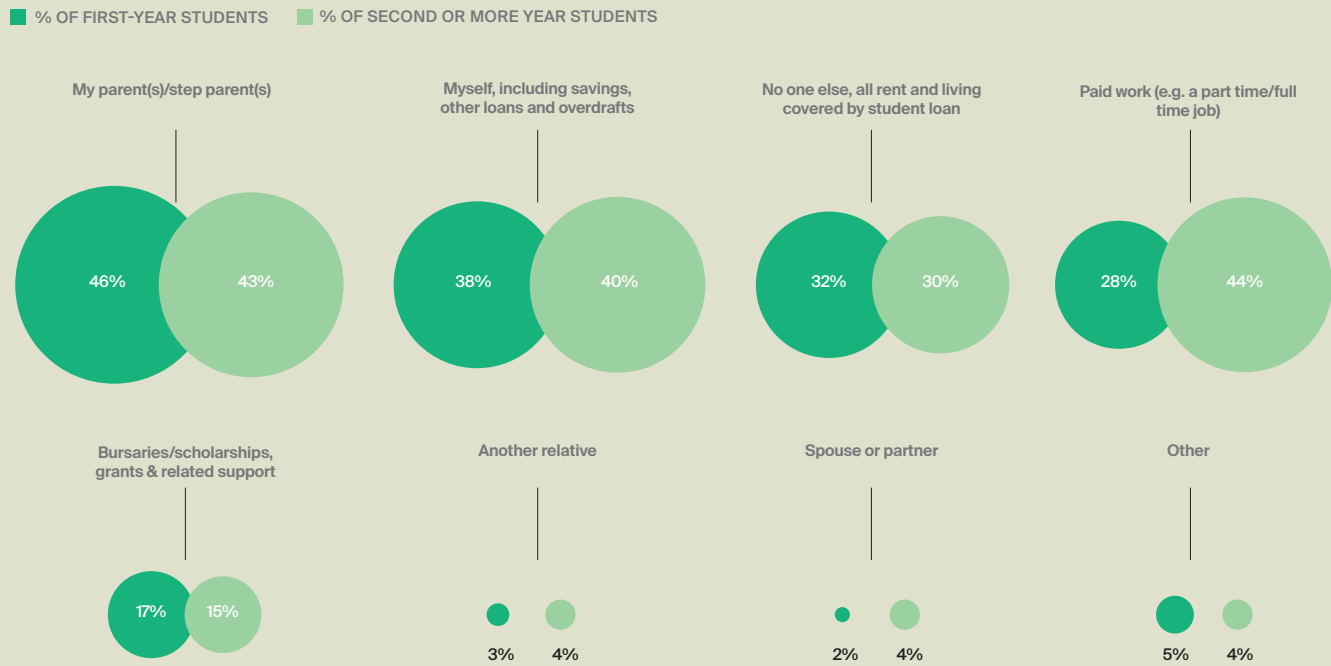
Social factors to support wellbeing featured heavily in student choices and there is evidence that these requirements are translating to price premiums. The survey results reinforced the importance that students place on the quality and usability of the social and amenity space provided in their accommodation, 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?

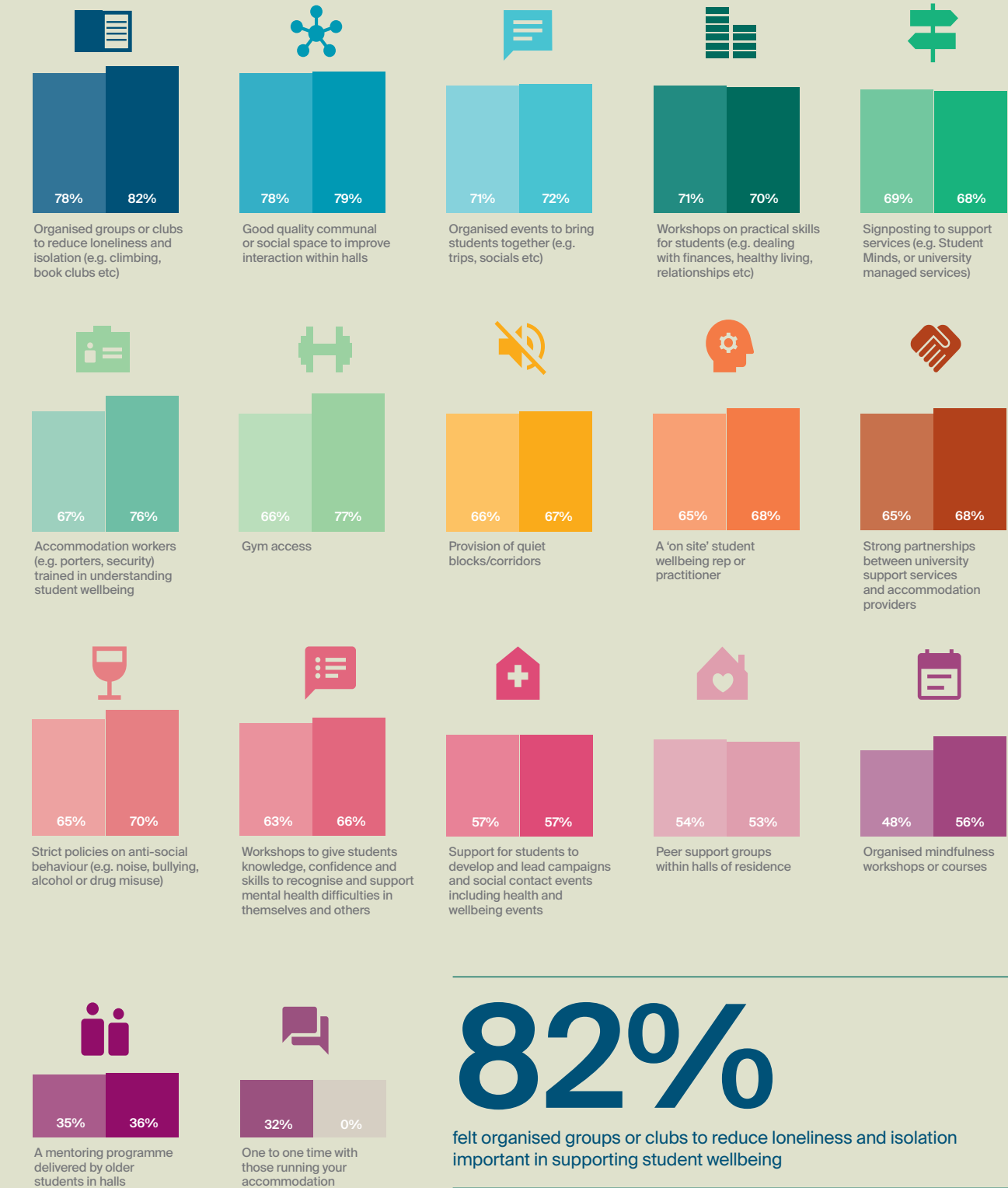


Source: Knight Frank/UCAS Student Accommodation Survey 2023

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

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

■ 2022 ■ 2021



82%

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

Source: Knight Frank/UCAS Student Accommodation Survey 2023

# 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

96%

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

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.

Student reviews of accommodation are becoming increasingly important. In total, 71% of students living in private PBSA said that they had looked at reviews of accommodation. In terms of their influence, in this year's survey 89% of first year's said that reviews had an important influence on their decision on where to live, whilst 62% said reviews were either extremely or very important. For students living in private PBSA reviews are even more important, with 72% of them rating it as either an extremely or very important influence on their decision.

### RESEARCHING ACCOMMODATION

Over 50% of first years indicated that they used their university's website and prospectus to research their accommodation, with a further 15% utilising student specific accommodation listing websites (e.g.

student.com). A lower proportion of second year students (17%) relied on input from their university, with 37% saying they used an online listing portal of some kind.

Over a fifth of students overall relied on their friends or other students to help them research accommodation options, highlighting the importance that reviews and student experience have on decision making.

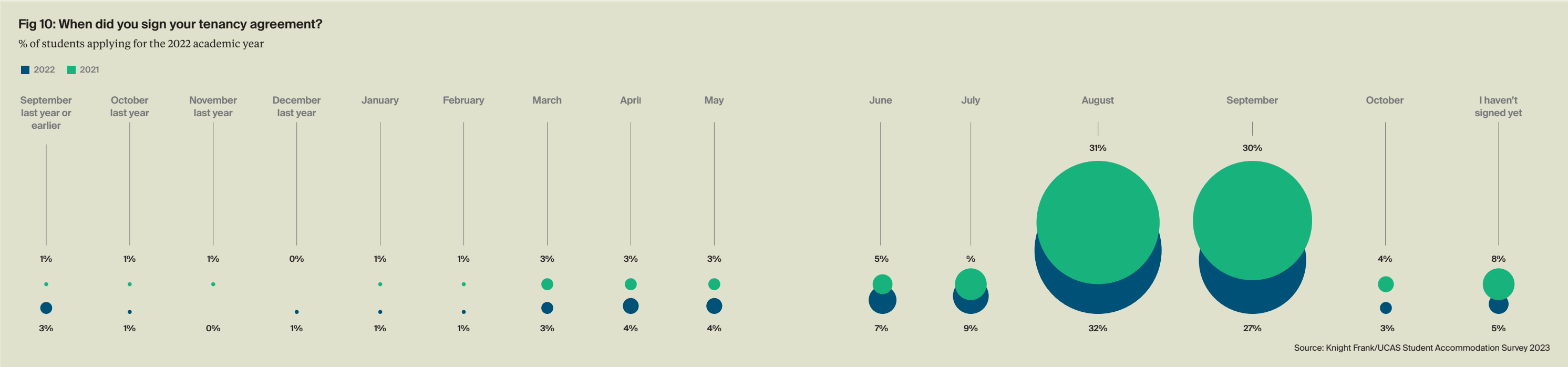
### FIRST IMPRESSIONS COUNT

Some 45% of students applying to university for the first time began to research their accommodation before they had applied. When it comes to choosing where to live, 80% of students said they viewed properties online, with just 42% viewing properties in person. The biggest 'turn offs' when viewing accommodation, for students applying

71%

In total, 71% of students living in private PBSA said that they had looked at reviews of accommodation.

to university for the first time were cost, location and the overall condition of the accommodation. Over 50% of applicants said that the availability of accommodation had at least a moderate influence on their decision on where to apply to study.





# 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 the requirements graduates have for remaining in their university cities.

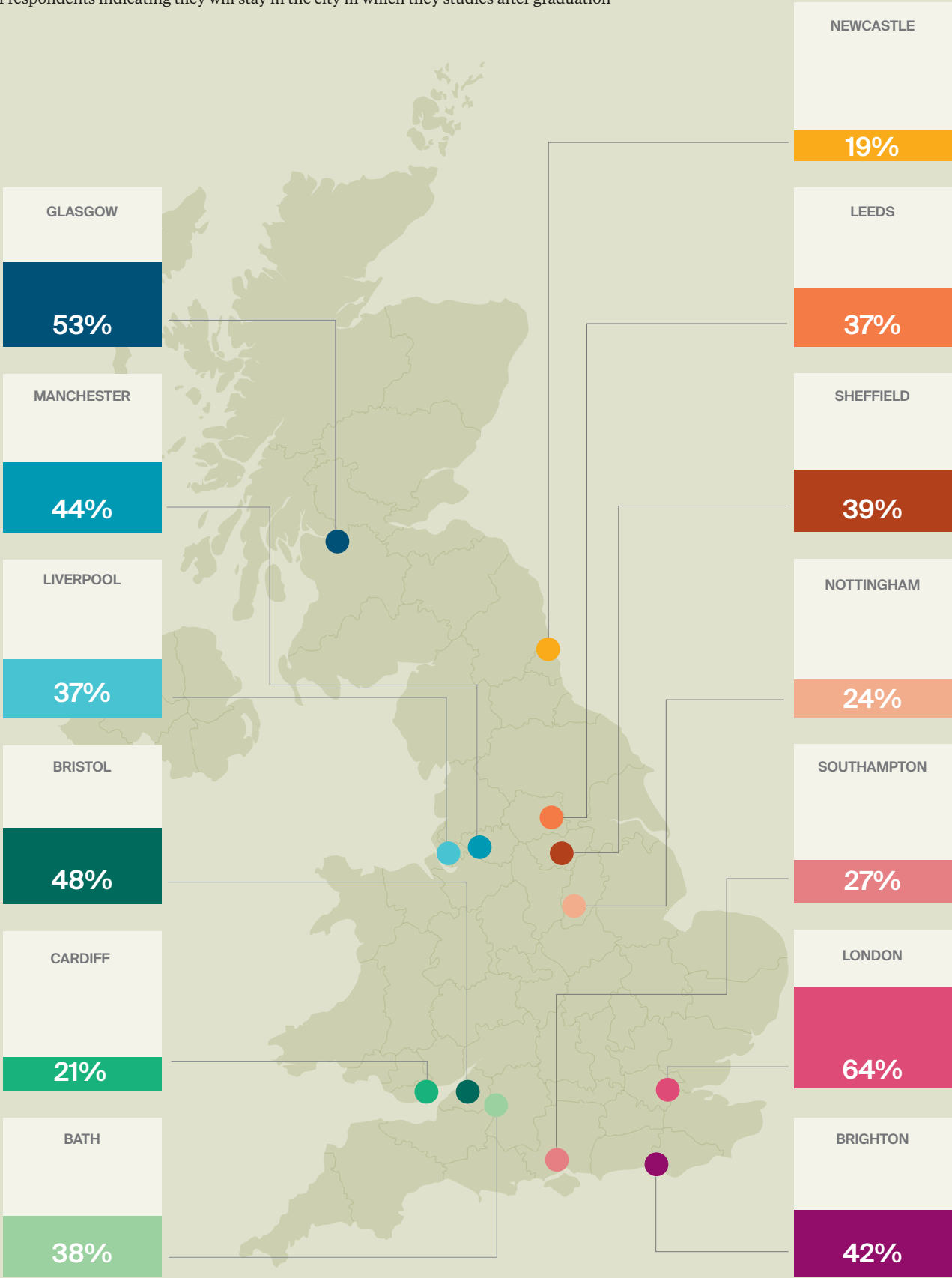
There is a huge untapped opportunity to ramp up the delivery of co-living and BTR accommodation across the UK. If designed and delivered properly, this could be the key to unlocking further graduate retention – especially in the North, where university leavers can play a hugely important role in supporting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

Fig 11: Graduate retention by city  
% of respondents indicating they will stay in the city in which they studies after graduation



Source: Knight Frank/UCAS Student Accommodation Survey 2023

For more information on the Knight Frank/UCAS Student Accommodation Survey please contact us.

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