



**JAMES PULLAN**  
Global Head of Student Property

“With a significantly larger pipeline this year, confidence in UK PBSA remains undiminished.

Affordability will remain a key focus for owners, operators and students and our analysis shows a shift in development towards shared accommodation in response. Schemes that provide clear and obvious elements that add value will attract the strongest demand.”

## UK STUDENT DEVELOPMENT PIPELINE UP DESPITE UNCERTAINTY

The number of bed spaces due to be built for the 2019/20 academic year is 25% higher than last year, analysis shows. An increase in the development pipeline highlights the resilience of the sector, despite wider uncertainties.

Some 29,000 purpose-built student bedrooms are due to be completed across the UK by the start of the 2019/20 academic year, according to an analysis of pipeline development data across more than 60 university towns and cities in the UK, up 25% from 23,000 in 2018/19.

In total, these new additions will lift the overall number of purpose-built student bed spaces by 5.1% to over 600,000. A further 14,000 bedrooms are under construction or in planning and due to be delivered in during the 2020 and 2021 academic years, although this total may rise as new applications are approved.

The majority of PBSA rooms are operated by universities, accounting for 64% of the current stock. Of this, however, 38% is actually privately owned and leased back to universities. As universities seek to improve or replace older stock, this could represent an opportunity for further collaboration and investment into the sector from private developers.

The private sector is playing a growing role in providing new accommodation for students. In total, private developers will build 82% of the total beds due to be completed by 2021, and nearly 90% of the beds due to be built for the 2019/20 academic year.

The type of stock in the pipeline is also changing. Our analysis of schemes under construction indicates a shift away from studios towards en suite rooms arranged in cluster flats, which traditionally command lower rents. Some 68% of the units under construction are categorised as cluster flats with shared kitchens and lounge areas. The remaining 32% are studios.

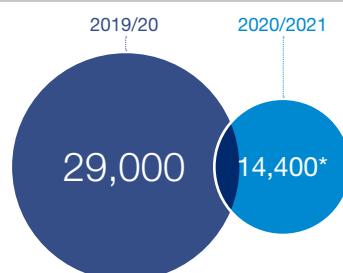
This represents a shift in development trends, as the market reacts to perceived affordability pressures in some key cities, and changing student demands.

A recent survey of 70,000 students undertaken by Knight Frank and UCAS showed conclusively that value for money is the key driver in the accommodation choices of students. The survey also highlighted the importance of location, quality and the option to live in friendship groups as underpinning student happiness in private PBSA.

The development trend towards affordability is expected to continue, though rising development costs are likely to place upward pressure on pricing. However, as ever, well-located assets in strong markets will prosper and demonstrate high occupancy and rental growth across different accommodation types.

**FIGURE 1**  
**Development pipeline of purpose built student accommodation**

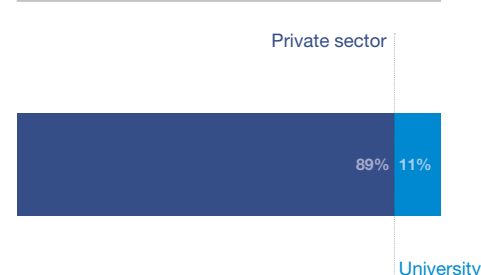
Projected volume of new student bedrooms by year of completion



**Source:** Knight Frank Research  
\*provisional

**FIGURE 1**  
**Who is building new bed spaces?**

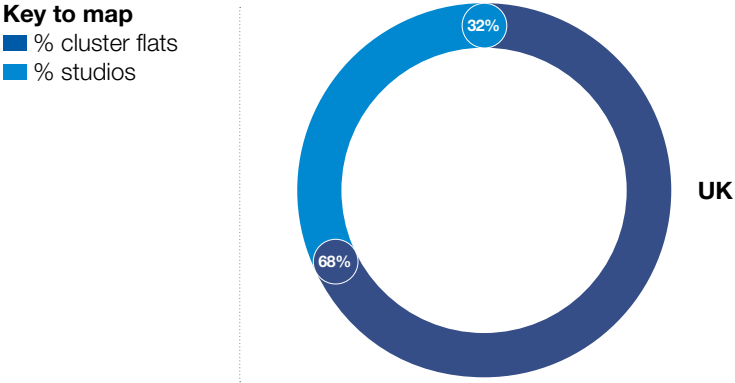
for 2019/20, private sector/university split



**Source:** Knight Frank Research

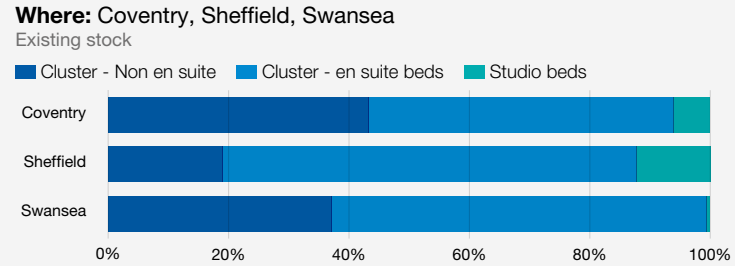
# DEVELOPMENT PIPELINE OF PURPOSE BUILT STUDENT ACCOMMODATION

Where are new beds being built for 2019/20, split by property type  
Selected city markets. Please contact us for the full list.



## HIGH PIPELINE MARKETS

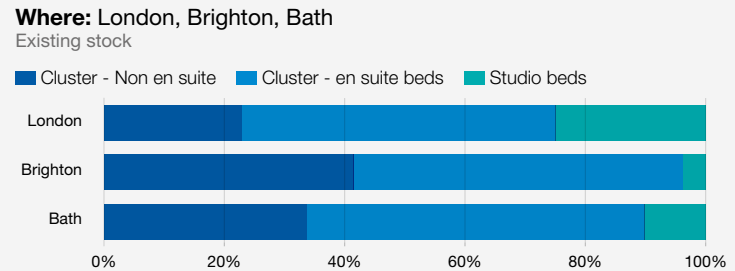
**What:** Markets with high levels of new bed spaces under construction relative to existing stock levels. These markets typically have a broad appeal to a wide range of students. However, sustained increases in student numbers will be important to achieve future rental growth.



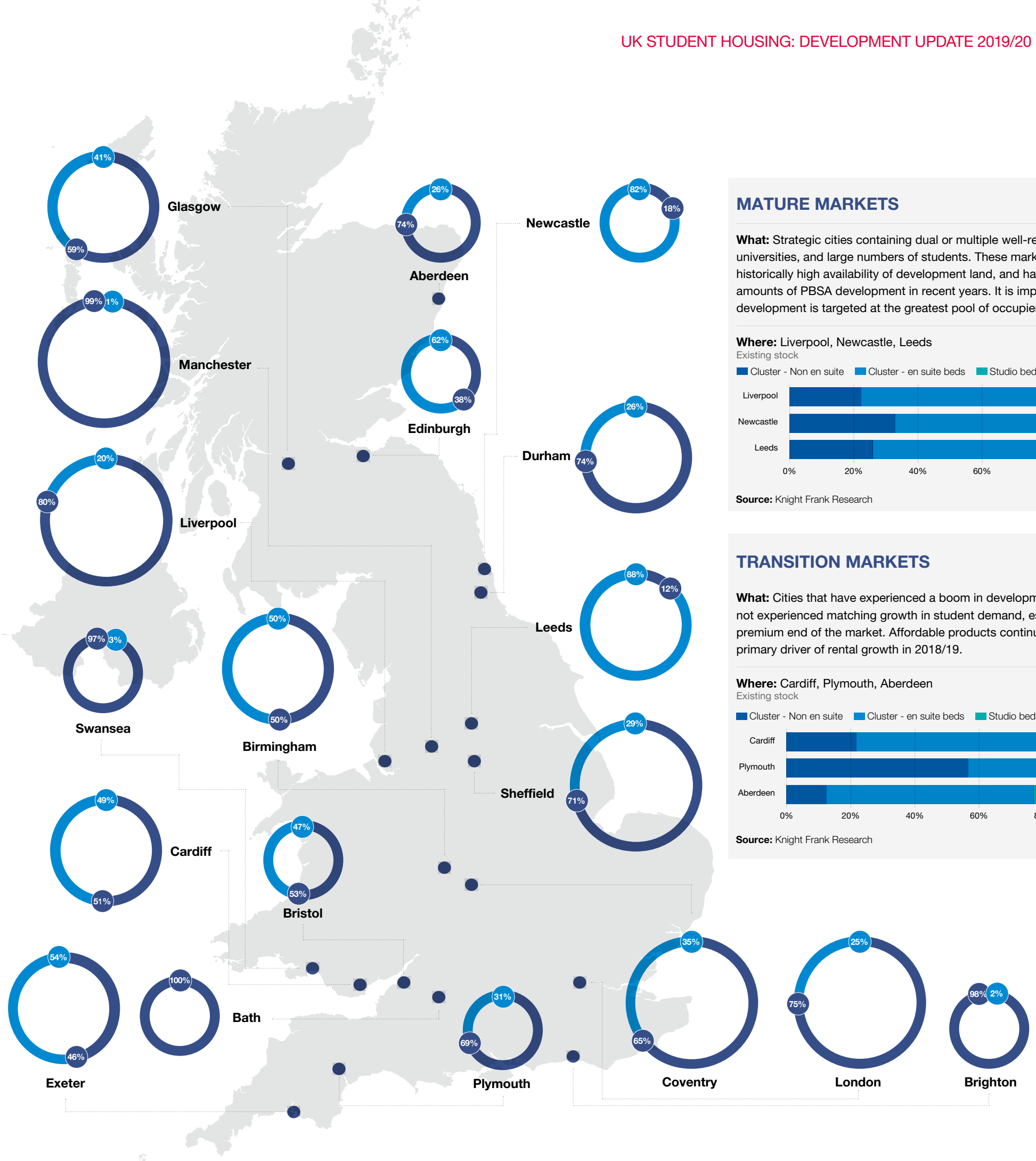
Source: Knight Frank Research

## SUPPLY-CONSTRAINED MARKETS

**What:** Markets where high competing land values and policy restrictions result in barriers to development. These markets have low pipelines of new stock, in spite of strong demand profiles.

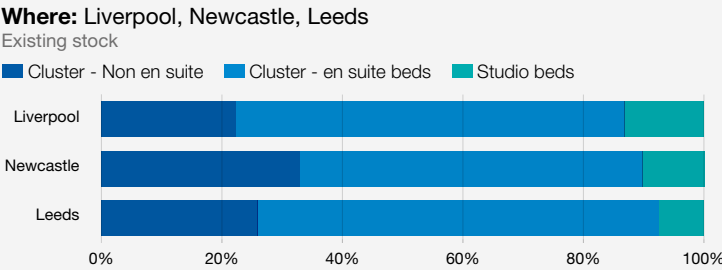


Source: Knight Frank Research



## MATURE MARKETS

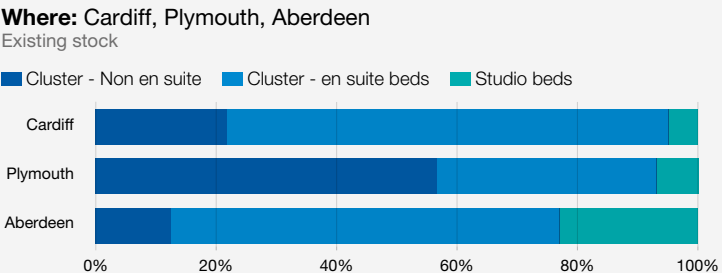
**What:** Strategic cities containing dual or multiple well-regarded universities, and large numbers of students. These markets have a historically high availability of development land, and have seen large amounts of PBSA development in recent years. It is important that new development is targeted at the greatest pool of occupier demand.



Source: Knight Frank Research

## TRANSITION MARKETS

**What:** Cities that have experienced a boom in development but have not experienced matching growth in student demand, especially at the premium end of the market. Affordable products continue to be the primary driver of rental growth in 2018/19.



Source: Knight Frank Research

## Market View: CA Ventures



**CHRISTIAN DAVIS**  
Christian Davis  
Vice President Acquisitions, Europe at CA Ventures

Knight Frank's analysis demonstrates a healthy pipeline of new purpose built student accommodation over the next three years. Furthermore, as is noted in the report, the onus is increasingly falling on the private sector to deliver new stock.

There are challenges, however, not least those arising from rising build and site costs which are putting pressure on margins, especially at the more affordable end of the market. This will play a key role in shaping the PBSA pipeline in the coming years.

At CA Ventures, our strategic focus over the next three years is to develop 6,000 bed spaces units in targeted cities both in the UK and Europe.

Our view of the market is reflected in the findings of the Knight Frank/UCAS Student Accommodation Survey which shows a preference for high-quality

accommodation that provides clear and obvious elements that add value.

As the market evolves, however, so must the product. Many of the features of accommodation that add value now will become standard in the future and the sector must adapt accordingly.

While changing demographics and fluctuating student numbers arising from uncertainty surrounding Brexit could pose short-term challenges, our longer-term view of PBSA in the UK is positive.

We see further provision of high quality accommodation as a necessity if the UK is to continue attracting international students at the same level. Accommodation choices will increasingly influence the decisions that students make on where to study, and, as a new entrant to the UK market, this provides us with an opportunity to listen and respond to these changes.

### STUDENT PROPERTY UK

**James Pullan**  
Head of Student Property  
020 7861 5422

**Neil Armstrong**  
Head of Student Property Valuations  
020 7861 5332

**Jonathan Goode**  
Partner, Student Property Valuations  
020 3897 0034

**Merelina Monk**  
Partner, Student Property Agency  
020 7861 5425

**Rachel Pengilly**  
Partner, Student Property Agency  
020 7861 5418

### GLOBAL CONTACTS

**James Pullan**  
Europe  
+44 020 7861 5422

**Emily Fell**  
Asia Pacific  
+65 6429 3591

**Ben Schubert**  
Australia  
+612 9036 6870

**Joseph Morris**  
Middle East  
+971 4426 7601

**Ryan Lang**  
America  
+512 637 1296

### RESEARCH & CONSULTING

**Matthew Bowen**  
Europe  
+44 0117 945 2641

**Paul Savitz**  
Asia Pacific  
+612 9036 6811



**Important Notice**  
© Knight Frank LLP 2019 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

## RECENT MARKET-LEADING RESEARCH PUBLICATIONS



The Wealth Report



Student Accommodation Survey



UK Student Housing Update



Australia Student Housing Report