A survey of 60,000 students analysed by Knight Frank & UCAS

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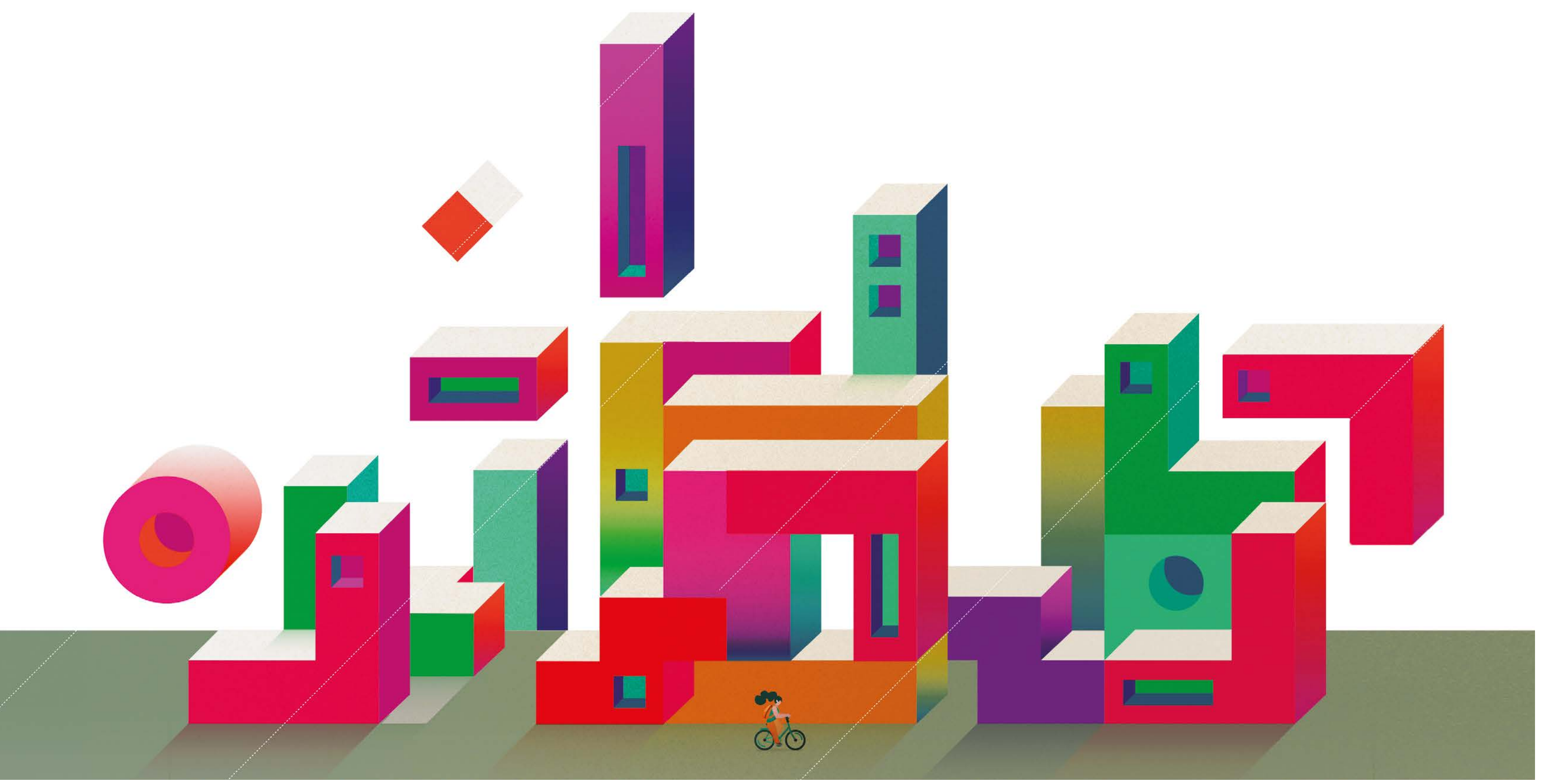
Student Accommodation Survey

2020

UCAS



SPONSOR
JAMES PULLAN
HEAD OF GLOBAL STUDENT PROPERTY

EDITOR
OLIVER KNIGHT

HEAD OF STUDENT PROPERTY RESEARCH
MATTHEW BOWEN

DIRECTOR OF UCAS MEDIA
SANDER KRISTEL

WRITTEN BY
KNIGHT FRANK RESEARCH
UCAS

RESEARCH
OLIVER KNIGHT
MATTHEW BOWEN
BEN SERLE

STUDENT PROPERTY PR
FREDDY FONTANNAZ

METHODOLOGY:
THE 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 2019/20 ACADEMIC YEAR. WE RECEIVED A RESPONSE FROM 30,850 APPLICANTS, WHO ANSWERED THE APPLICANT SURVEY FORM, AND 30,995 CURRENT OR NEW STUDENTS, WHO ANSWERED THE CURRENT STUDENT SURVEY FORM. THIS REPORT REPRESENTS THE KEY FINDINGS FROM THE SURVEY OF CURRENT STUDENTS ONLY.

FOREWORD

JAMES PULLAN, HEAD OF GLOBAL STUDENT PROPERTY, KNIGHT FRANK

This year's Survey captured the voices of over 60,000 young people, split across current students and new applicants from the UK and abroad and the results give us new insight into today's student.

Overall, it is encouraging to see that the survey shows high levels of student satisfaction within the purpose-built student accommodation (PBSA) market, more so in fact than the alternatives available in the private rental sector.

Affordability is, once again, the number one issue facing students, whilst value for money is the most important factor influencing decisions on where to live. For investors and operators of PBSA this means delivering the highest quality accommodation possible within the constraints of viability. Operators must be quick to identify and prioritise the elements in accommodation that are most important to students.

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 the social and amenity space provided. This must be an essential feature of all new PBSA.

The number of bed spaces in private ownership has overtaken university owned and operated accommodation and will continue to do so. As universities rely on the private sector to accommodate a greater proportion of students, scrutiny on private providers will intensify.

Furthermore, as more second and third-year students choose to remain in or return to PBSA, the sector will need to understand the priorities of these students as well as those of first-years.

A student's whole experience of university is built around where they live, regardless of which year they are in. The ability of accommodation to create a community of individuals, often leaving home for the first-time, will be the future measure of our success.

DR DAVID BEST, DIRECTOR OF ANALYSIS AND INSIGHT, UCAS

For the second year, I am pleased to introduce our Accommodation Survey Report, which aims to understand the preferences, thoughts and motivations of students about where they live. The report tells us a lot about how students are choosing their accommodation and the crucial role it plays in the overall student experience.

The majority, 57%, of students had researched accommodation prior to selecting their final university highlighting how interdependent these decisions are. Student mental health has, quite rightly risen up the agenda in the last twelve months, and the choice and amenity provided by their accommodation is an essential element of a good student experience, and consequently good mental health.

When the number of 18 year olds begins to rise in 2021, the development of accommodation that meets required standards may be more challenging and will become important elements of estate and asset planning.

This year we have been able to provide more insight into the decision making process overall. We show how decision making varies, but also what information students used in order to make their selections; peer reviews are becoming important with nearly half of respondents having used them.

With such an excellent response to the survey, providing rich insight into a key part of the student experience, we hope their views will help to shape your thinking about the student accommodation challenge, now and in the future.

SURVEYING THE MARKET

Accommodation plays a crucial role in the overall student experience. Understanding the needs and motivations of students when they choose where to live will help the sector plan for the future.

A record-breaking 39% of all 18 year olds in the UK submitted an application to start studying at UK universities in September 2019, according to data from UCAS. Applicants from outside of the UK also increased to their highest levels on record. Overall, a fifth of all applicants (20.7%) for study this year were from outside the UK.

Increasing participation rates are just one of a host of factors underpinning the student accommodation market, alongside an undersupply of purpose built student accommodation (PBSA) and investors looking to residential investment as a way of securing outperformance.

However, the most pressing challenge is political. Brexit is still unresolved at the time of writing. The lack of clarity surrounding fees for EU students following the UK's departure from the EU poses a challenge for student housing providers, not least because international students are more likely to live in PBSA than domestic students.

The overall cost of going to university is also under the spotlight. Political uncertainty may have meant that the Augar Review has been kicked into the long grass for now, but the specific findings for our sector, should not be dismissed. Within the market itself, this means greater scrutiny of the role that the private sector plays in delivering accommodation.

To counter this, operators must be able to demonstrate that they are meeting their obligations to students. Our survey suggests that this includes providing a product that offers value for money, that provides an environment in which students can thrive and succeed, and in which parents are able to have trust.

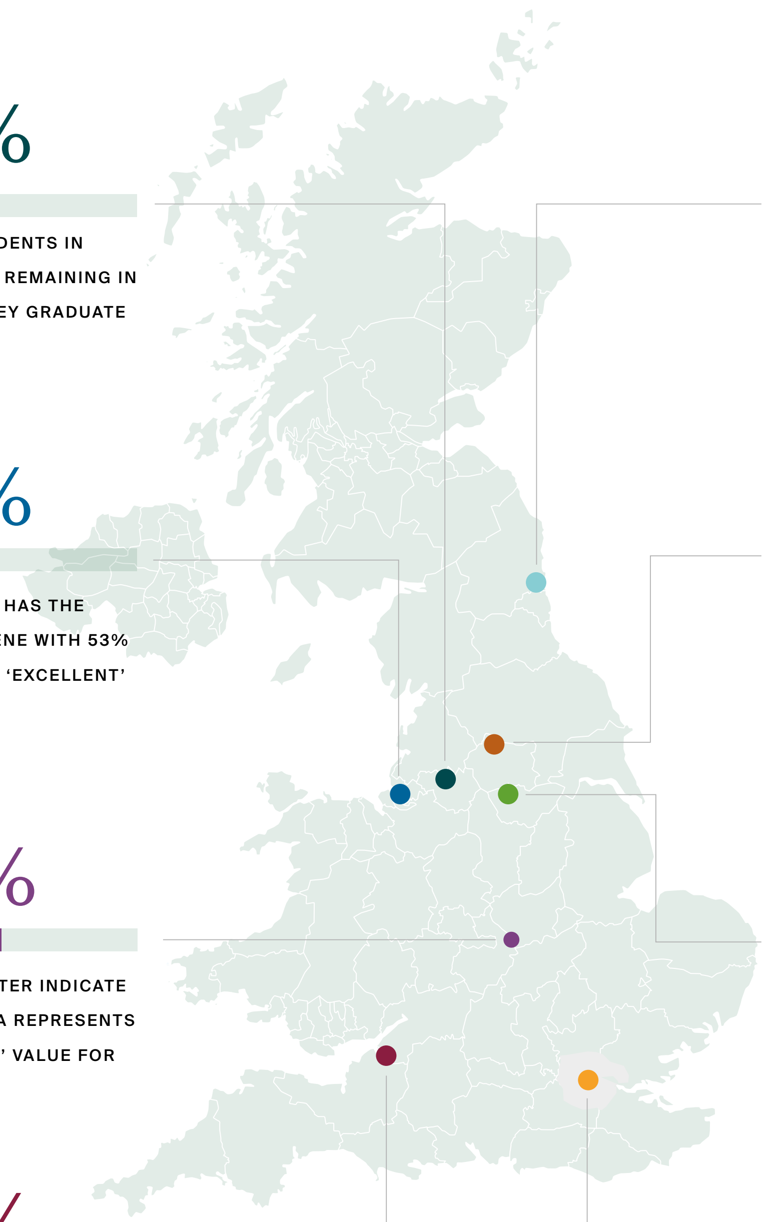
More than 60,000 students from across the UK responded to the UCAS/Knight Frank 2020 Student Accommodation Survey. The responses deliver a unique insight into the preferences and concerns that students have when it comes to their housing requirements.

Responses were broadly representative of the make-up of the student population, but where appropriate the data has been weighted to better reflect the current profile of students.

This report represents the key findings from the survey of current students including their own view of the quality of PBSA available and the role it plays in the student experience. It also explores the factors influencing their accommodation choices and for the first time the difference in opinion between prospective new undergraduates, applying to university for the first time, and students coming to the end of their first-year.

"Our survey delivers unique insight into the preferences and concerns that students have when it comes to their housing requirements"

MATT BOWEN
HEAD OF STUDENT PROPERTY RESEARCH



52%
OF FINAL YEAR STUDENTS IN MANCHESTER INTEND ON REMAINING IN MANCHESTER AFTER THEY GRADUATE

83%
OF STUDENTS IN NEWCASTLE ARE EITHER 'HAPPY' OR 'EXTREMELY HAPPY' WITH THEIR PRIVATE PBSA

53%
PBSA IN LIVERPOOL HAS THE BEST-RATED SOCIAL SCENE WITH 53% RATING IT AS 'GOOD' OR 'EXCELLENT'

73%
OF LEEDS STUDENTS LIVING IN PBSA RATED THE QUALITY OF THEIR ACCOMMODATION AS 'GOOD' OR 'EXCELLENT'

64%
OF STUDENTS IN LEICESTER INDICATE THAT THEIR PRIVATE PBSA REPRESENTS 'GOOD' OR 'EXCELLENT' VALUE FOR MONEY

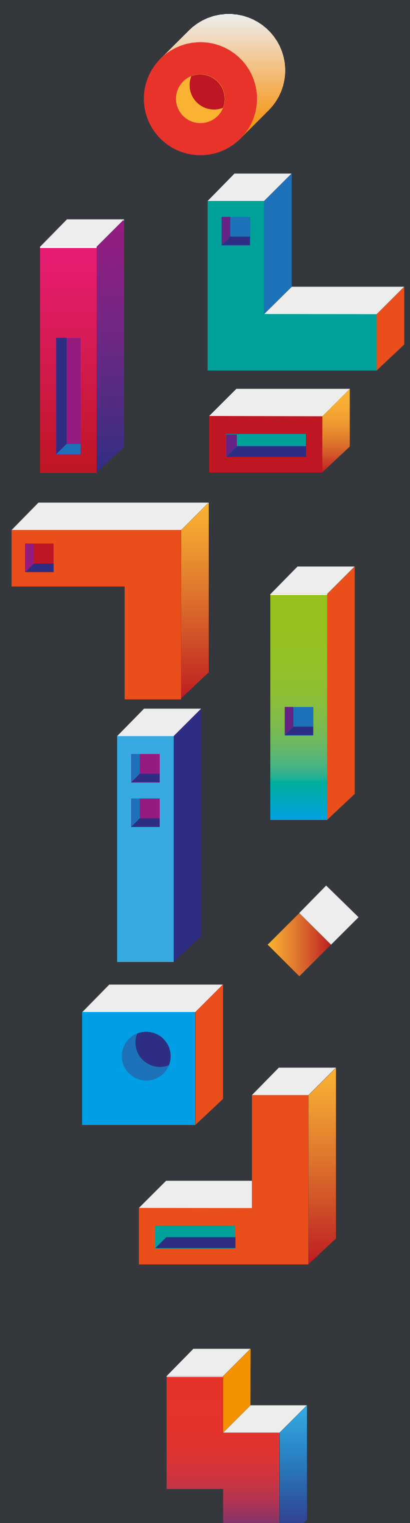
81%
OF SECOND OR MORE YEAR STUDENTS IN SHEFFIELD HAD SECURED THEIR ACCOMMODATION FOR THIS YEAR BY THE END OF MARCH

83%
OF STUDENTS IN BATH WERE SATISFIED WITH THEIR PBSA

65%
OF STUDENTS IN LONDON THAT DIDN'T LIKE THE LOCATION OF THEIR ACCOMMODATION SAID IT WAS TOO FAR AWAY FROM UNIVERSITY

5 THEMES

We look at the main themes and key takeaways from this year's survey



1

SATISFACTION WITH PRIVATE PBSA IS HIGH

Overall, more than three quarters of students living in purpose-built student accommodation indicated that they were satisfied with their accommodation choice for the year (78%), slightly higher than those living in the private rented sector. Across the UK, around 30% of full-time first-year students live in private purpose-built student accommodation (PBSA), up from 22% five years ago. A further 40% live in halls or accommodation provided by the university and the remainder either live in the private rented sector or at home with parents or guardians. If satisfaction with private PBSA remains elevated relative to the other options available to students, we expect its market share will rise.

2

AFFORDABILITY IS THE NUMBER ONE ISSUE FOR STUDENTS

It comes as no surprise that value for money and the overall cost of student accommodation are the two most important factors influencing where students live, according to our survey. Affordability remains a key topic within the wider housing market, and the findings of the Augar Review brought the topic into greater focus within the student sector. Development figures suggest that the sector is responding to this with a greater focus on delivering more affordable accommodation. Of the units built in time for the 2019/20 academic year, 52% were cluster flats, which typically command the lowest rents. As the market evolves, investors, developers and operators need to continue to deliver housing that best suits the needs of students.

3

SUPPORTING STUDENT WELLBEING THROUGH DESIGN AND SERVICE IS KEY

In last year's report we noted that the role of accommodation in supporting student wellbeing was becoming more fully recognised. This year, we wanted to delve deeper and identify what support accommodation providers can put in place. Some 81% of respondents suggested that the creation and running of organised groups or clubs was either "important" or "very important" in supporting wellbeing. From a development perspective, good quality communal or social space to improve interaction was identified as "important" or "very important" by 76% of respondents.

4

INTERNATIONAL STUDENTS WILL REMAIN KEY OCCUPIERS

International students are the most likely to be renting, according to our survey, and separate data from HESA suggests they're more likely to live in PBSA than domestic students. Of interest to accommodation providers, this group of students is also the most likely to stay in the same accommodation for the duration of their study with 43% saying that the option to stay in the same accommodation for more than one year was "extremely important" or "very important" when deciding where to live.

5

CO-LIVING IS THE NEXT STEP

Nearly half of the respondents to our survey indicated that they would move directly into the private rented sector immediately following their graduation. Providing these graduates with high-quality purpose-built rental accommodation in the right areas and at the right cost in the form of co-living or build-to-rent schemes, is a real opportunity for residential investors. According to the 2019 Knight Frank Residential Investment report, investment in the build-to-rent market is expected to grow from £35 billion currently to £75 billion by 2025.

STUDENT SATISFACTION

Are students satisfied with their accommodation, and how does that change depending on where they live?

Students living in private purpose-built student accommodation, or university-run halls are the most satisfied with their accommodation, according to the results of our survey, 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, 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 en suite) 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.

Despite these differences, a clear majority of students said they are happy with their accommodation choice.

Where students were dissatisfied, the most cited reasons among students living in privately operated PBSA related to a lack of value for money and problems with the building whilst for those in university operated accommodation it was a lack of value for money

78%
of students living in PBSA were satisfied with their accommodation

NOTED

1

Overall most students are satisfied with their accommodation choice and would recommend it to new first-year students. The challenge for operators is how to maintain and differentiate their offer.

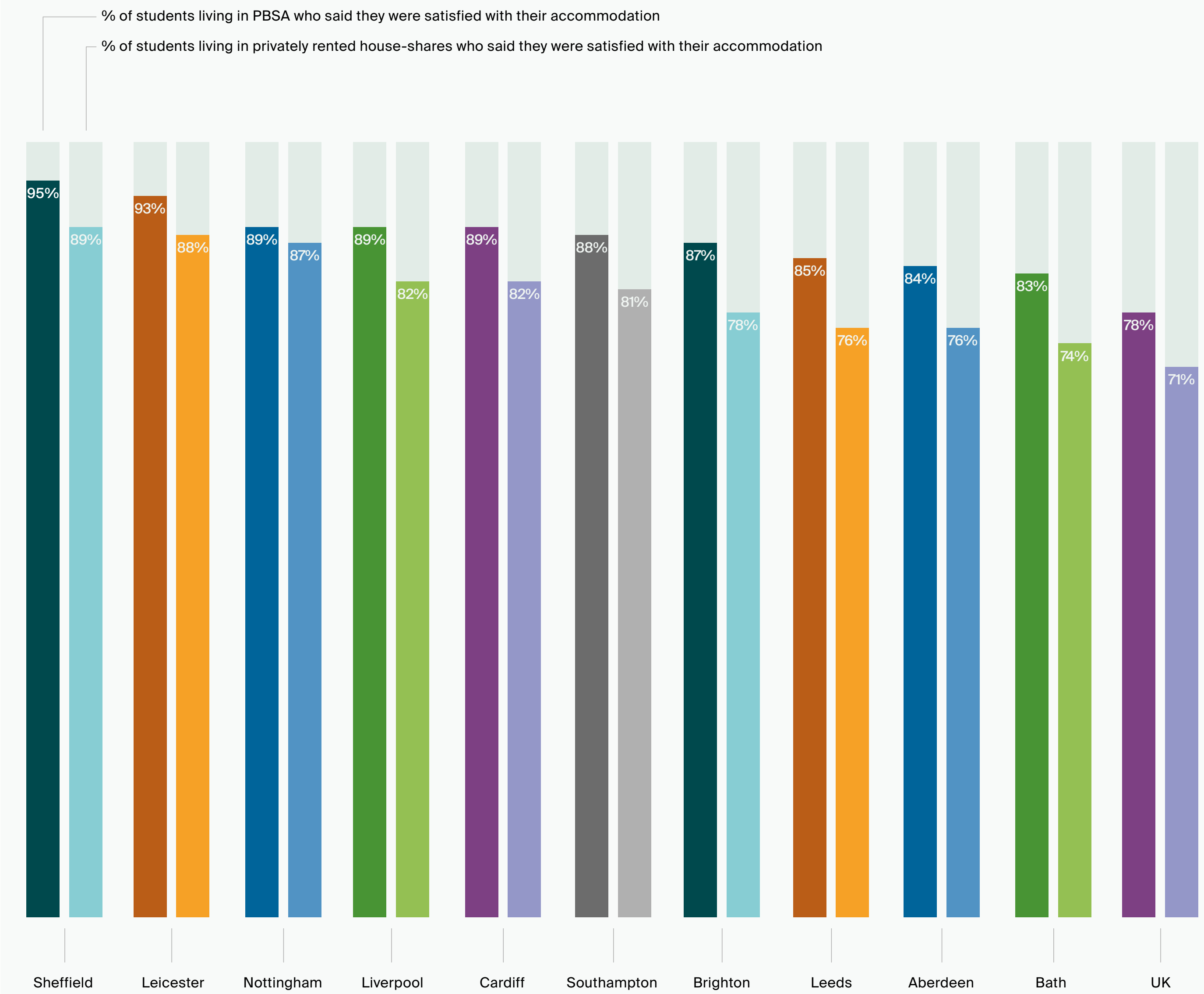
2

There are challenges, however. The most commonly cited reason for dissatisfaction among students living in privately operated PBSA related to it not being value for money.

3

Extra-curricular activities are welcomed by students, with 48% and 30% of respondents living in private PBSA noting that the atmosphere and social scene provided within their accommodation was important to their happiness.

1 Where are students most satisfied with their accommodation?



Source: Knight Frank/UCAS Student Accommodation Survey 2020

and noise problems. For students living in privately rented house-shares the most commonly cited reasons for dissatisfaction were problems with the building and having problems with the landlord/agent.

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, as shown in figure 2.

Looking specifically at private PBSA, efforts to create a community were also highlighted as being important, with the atmosphere and social scene provided within their accommodation rated positively by 48% and 30% of respondents respectively.

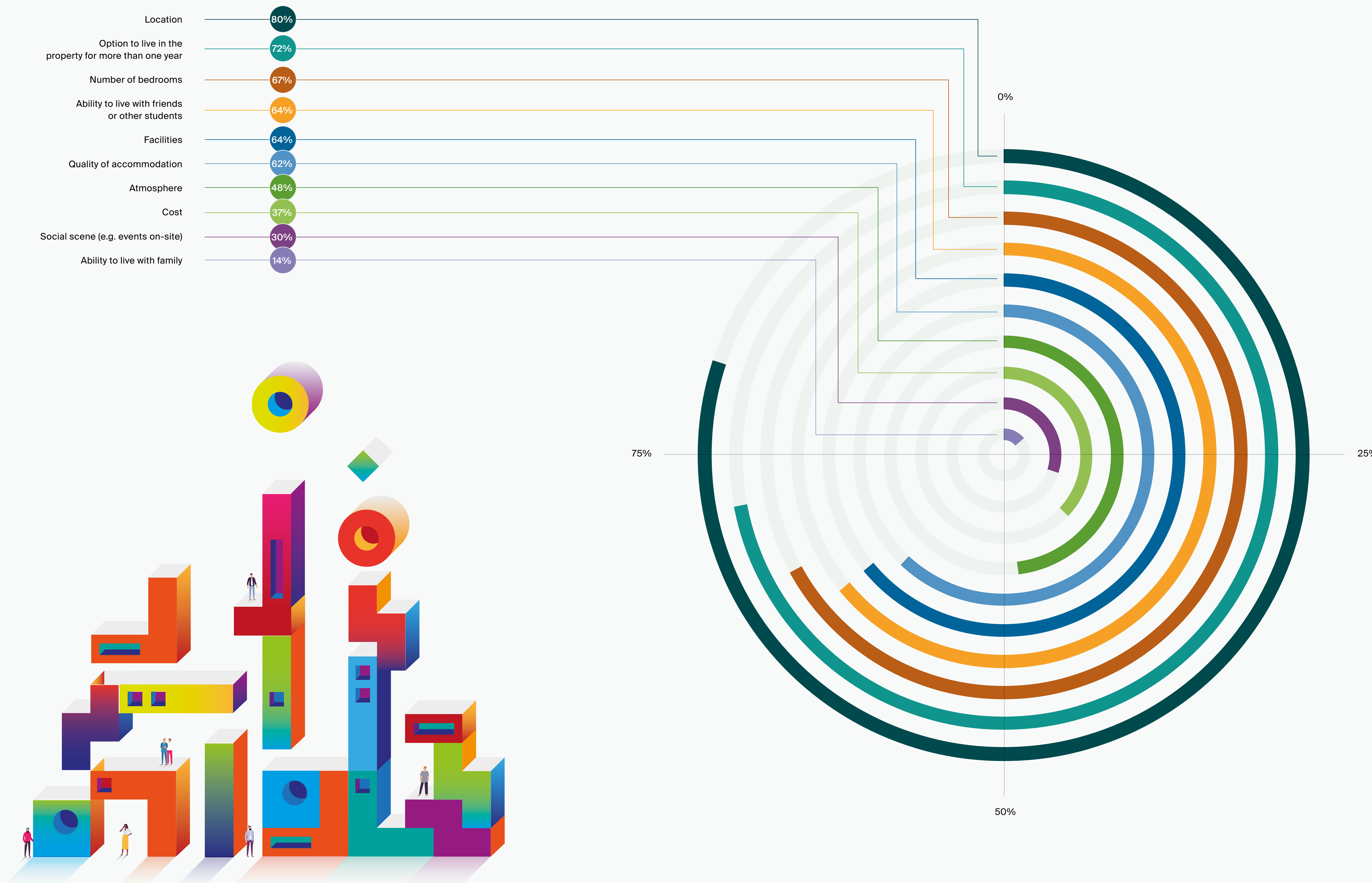
High levels of overall happiness within student accommodation are reflected by the fact that, in total, 75% of students who lived in private PBSA said that they would recommend their accommodation to new first-year students, up from 69% in last year's survey. Some 79% of those in university-run accommodation said the same, up from 77% last year.

This year, we 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.

75%
of students living in private PBSA would recommend their accommodation to new first years

2 What influences how happy you are with your accommodation?

% of students living in privately operated PBSA rating the below as either 'good' or 'excellent'



Source: Knight Frank/UCAS Student Accommodation Survey 2020

MAKING THE MOVE

Identifying and understanding the elements in accommodation that are most important to students is vital for operators.

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".

The findings this year indicate that there has been a shift in students' perceptions, however. Just under half (49%) of students indicated that their current accommodation represented 'extremely good' or 'good' value for money. This was down on last years' survey.

Responses were comparable regardless of whether students were living in private or university-owned PBSA or in the private rented sector, despite the variations in cost between the three. This highlights the fact that perceived value for money is not driven entirely by cost.

Indeed, the survey suggests 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. These include super-fast wifi, a gym on site and 24-hour security, as shown in figure 6, below.

As with our findings last year, when deciding where to live, 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

92%
of returning students said the absolute cost of accommodation was very or extremely important

NOTED

1

Value for money is the most importance factor influencing student's decisions on where to live. This is not entirely driven by cost, with students willing to pay a premium for certain features and amenities.

2

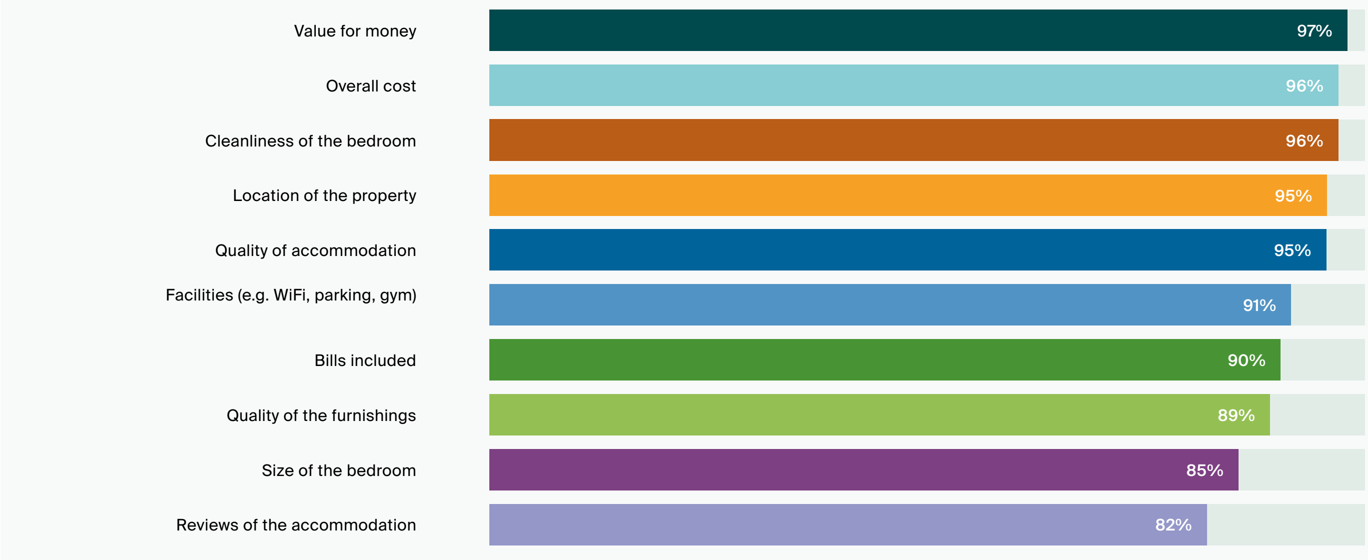
Of note for student property providers, brand recognition, as well as previous reviews of accommodation by other students are both factors influencing new student's housing choices.

3

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.

3 Which of the following influenced your decision on where to live?

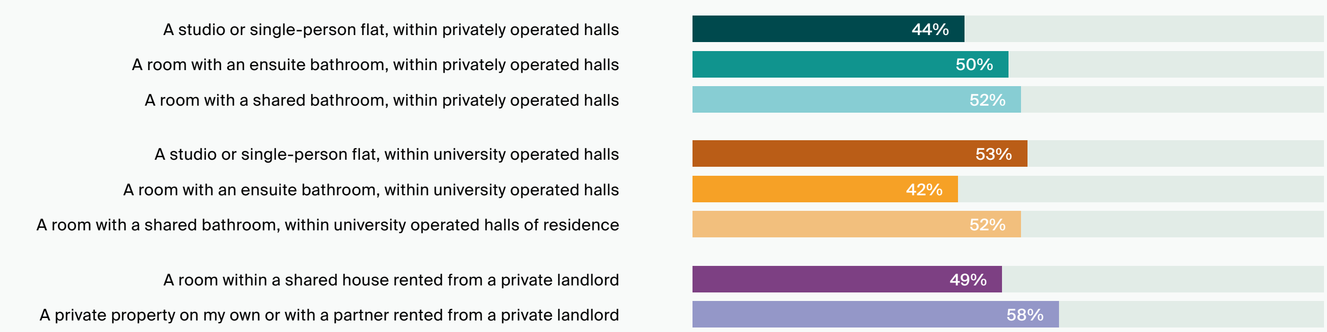
% of first years rating each factor as "slightly", "very" or "extremely" important



Source: Knight Frank/UCAS Student Accommodation Survey 2020

4 Which room type offers the most value for money?

% rating it as "good" or "excellent" value



Source: Knight Frank/UCAS Student Accommodation Survey 2020

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. The biggest 'turn offs' for students when viewing accommodation for their first year included the size of the bedroom, quality of the furnishings and the overall condition of the property.

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

80%
of first-year students said reviews of accommodation had helped them decide on where to live

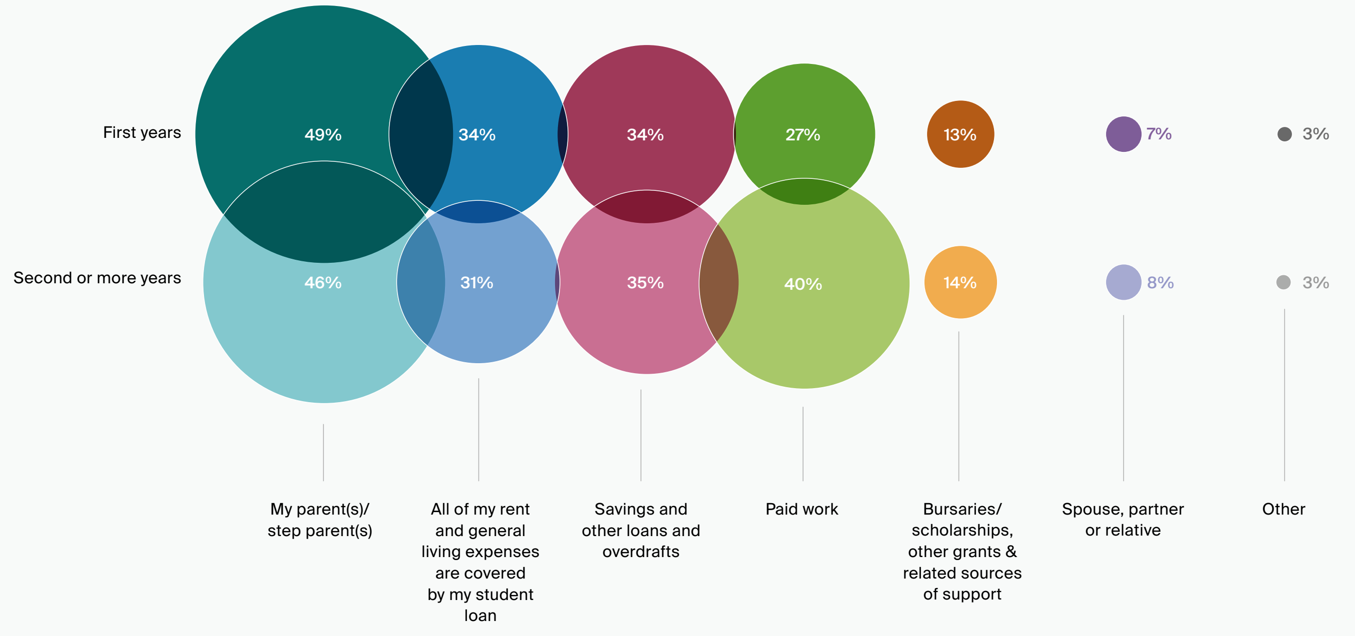
property, and the effect this had on being able to live either with friends or alone, as influencing their choice. This is up from 60% of the response in last year's survey.

Brand recognition again featured as a key influencer with 40% of new first years living in private PBSA saying it was a factor in their decision of where to live, comparable to the 46% of new students who said the same last year.

Parental involvement also had a role to play, especially for first-year students, with 73% saying that their parents were involved when they were deciding where to live. Parental involvement is much lower for second and third year students (51%). However, for both groups, this year's survey shows a slight drop in the proportion of students that said their parents influenced where they decided to live.

5 How do students pay for their accommodation?

% of first year students and % of second year students by source of income



Source: Knight Frank/UCAS Student Accommodation Survey 2020

UNDER PRESSURE?

Affordability pressures are at the forefront of any discussion surrounding the wider housing market, and student housing is no exception with living costs identified as important by a majority of respondents.

To understand the impact of this more fully, in this year's survey we asked students about their accommodation costs, as well as sources of funding.

According to our survey, on average students living in private PBSA are paying £7,990 per annum for their accommodation. This is a premium of 6% on the £7,550 average for those living in university-operated accommodation and 30% on the £6,130 for students living in privately rented house shares.

Regardless of the type of accommodation they were living in, most students (82%) indicated that their accommodation costs were either affordable or just about affordable.

The majority of first-year students (75%) said they pay for their rent directly from their own bank account, rising to 83% for second years. The remainder said their rent was paid at least sometimes by someone else, typically by their parents.

However, whilst most students said they paid for their rent themselves, some 62% said they are able to turn to their parents

82%
of students said their accommodation costs were either affordable or just about affordable

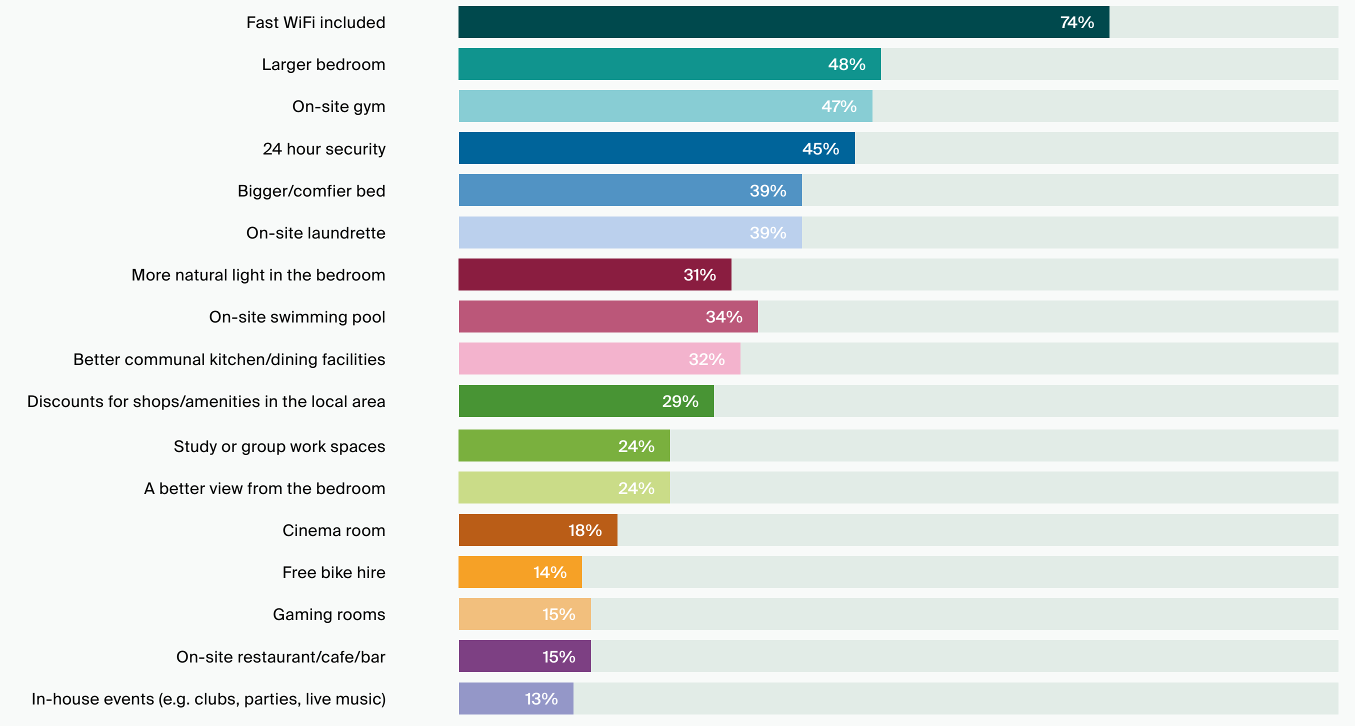
for financial support if required.

More generally, some 77% of students said that they actively budget their available spending money. Only 16% of students rarely worried about their spending.

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 nearly half (48%) of students indicated that the student funding and financial support available to them affected their decision to study.

6 For which of the following would you be willing to pay a rental premium?

% of students living in privately-operated PBSA who said they would pay a rental premium



Source: Knight Frank/UCAS Student Accommodation Survey 2020

STUDENT WELLBEING

The choice and amenity provided by student accommodation is an essential element of a good student experience, and consequently plays an important role in wellbeing.

In all markets accommodation was ranked as the most important factor influencing student wellbeing.

When questioned on this in more detail, 68% of students identified affordable living costs as being 'very important' with regards their overall wellbeing, whilst the standard of accommodation was also identified as a key factor, with 82% identifying it as either "important" or "very important".

Community is also a big factor. Being able to make friends was important to 86% of first-year students, whilst 70% of second-or-more-year students indicated that living with friends was important to their overall wellbeing.

Accommodation providers have a role to play here and many have taken a lead in this regard. Organised groups or clubs to reduce loneliness and isolation were identified as being the most important element in support of student wellbeing, followed by good quality communal or social space to improve interaction within halls.

The added benefit for PBSA providers is that such groups or clubs can help create a positive sense of community that builds loyalty and brand awareness.

This year's survey highlights the importance that students place on being able to live together, as well as the positive role that accommodation plays in supporting wellbeing.

Creating environments that enable students to build relationships and combat loneliness is integral to them getting the most from their experience. Accommodation is uniquely placed, at the focal point between the social, domestic and academic lives of students and this survey shows that focussing on the human aspects of what is delivered as accommodation, provides a commercial and social value.

UNITE STUDENTS – SUPPORTING STUDENT WELLBEING

Moving to university can be a daunting experience. For the vast majority of students it represents the first time they will have lived on their own and, as such, making the transition as smooth as possible is of vital importance to supporting student wellbeing. With over a quarter of first year students in the UK feeling lonely, according to our latest research, helping students to settle in and make friends makes a vital contribution to their wellbeing.

Unite Students, the largest manager and developer of purpose-built student accommodation in the UK, has been investing in student wellbeing projects since 2013.

Nick Hayes, Group Property Director at the firm, explains the importance of the strategy: "It is about settling students in when they make their life changing move to University, being there when they need us and being safe and secure."

This is a process that begins before students even arrive at university, with new students able to get to know their future flatmates through the My Unite app, a process which can "help reduce anxiety and loneliness in those first few days," according to Jenny Shaw, Unite's Student Experience Director.

The firm also employs over a hundred 'Student Ambassadors' whose role it is to welcome new arrivals, show them around and put on a range of events. As Louis, a Student Ambassador working in London, explains:

"When people move in we want to take some of those first day stresses away, so we take them to their rooms, show them where the laundry rooms are. We organise a range of events and make sure everyone feels as welcome as possible. We let everyone know we are there for them, and they shouldn't be embarrassed to talk to us. We know exactly what students want because we are students."

NOTED

1

Accommodation was ranked as the most important factor influencing student wellbeing, ahead of student pastoral support or a good campus atmosphere.

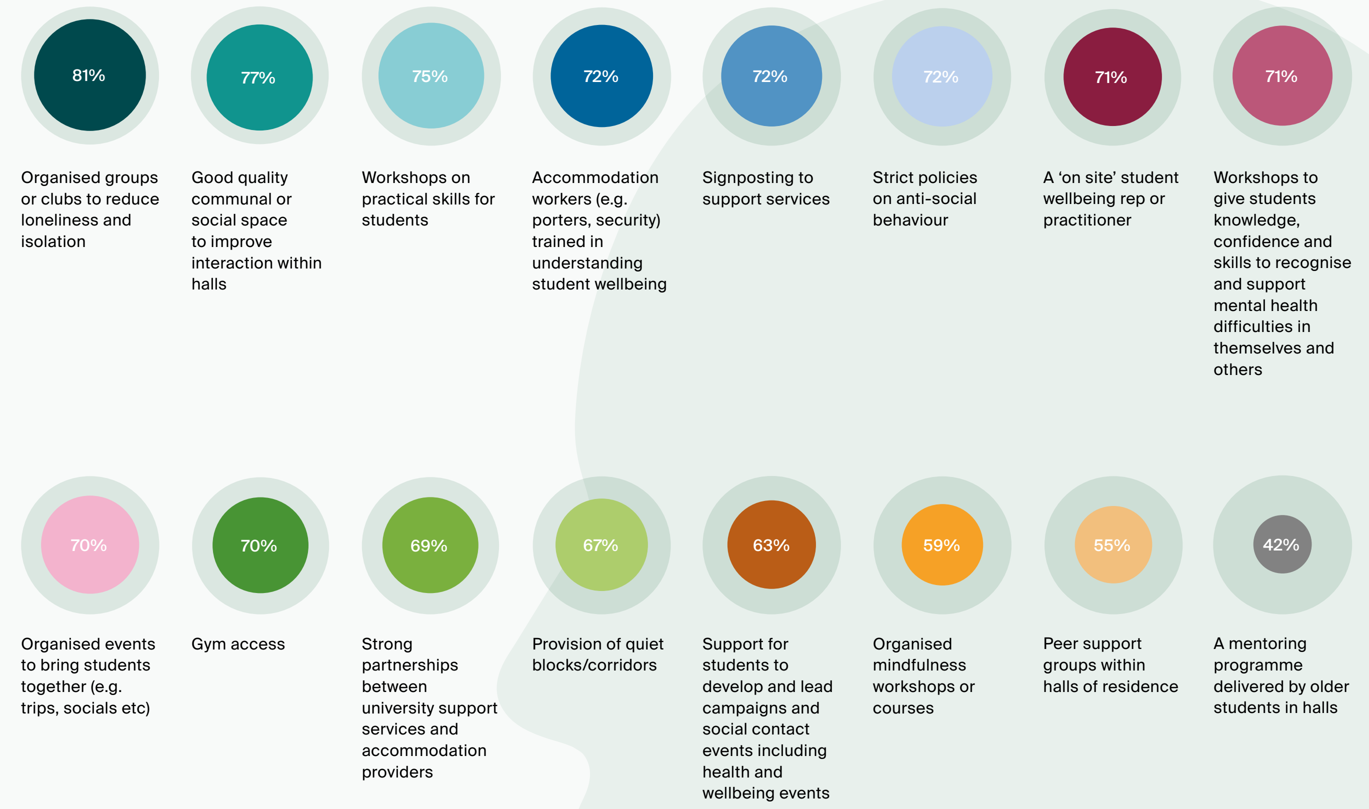
2

Student housing providers have a role to play. Organised groups or clubs, for example, were identified as being important elements in supporting wellbeing.

3

Creating environments that enable students to **build relationships and combat loneliness** is integral to them getting the most from their experience.

7 How important are the following in supporting students' wellbeing? % of students rating it as 'i important' or 'very important'



Source: Knight Frank/UCAS Student Accommodation Survey 2020

GLOBAL APPEAL

International students are more likely to live in PBSA than domestic students so understanding their needs is essential for operators.

More than 706,000 students applied to start a full-time undergraduate course at UK universities for the 2019/20 academic year, according to the latest applications data from UCAS. This was nearly 10,800 more applications than last year and was driven by a record number of applicants from outside of the UK, which climbed 5.3% on 2018 levels.

Of particular note was a 29.7% year-on-year rise in applications from Chinese students, from 13,390 to 15,880. This follows an increase of 20.6% last year.

Also noteworthy was a 1.1% increase in applications from within the European Union. Future demand from EU students will be contingent on key policy decisions on fees, financial support and immigration rules – yet to be fully outlined.

The survey confirms various patterns regarding the international student group. International students are the most likely to be renting, for example, with 93% doing so, compared to 64% for UK-based students. This equates to more than 200,000 international undergraduates across the UK in the 2018/19 academic year.

International students are among the most likely to remain in the same accommodation for longer. Some 43% said that the option to stay in the same accomodation for more than one year was “extremely important” or “very important” when deciding where to live which suggests that they are looking longer-term when they first assess their accommodation preferences.

There are a number of parallels between international students and UK-domiciled ones when it comes to accommodation. Satisfaction levels, for example, are broadly comparable at 80%, whilst value for money and the overall cost of accommodation are also the most important factors for international students when choosing where to live.

Similarly, they are also willing to pay a premium for elements which are perceived to add value, including super-fast internet, an onsite gym and 24-hour security. Only 6% of international students indicated that they would be prepared to pay a premium for in-house social events, however, whilst having a games room and cinema room also received a low level of response.

Around one in five non-EU students do not pay their own rent, suggesting that this group is the most likely to be funded by someone else, for example parents or wider family.

Of those who do pay their own rent, those from non-EU countries are the most likely to say that their accommodation is affordable. Fewer than one in 10 non-EU students said that their accommodation was unaffordable. 87% of EU students said their accommodation was either “affordable” or “just about affordable”, a higher proportion than the number of UK-domiciled students who said the same.

43%

of international students that the option to stay in the same accommodation for more than one year was “extremely important” or “very important” when deciding where to live

NOTED

1

International students are the most likely to be renting with 93% doing so, compared to 64% for UK-based students.

2

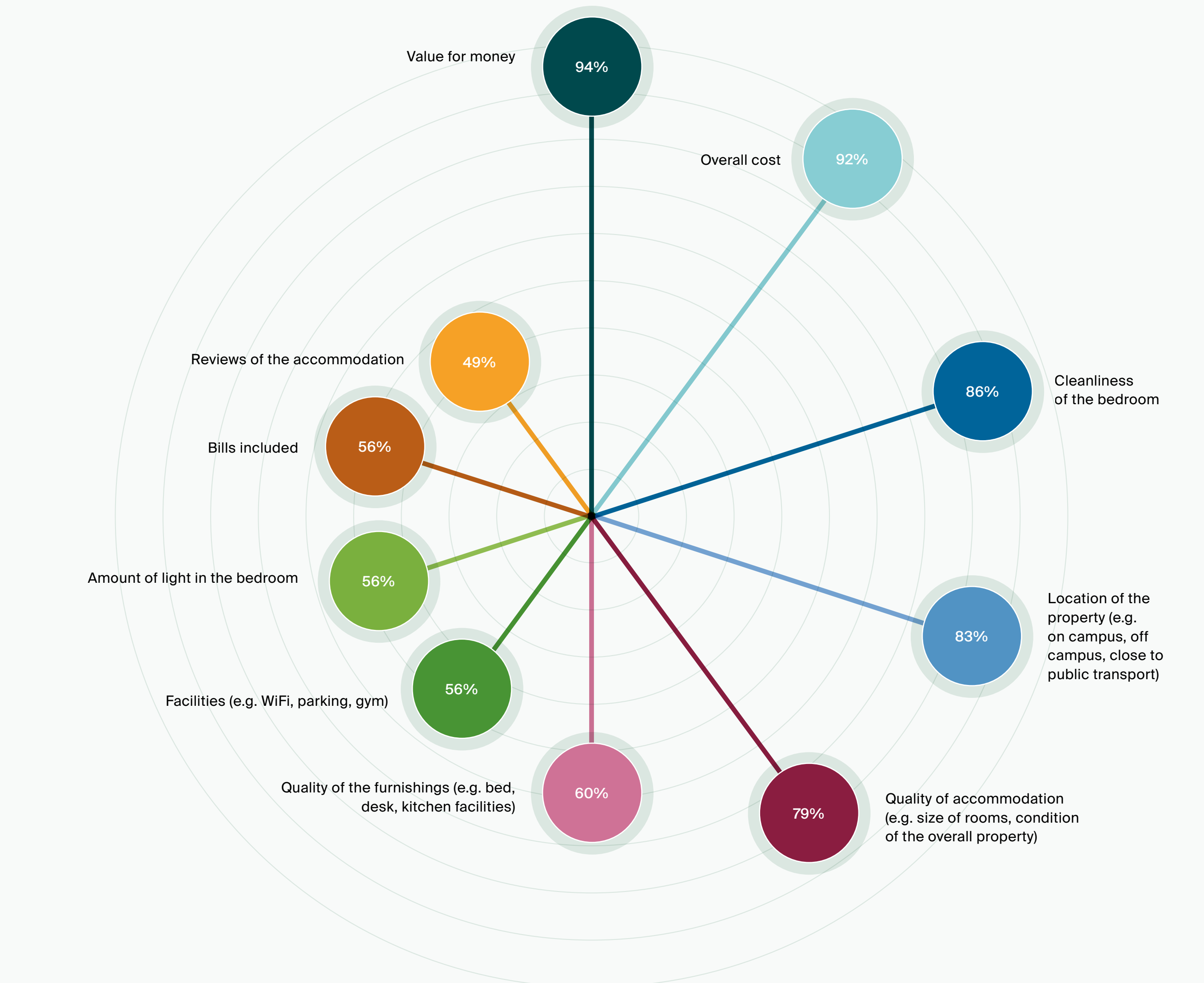
Similarly to UK students, international students are willing to pay a premium for elements which are perceived to add value, including super-fast internet, an onsite gym and 24-hour security.

3

Around one in five non-EU students do not pay their own rent, suggesting that this group is the most likely to be funded by someone else, for example parents or wider family.

8 **Most important factors for international students when choosing where to live?**

% of international students rating each factor as ‘very’ or ‘extremely’ important



Source: Knight Frank/UCAS Student Accommodation Survey 2020

EVOLVING MARKETS

Decisions on how and when students secure their accommodation will have a big impact on the marketing and pricing of schemes.

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 accommodation. Understanding when students look to secure their accommodation is of vital importance.

The picture is varied, however. For example, 58% of new first-year students who responded to our survey said that they had secured accommodation between May and August. By comparison, nearly the same proportion (59%) of second and third-year students said that they had secured their accommodation for the following academic year by the end of March.

Only 23% of second and third-year students were without accommodation for the following academic year by the end of May. A full breakdown by month can be seen in figure 9 below.

Interestingly, there are additional differences in timings depending on university city. In Manchester and Nottingham, for example, students start looking for somewhere to live for the following academic year earlier than the UK average.

Almost 50% of first-year students in Manchester had secured accommodation for the following year before the end of May, whilst 56% had done so in Nottingham. Markets with high proportions of students securing accommodation in September or October include Cardiff and London, with 18% and 22% doing so respectively.

Understanding these differences will give PBSA providers a clear understanding of market dynamics and influence how they and landlords operate in individual markets.

While the majority of first-year students live in a form of PBSA, this changes in the second year. Some 71% of first year students who are currently living in PBSA said they planned to move into mainstream private rental accommodation in their second year. In some markets this may reflect the availability of PBSA stock.

Some 25% of first year students who currently live in private PBSA said they planned to stay in the same accommodation the following year. Some 40% of second years living in private PBSA said the same.

Competition between PBSA operators has intensified in some key cities over the last academic cycle and in order to attract new students and retain existing ones, some PBSA providers offer incentives and deals to students. This is generally confined to the private PBSA market.

Indeed, over 39% of first-years living in private PBSA were offered an incentive when looking for somewhere to live. Of those that chose the accommodation offering the incentive, 25% said they would not have chosen the same accommodation had it not been offered.

NOTED

1

Markets are localised. Understanding the dynamics and different rental cycles in place will influence how student housing providers operate in individual markets.

2

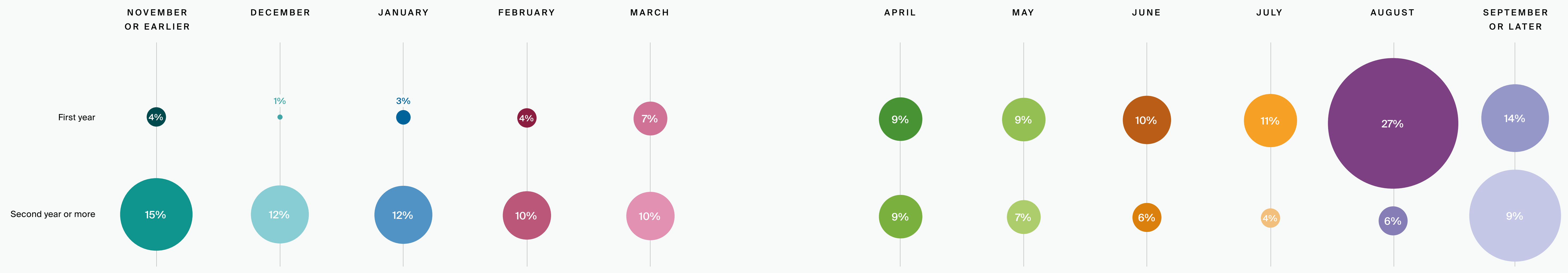
A quarter of first year students who live in private PBSA said they planned to stay in the same accommodation the following year, **rising to 40% among second years.**

3

Almost 40% of first-years were offered an incentive when looking for somewhere to live, with a quarter of these students suggesting it played a key role in their decision where to live.

25%
of first year students who currently live in private PBSA said they planned to stay in the same accommodation the following year

9 **When do students secure their accommodation for the following academic year?** All students



Source: Knight Frank/UCAS Student Accommodation Survey 2020

WHERE NEXT?

Providing graduates with high-quality purpose-built rental accommodation in the right areas and at the right cost is a real opportunity for residential investors.

Students moving from one location to another before and after their studies makes up a large share of domestic migration in the UK. London has historically been a net exporter of students, whilst large regional cities such as Manchester, Leeds and Birmingham are net importers.

This trend typically reverses upon graduation, with London acting as a magnet for recent university leavers looking for jobs, or joining graduate schemes in the capital.

However, the retention of students within key regional cities is increasing. The intention of graduates to stay in Bristol, for example, has increased from 37% in last year's survey to 51% this year whilst in Edinburgh the same measure has increased from 48% to 56%.

Increasing graduate retention is welcome, but is dependent upon graduates finding appropriate housing. Nearly half (47%) of students said they planned to move directly into a property in the private rented sector.

There are clear synergies between the PBSA sector and the growing build-to-rent market and investors are recognising the opportunities afforded by both.

More than two-thirds of the respondents to our 2019 Residential Investment Survey who are not already fully invested in one or more of the Student Accommodation, PRS and Senior Living sectors, for example, intend to increase their exposure in the coming years.

The ability of cities to attract labour, especially top-tier talent is increasingly important to their success. Businesses need to be able to recruit the brightest and best workers and access to high quality housing in host cities is an important factor.

Accommodation influences the decisions student make on where to study, and it will increasingly influence the decisions among graduates on where they choose to work.

There are clear synergies between the PBSA sector and the growing build-to-rent market and investors are recognising the opportunities afforded by both.

NOTED

1

Student retention is key cities across the UK is increasing, with many graduates planning on moving into the private rented sector.

2

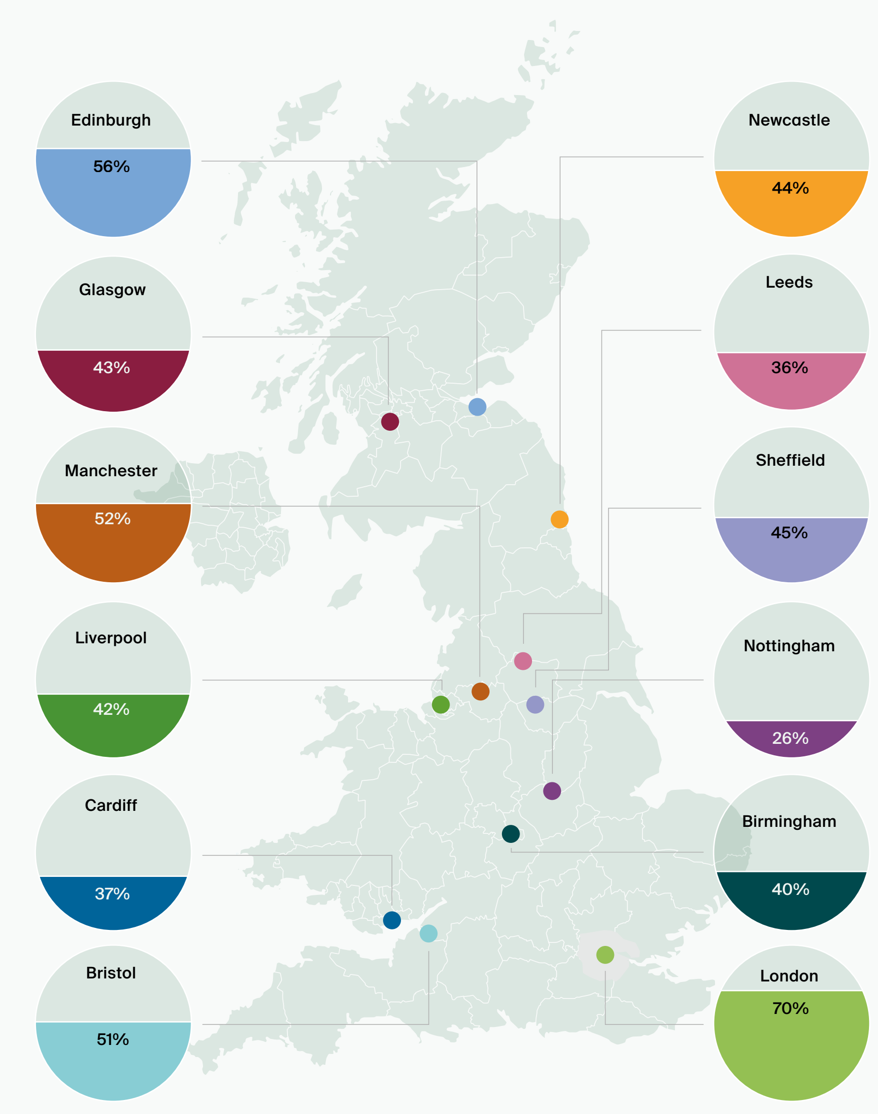
There are synergies between the PBSA sector and the growing build-to-rent market and **investors are recognising the opportunities afforded by both.**

3

Accommodation influences the decisions student make on where to study, and it will increasingly influence the decisions among graduates on where they choose to work.

10 Retention rates for selected UK cities

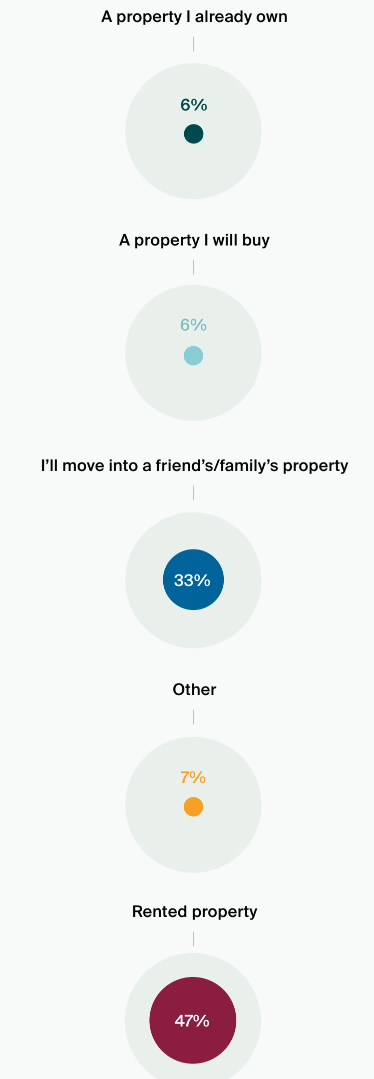
% of final-year students intending to remain within their study city after graduation



Source: Knight Frank/UCAS Student Accommodation Survey 2020

11 Where will students live after they graduate?

% of final-year students choosing each option



Source: Knight Frank/UCAS Student Accommodation Survey 2020

Please get in touch with us

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

Matthew Bowen

Head of Student Property Research

+44 117 945 2641

matthew.bowen@knightfrank.com

Sarah Barr Miller

Head of Insight Sales, UCAS Media

+44 1242 545726

s.barrmiller@ucas.ac.uk

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