

# UK PBSA Market Update

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**Verity Cubitt, Director PBSA Valuation**  
**24<sup>th</sup> May 2023**



One Million

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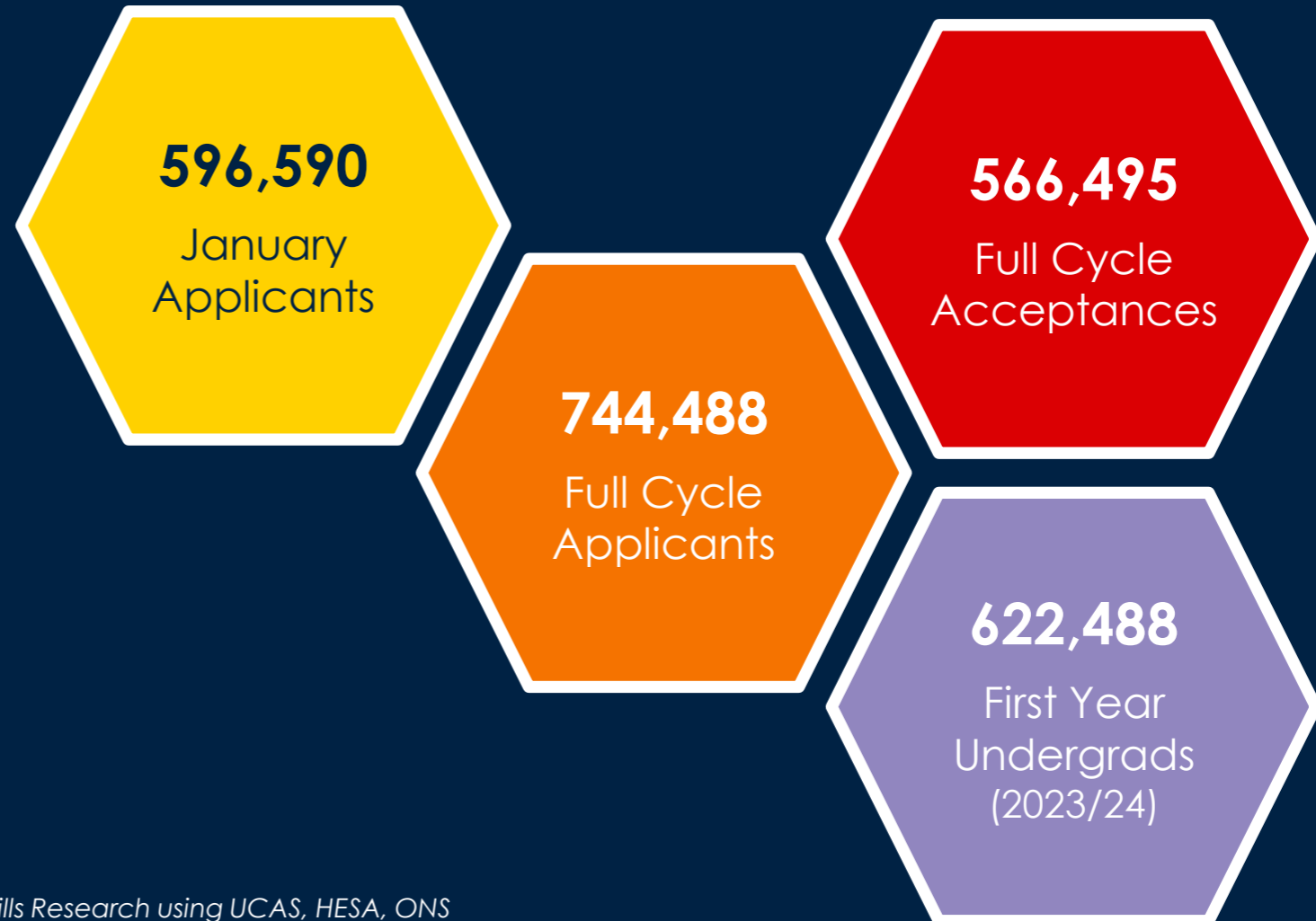
## Full-time student numbers continue to rise

### Projection for first-year full-time students in 2023/24

UCAS forecast that applications could rise to **1 million** by 2030, up from c.750,000 today

**2.26 million** full-time students studying in the UK, up 4% year on year

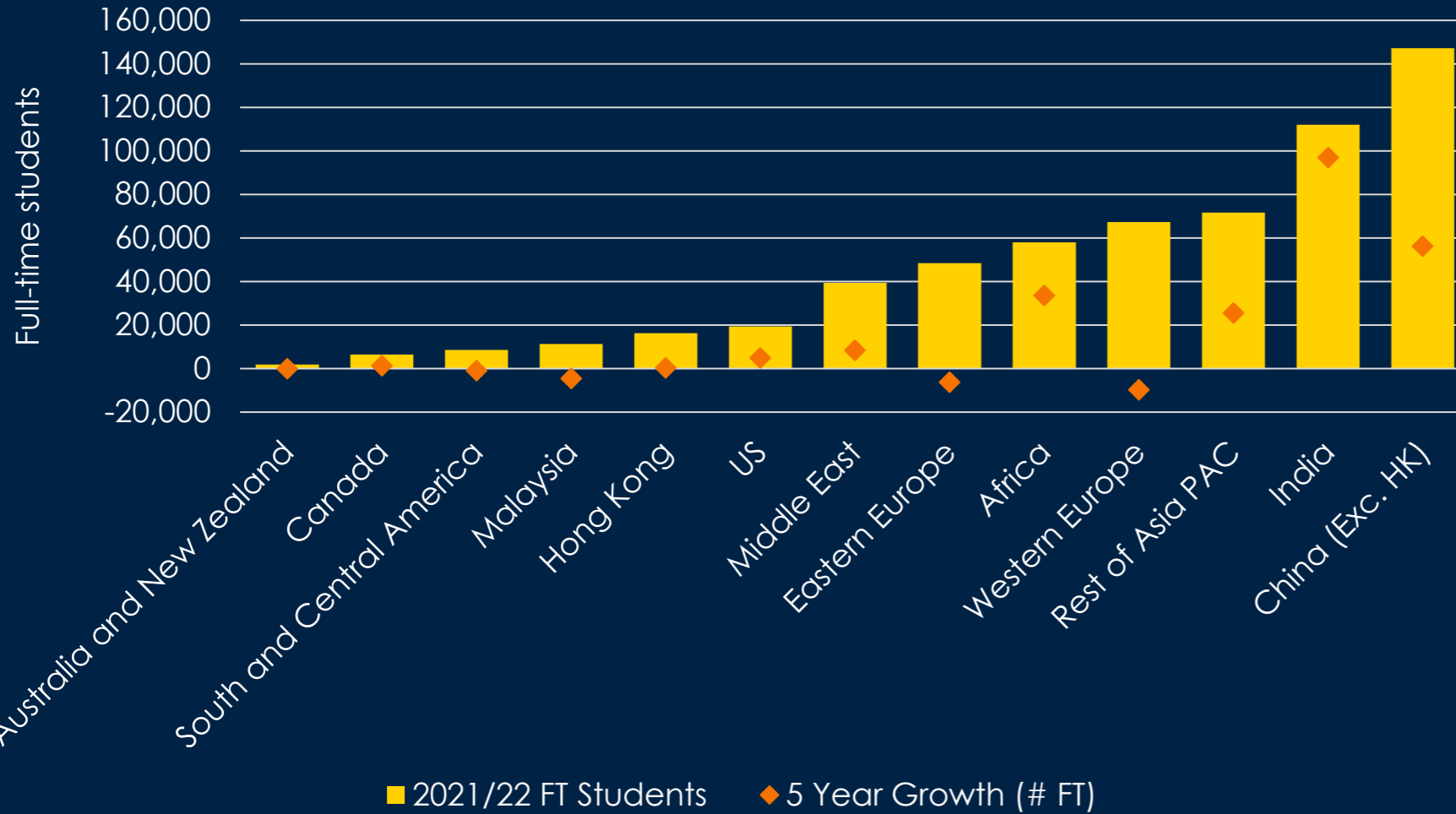
**173,000** more 18 year-olds in the UK by 2030, compared with 2020



Source: Savills Research using UCAS, HESA, ONS

# International appeal remains strong, despite Brexit impact

## International full-time students



**97,000** growth in Indian students studying full-time in the UK over the past five years

**-16,300** fall in the number of EU students studying in the UK over the same period

Source: Savills Research using HESA

## Stock is being stretched

**2.9x**

student to bed ratio nationally

**31%**

fall in number of HMO listings

**7%+**

rental growth expected this year

## Stock is being stretched

### The University of Manchester is paying students £2.5k to give up their places in halls

Any remaining students will receive an offer for accommodation in Liverpool

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## Durham University students queue overnight to secure accommodation

27 October 2022

News > Greater Manchester News > Manchester Metropolitan University

## Manchester Met students offered £100 a week to live in Liverpool and Huddersfield as university hit by accommodation crisis

Manchester Metropolitan University says it has been unable to secure living quarters for all students in the city as it has 'significantly more offer-holders than anticipated'

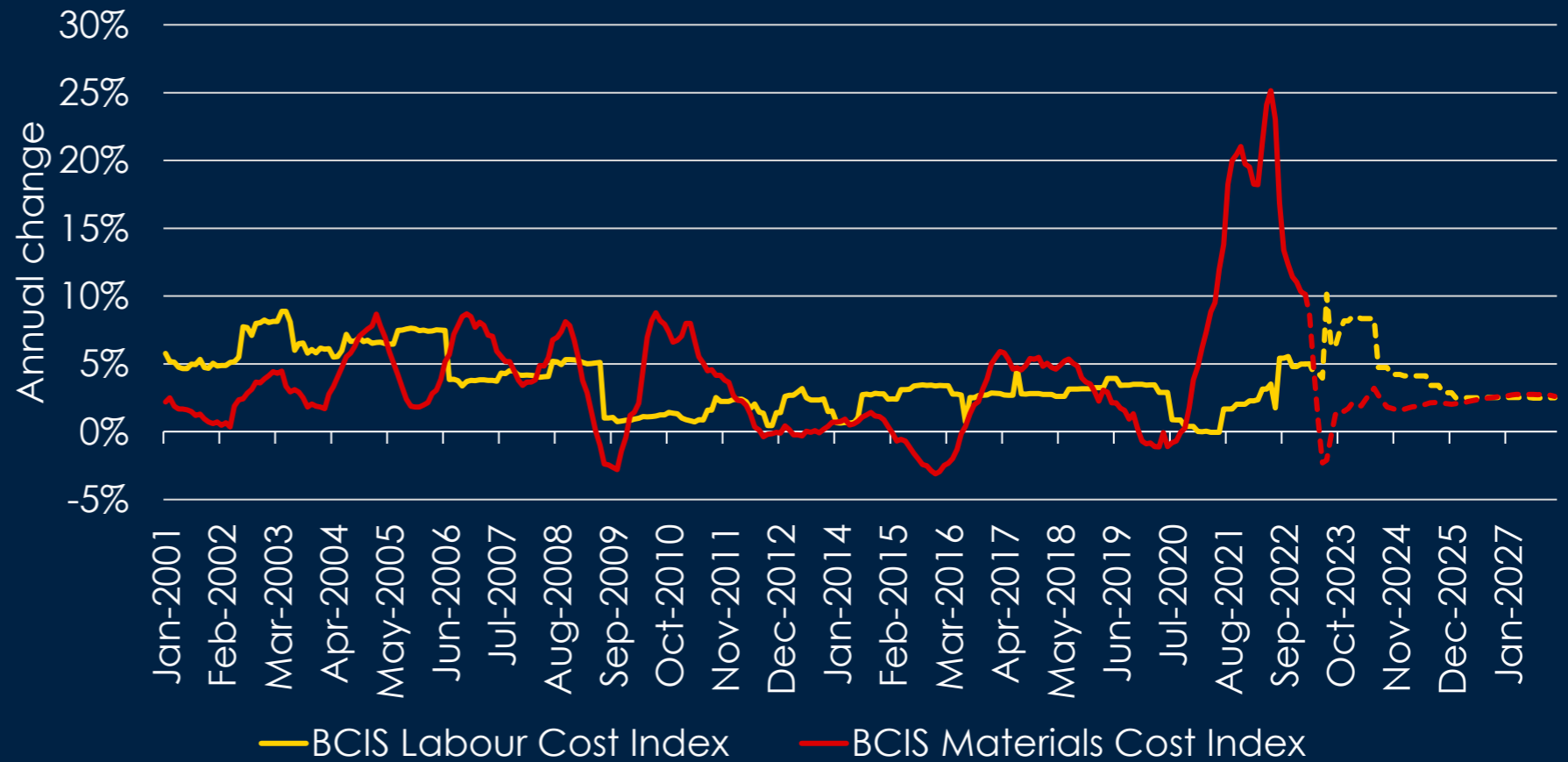
# But there are challenges facing new development

**Tightening planning requirements**  
in many cities, including Nottingham, Glasgow and Manchester

**25%** annual growth in material costs, at their peak in June 2022

Labour price growth is forecast to peak at **10%** in mid-2023

### Labour and material costs



Source: BCIS

## Operators have also faced challenges over the past 12 months

**Electricity Prices: Forward Delivery Contracts - Weekly Average (GB)**



**600% increase** - in electricity spot prices between the 2013 to 2020 average and the August 2022 peak

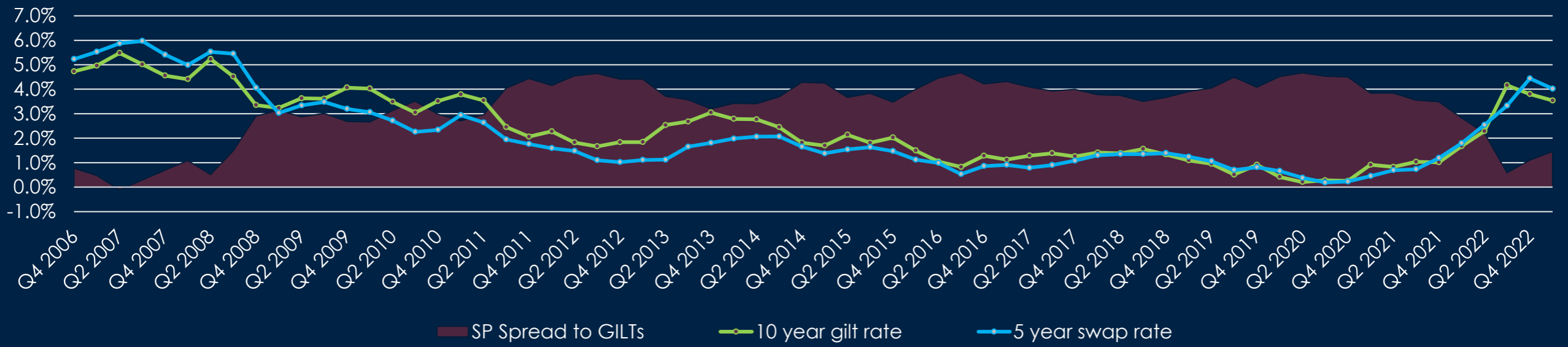
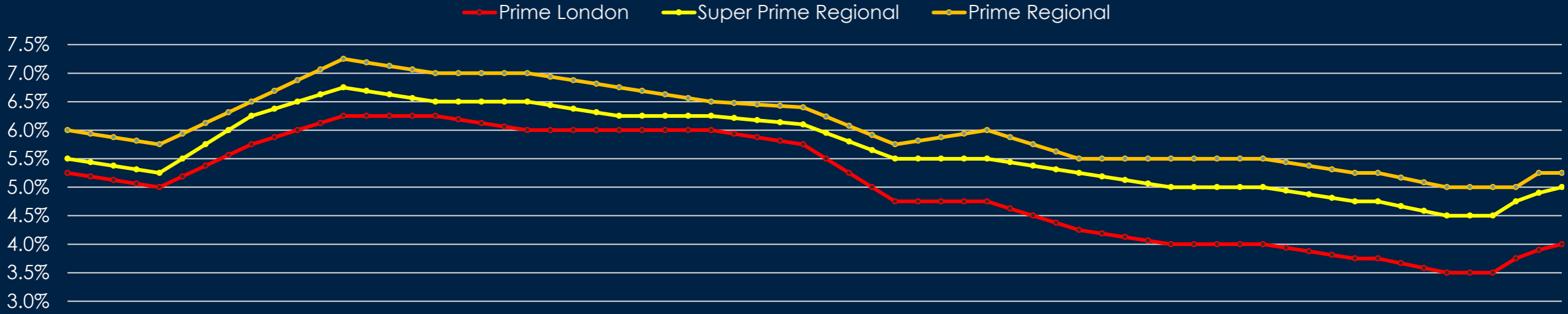
**£146 per MWh** - the forward price for electricity in February 2023, down from a peak of £512 per MWh

Driving operators to **invest in and upgrade the efficiency** of existing stock

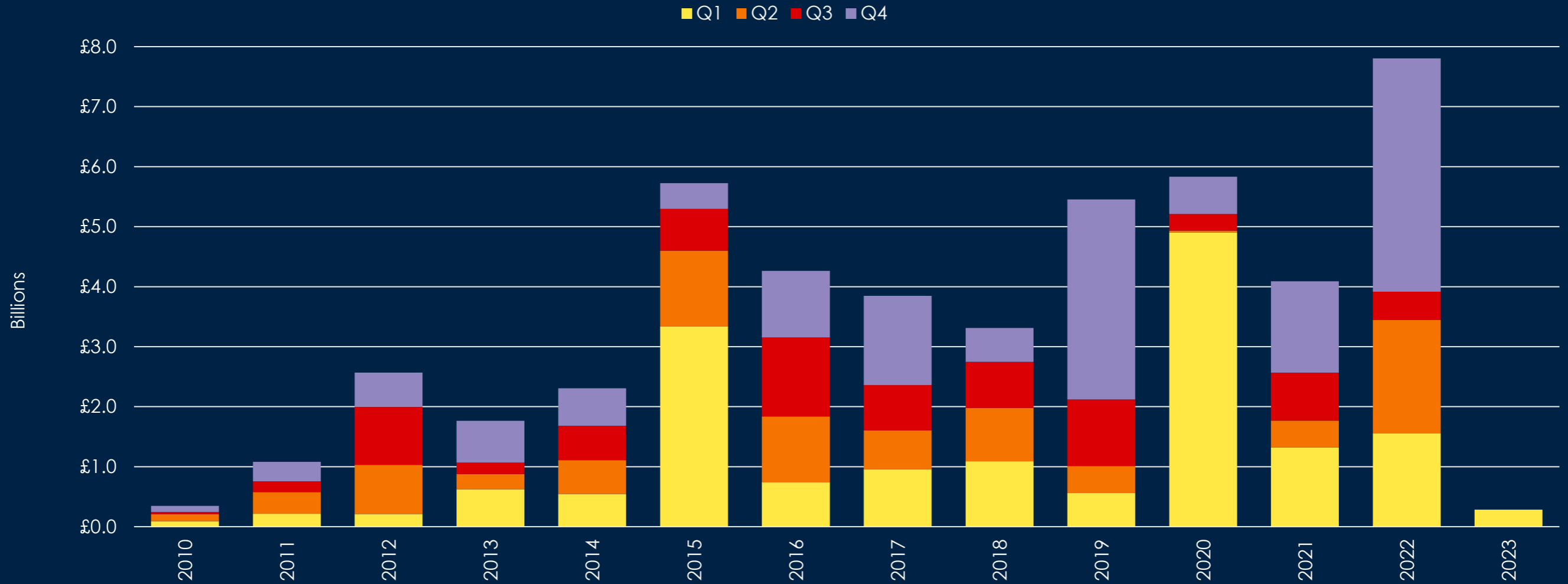
Source: Ofgem



# PBSA Pricing

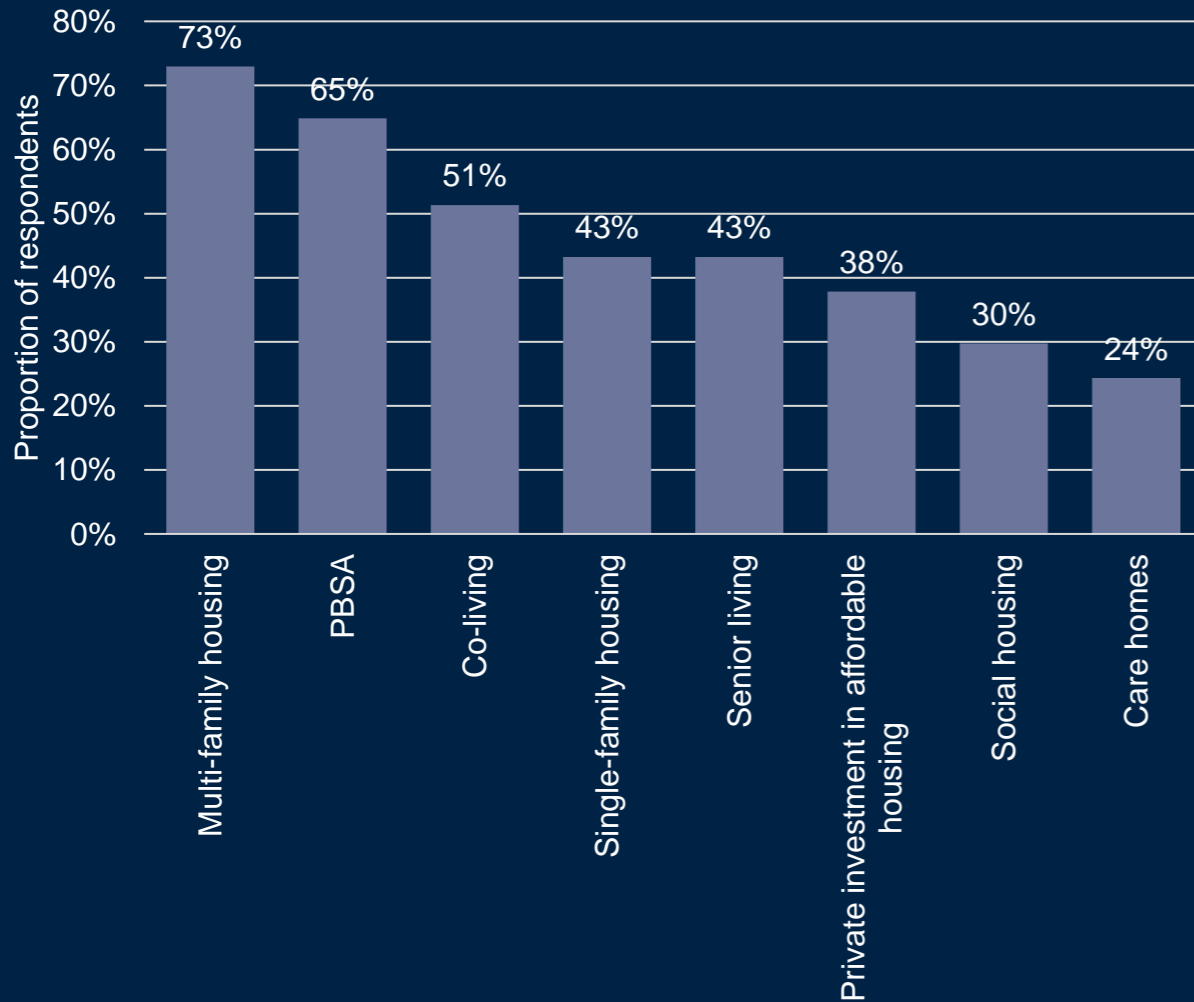


# PBSA Investment Volumes – Only c.£300m deployed this year to date

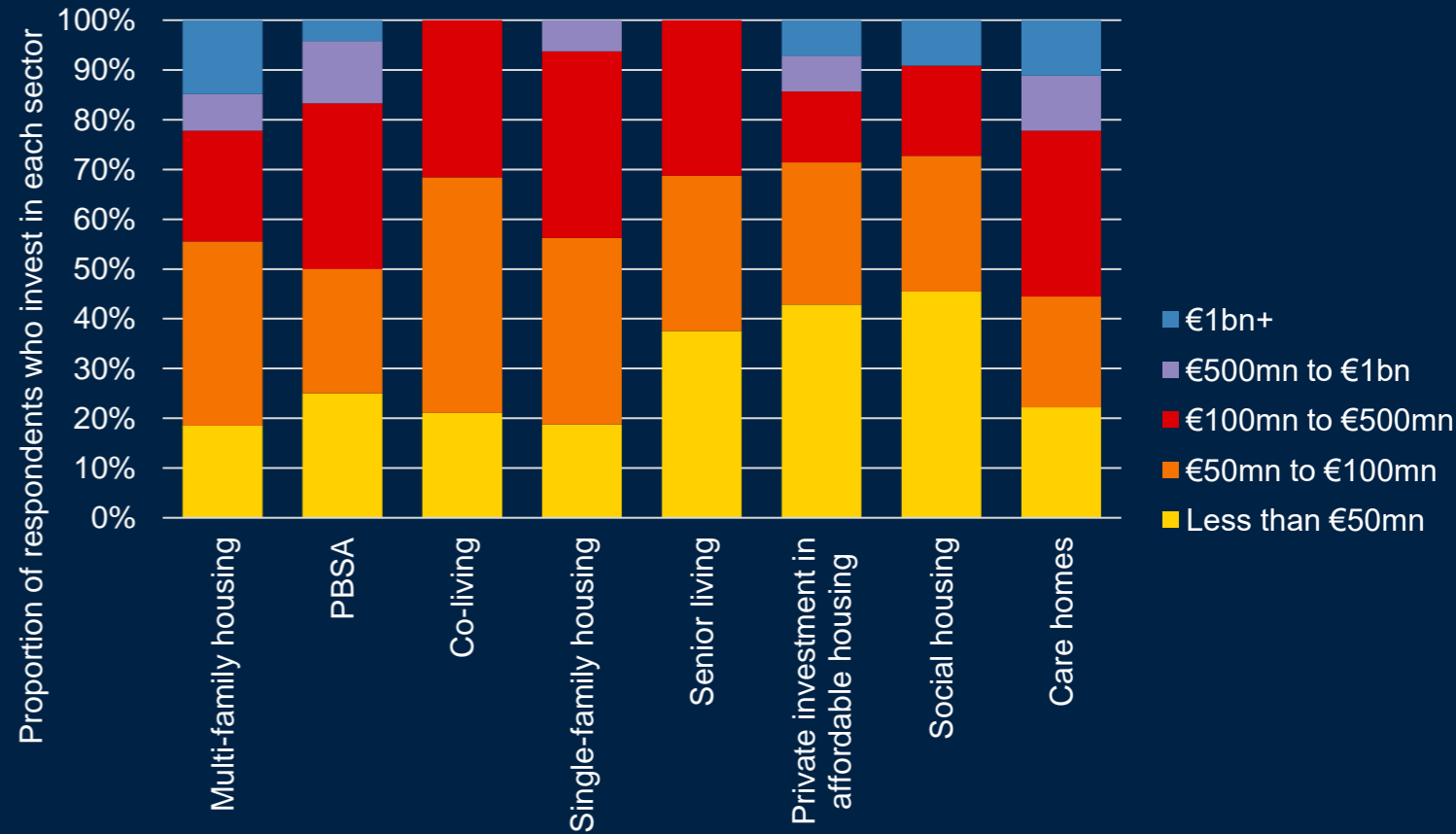


# Savills European Investor Survey – a significant proportion of investors targeting PBSA

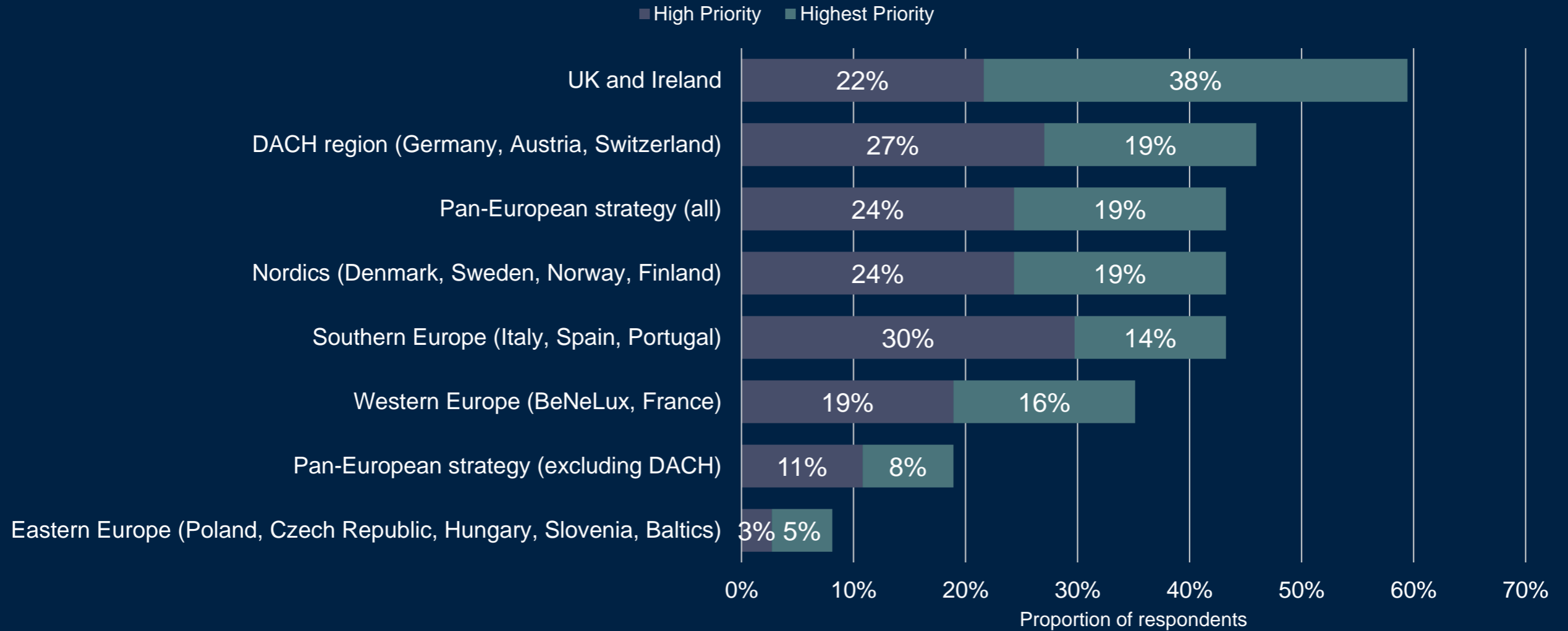
Which living sectors will you target in the next 3 years?



How much do you expect to invest in each sector over the next 3 years?



# UK & Ireland are the highest priority markets for these investors



## Projections

- Affordability Vs Viability
- HMOS – greater structure, consolidation of portfolios
- Greater focus on value add opportunities
- Conversions of other commercial property
- Partnerships with Universities in development of PBSA

# Thank You

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Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

