

Briefing Note

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| Subject | Fourth Annual Vacancy Survey of Purpose Built Student Accommodation (PBSA) for the academic year 2017/18 |
| Date | May 2018 |

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| Overview of Findings | <p>Purpose Built Student Accommodation (PBSA) Vacancy Survey 2017/18</p> <ol style="list-style-type: none">1. Major PBSA schemes have been a regular and significant part of the Planning Committee agendas over recent years. Planning Committee have recently requested information on the number of bedspaces in the ‘planning pipeline” and reassurance that any over supply is not being created that would create problems of balance in the City Centre and potential for significant vacancies or failed schemes.2. Part of our monitoring of student issues has been to look at any vacancies in PBSA bedspaces. The first survey was carried out in the autumn term of 2014 to get an accurate number of vacancies and it was subsequently agreed that the survey should be carried out on an annual basis to ensure suitable monitoring of PBSA with a repeat of the survey carried out for the academic year 2015-16, 2016-17 and now for 2017-18. Background to the survey is provided later in the report. <p>Overview of Findings</p> <ul style="list-style-type: none">• The majority of providers responded positively to the survey with only one of the main operators not responding. Some of the smaller schemes (less than 25 bedspaces) are not included in the survey. Overall 95.0% of the known 22,000 bedspaces across the City took part in the survey.• Nottingham Trent University and The University of Nottingham both report zero or very low vacancies.• New schemes for 2017-18 (including The Frontage, The Student Hideout, Nova (Former Talbot House) and The Student Lodge (Former Radford House)) have all reported zero or very low vacancy rates.• Overall, the survey shows a vacancy rate of 0.5% (just over 105 bedspaces) across all the schemes who responded.• Very few operators reported any changes to the way they have operated their schemes in order to reduce vacancies. Many operators do provide a range of incentives such as rebooker/earlier booking discount, refer a friend discount or summer storage, but there is no suggestion from the survey that these have been enhanced in order to keep vacancy rates low. One scheme did confirm that they have frozen prices due to another scheme opening nearby. Some schemes also reported adding new social facilities and general refurbishment but no scheme reported the need to lower prices to maintain low vacancy rates. |
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| | <ul style="list-style-type: none"> • A number of operators also confirmed that they are fully let for 2018/19 already. • Given the low number of voids across all types of accommodation (bedsits and cluster flats) there does not appear to be any particular type of accommodation that has higher vacancy rates. • These results show the reported vacancy rates has been consistently below 2% for the 4 years of the survey. • This years vacancy rate is the lowest recorded despite a further 1,000 PBSA bedspaces becoming available for the academic year 2017-18. Of these new bedspaces, none were reported to be vacant. <p>Results from the PBSA vacancy surveys</p> <table border="1"> <thead> <tr> <th>Academic Year</th> <th>Reported Vacancy Rate %</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>1.6%,</td> </tr> <tr> <td>2015-16</td> <td>0.7%</td> </tr> <tr> <td>2016-17</td> <td>1.2%.</td> </tr> <tr> <td>2017-18</td> <td>0.5%,</td> </tr> </tbody> </table> | Academic Year | Reported Vacancy Rate % | 2014-15 | 1.6%, | 2015-16 | 0.7% | 2016-17 | 1.2%. | 2017-18 | 0.5%, |
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| Background | <p>3. With the significant growth in student numbers over the last decade, the Council has promoted the growth of PBSA in appropriate locations, particularly within the City Centre. The aim being to increase choice, improve the quality of accommodation for students and provide an alternative to traditional student housing (often within Housing of Multiple Occupation). PBSA has also helped to re-balance the housing provision in some areas of the City where there are high concentrations of students. By providing a high quality alternative option for student households, the policy aims to reduce demand for HMO accommodation, and allowing the housing that becomes available to be available to other households.</p> <p>4. Anecdotally, key commentators including Nottingham Trent University and Unipol have previously suggested that there are vacancies within PBSA market. Therefore, a decision was taken to investigate the market to see if there is any oversupply.</p> <p>5. The concerns with any over-supply are;</p> <ul style="list-style-type: none"> • Older schemes or new schemes coming forward to market not being attractive to students who will therefore remain within traditional housing stock and as such PBSA will not help to address student HMOs concentration levels. • Redundant PBSA stock and the need to find suitable alternative uses which may well then lead to pressure to convert to low quality housing stock. This could result in high concentrations of poor quality housing as many student schemes that have been given consent are large and have small rooms with little or no amenity space compared to traditional housing. • Key development sites, particularly within the City Centre being used for Student Accommodation which could be used for alternative development. <p>6. The first survey was carried out in the autumn term of 2014 to get</p> |
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an accurate number of vacancies and it was subsequently agreed that the survey should be carried out on an annual basis to ensure suitable monitoring of PBSA with a repeat of the survey carried out for the academic year 2015-16, 2016-17 and now for 2017-18.

7. In this fourth year of the survey, scheme providers were requested to confirm that the information the Council has about their scheme(s) is correct including the number of bedspaces and type of accommodation (bedsits or cluster flats), as well as the number of vacant bedspaces. In addition, they have also been asked if there have been any changes to the way their scheme(s) operate to reduce vacancy rates/maintain low vacancies (for example, lowering prices, renovation/redevelopment, offering additional facilities and services etc). Scheme operators were requested to provide their vacancy rates for the 2017 autumn term when it was likely they would have the highest occupancy levels at the start of the academic year.
8. The survey does require operators to self-report and so it is not possible to 100% validate the number of vacant bedspaces being reported. However, a review of student scheme's websites in the later summer and early autumn of 2017 confirmed that many were reporting their schemes to be full at that time which helps to substantiate the results. Some schemes have also reported that they are fully let for 2018/19 academic year.
9. Given that the vast majority of the market has responded positively to the survey and have confirmed that the vacancy rate has been consistently below 2% for the four years it indicates that Nottingham's PBSA market remains very strong. There is still healthy competition with operators making their accommodation more attractive through refurbishment, offering improved facilities and/or offering incentives and overall improve the quality of the accommodation being provided across the market.

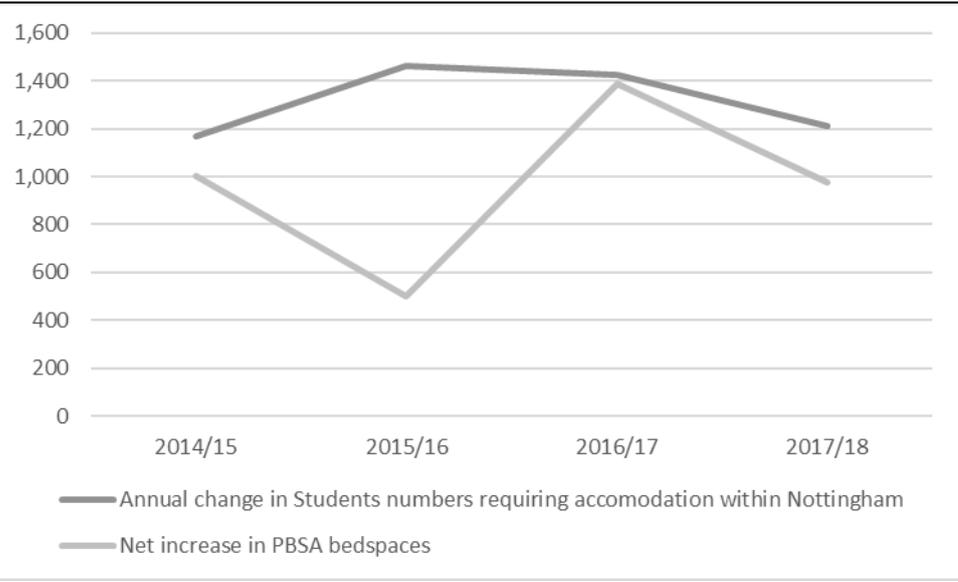
Student Numbers

10. University of Nottingham have confirmed that the total number of their students for 2017/18 is anticipated to have increased by just over 1,000 (approx. 730 requiring accommodation within the City) where as Nottingham Trent University (NTU) have also confirmed an increase in student numbers of approximately 700 (approx. 480 requiring accommodation within the City). Not all of these students live within the City and some are students living with their parents or guardians or within their own homes. It is calculated that there has been a net increase in 1,210 students requiring accommodation within the City.
11. There has actually been a year on year rise in student numbers since 2014. Over that period an additional 4,100 students now live within the City requiring accommodation. These increases in student numbers will have increased demand for all types of student housing, but it means that in recent years despite the growth in PBSA bedspaces this is not keeping up with the increase in student numbers.

12. Going forward both Universities have indicated that they wish to expand. The implications of the decision for the United Kingdom to leave the European Union on student numbers is unclear. Previously for the 2016/17 academic year immediately following the vote to leave the EU, national university applications fell across the board by 7%, the first drop in 10 years. However, for 2017/18 UCAS has recently confirmed that the number of EU and international students applying for university places in the UK has increased to more than 100,000 for the first time – a rise of nearly 8 per cent on the previous year. The University admissions body has put this boost in interest among non-UK students down to the weakening of Sterling making UK study more cost effective for foreign students. The UK government has also clarified the EU students starting courses in the UK in 2018/19 will be eligible for 'home fee' status and access to grants and loans which is likely to have been an important factor behind the increase in applications from this cohort.
13. Notwithstanding these potential implications of Brexit, both of Nottingham Universities remaining highly successful, popular and over-subscribed therefore, the number of students within Nottingham is likely to remain the same or more likely to continue to rise in line with the Universities' expansion plans.

Conclusions

14. There is planning permission for approximately 2,600 PBSA bedspaces with it anticipated that approximately 850 additional bedspaces will be provided by September 2018 and a further 1,750 additional bedspaces by September 2019 based on planning approvals and feedback with operators. In addition, the Council continues to have requests for pre-application advice for further often large-scale PBSA schemes and it is anticipated that a large PBSA scheme will come forward on Burton Street as part of the redevelopment of the Guildhall, Police Station and Fire Station site (PA61 in the Local Plan Review).
15. Despite the large increase in PBSA bedspaces, the growth in student numbers has in recent years been higher than been provided in new schemes. Graph 1 shows that this increase in student numbers being higher than the number of new bedspaces provided in PBSA schemes.



16. There is evidence to show that there is some reversal in concentrations of students within traditional residential areas of the City. Since 2011 there has been a reduction of 20% in Student Council tax exempt properties. This reduction can be partially attributed to the additional increase in PBSA bedspaces that the City has seen over recent years. However, as noted, student numbers are increasing and the new PBSA bedspaces are not keeping up with this rise in student numbers. Therefore, to see further falls in Student Council Exemptions in traditional residential areas this is only likely to happen when additional PBSA bedspaces again exceeds any growth in student numbers.
17. It is therefore considered that the Council’s current approach to promoting further PBSA schemes in appropriate locations remains relevant to both helping to address the growth in student numbers and helping to reduce student concentrations in traditional housing areas. Continued monitoring of vacancy levels in PBSA bedspaces and the number of student households exempt from council tax is required.