

# Seven takeaways from the UK's largest ever student housing survey

In November 2018, Knight Frank and UCAS published the results of the UK's largest ever survey on student accommodation.

**T**he survey questioned more than 70,000 students and university applicants, revealing some surprising insights on what makes for good (and not so good) student accommodation.

Unsurprisingly, Knight Frank's eventual summary was heavily focused on takeaways for providers of purpose-built student accommodation (PBSA). Comb through the results though, and there are several golden insights on offer for investors and operators of student HMOs.

How should you respond to the survey? Here are seven ideas.

## 1. Focus on creating a community

Purpose-built student accommodation needs 'to move away from delivering a "bricks and mortar" product and towards developing student communities', Knight Frank's Head of Global Student Property noted when unveiling the survey. Certain survey responses seem to back up his point. For example, students highlighted the 'ability to live with friends', the 'number of bedrooms' and the 'social scene' as defining factors that influenced how happy they were with their accommodation.

PBSA blocks can struggle to develop a sense of community: they are fundamentally institutional blocks

and the sheer number of occupants that call a single PBSA block home makes it both unnecessary and infeasible for all students to form meaningful relationships.

More progressive providers, aware of the issue, are beginning to launch bespoke community building programmes in response... and surveys such as Knight Frank's will likely trigger more to follow suit.

## Student investor takeaway

When it comes to creating a community, smaller private HMOs seem to have a natural advantage over PBSAs. Private HMOs typically cater for groups of four to eight friends, making them roomy enough to accommodate ready-made communities without isolating anyone. To truly foster a sense of community, investment in communal areas is key. Communal areas need to be varied, of good quality and spacious to provide opportunities for social interaction. It's often tempting to sacrifice quality communal space in favour of additional bedrooms. Don't be tempted to do so.

## 2. Seek (and act on) feedback

According to the survey, other factors that influence how pleased students are with their accommodation include the 'quality of the accommodation', the 'facilities' available and the 'atmosphere'. While none is particularly surprising, all

three are somewhat abstract. What makes for quality accommodation? Or a good atmosphere? While us landlords might be able to guess, only students know for sure.

## Student investor takeaway

As times change, it's important to improve the quality of your offering. Engage with tenants and students, get bespoke feedback and design and iterate properties accordingly. PBSA providers are already gathering feedback. On opening the survey, Knight Frank acknowledged that understanding "the priorities of students" and their "changing needs" were key to delivering the "right type of accommodation". Private investors should take note.

## 3. Design for daylight

Perhaps because it's taken for granted, the need for plenty of natural light is rarely articulated by students seeking accommodation. Knight Frank's survey, however, found students seeking accommodation saw levels of daylight as a key consideration. How key?

Along with reviews, a substantial 80% of first-year students said 'the level of daylight in the bedroom' helped them decide on their eventual accommodation.

## Student investor takeaway

This might seem out of your control - but it's not. Design bedrooms and

study spaces to maximise levels of natural (and, indeed, artificial) light. The same applies to communal spaces. Light, airy and open designs can transform otherwise dingy areas into bright and welcoming spaces.

#### 4. Get reviews

As noted above, reviews are becoming increasingly important – 80% of respondents said reviews, alongside the level of daylight in bedrooms, helped them decide their eventual accommodation. Following the digital revolution, reviews now play a big part in society.

#### Student investor takeaway

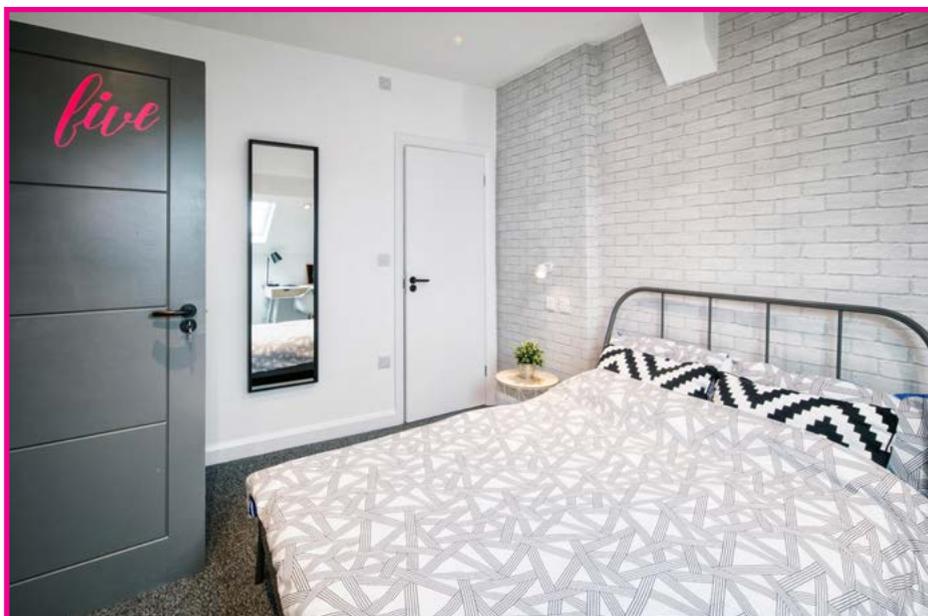
As time goes on, it's going to become more and more difficult to market properties with photos alone. Positive reviews of accommodation are already important to prospective tenants and, over time, we expect their importance to increase. Private landlords should take note and begin expanding their base of honest reviews at once.

While honest feedback might be painful at first, bear in mind positive reviews become testimonials and neutral or negative reviews reveal opportunities for improvements. Whether your property is self-managed or managed by agents, honest reviews can keep you ahead of the game.

#### 5. Build a brand

This is an interesting one. In years gone by, it might have seemed as though good accommodation was good accommodation, no matter who the provider. It turns out that's not quite the case.

Following the proliferation of PBSA developments, it seems students rightfully expect better service from those providing their accommodation – an insight evident



in the importance of brands in accommodation decisions. Nearly half of students living in private PBSA say the operator and brand of their student accommodation had played a part in their accommodation choice. Students signing contracts want reassurance, which is precisely what strong brands provide.

#### Student investor takeaway

In a market in which service levels vary considerably, there's little doubt that having a clear and strong brand can set you apart from others. Define your value proposition, implement it, promote it through

your communications and keep it consistent across channels – in person, in print, online and across social media.

#### 6. Please parents

As you might have guessed, it's not just the students you need to impress. 55% of second- and third-year parents help their children decide where to live. For first years, this shoots to 76%.

#### Student investor takeaway

To maximise demand for your property, you need to impress parents. Clearly, in many areas the needs of both parents and students

overlap - although the two groups likely give different weightings to different criteria. Price, quality and value for money remain important. So too do safety, security and reputation. As well as exceeding the needs of prospective tenants, take steps to ensure your property and brand live up to parental expectations.

### 7. Add extras

'Value for money' is the single criteria that students and prospective students place most onus on when searching for accommodation. So what is it that represents good value? Survey participants revealed they'd pay a premium for extras such as wifi, a larger bedroom, a bigger bed, a better kitchen, more natural light, greater security, gaming rooms and discounts at local shops.

### Student investor takeaway

While some of the above may be infeasible, there are a multitude of ways through which you can increase the value of your properties - and some come at relatively little cost. As more and more PBSA spring up, the private student investor needs to be constantly thinking of how they can provide value.

### A hidden opportunity?

The existence of PBSA blocks has been steadily increasing. Over the next couple of years, a demographic quirk means there will be fewer people turning 18 than have historically, potentially having a knock on effect on student numbers. At the same time, taxation reform and additional regulatory requirements are beginning to place increasing financial pressure on student HMO operators.

Importantly, universities are relying more and more on private PBSA to provide additional capacity and replace ageing university stock, whilst

they reduce their own investment in accommodation. PBSA providers are beginning to talk about improving the "strength of the relationship between the private sector and universities". Does this suggest that universities will be tempted to promote PBSA to their students, at the expense of the student HMOs? Perhaps. As the years unfold, we believe these increasing pressures will be felt at the lower end of the student HMO market.

Voids could increase, putting pressure on landlords to either invest significantly or reduce rent to mitigate - a potentially untenable position for some. Are private student landlords in serious trouble? Not necessarily. There are potential opportunities in the shifting landscape. Pressures on the old, tired HMOs could provide some ideal buying opportunities for those in a strong position and who have a quality offering.

PBSA also brings with it some benefits: it increases the expectation of quality, meaning there will be more demand for high-quality accommodation; it raises the expectation of price, meaning by comparison an HMO rent will seem lower and much better value; and lastly, they can bring regeneration benefits to a city, which is good for everyone.

Ultimately, the impact of PBSA upon student HMOs will depend on the attitude and the adaptability of the operator. We believe there is opportunity amongst the coming chaos, and it's your job to capitalise on it.

The entire survey can be found here: <https://content.knightfrank.com/research/1663/documents/en/knight-frank-ucas-student-housing-survey-201819-6002.pdf>

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**FAT Properties**  
**Philippa Charrier - Director**  
[fatproperties.co.uk](http://fatproperties.co.uk)  
**phone: 07800911688**

