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STUDENT MARKET REPORT

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The [UK student accommodation market](#) of 2018 and 2019 offered a robust investment opportunity, providing secure returns while remaining one of the most attractive and in-demand asset classes of recent years. With increased levels of demand likely to continue, both investors from the UK market and international property investors are exploring the student accommodation sectors and finding new, exciting opportunities for 2020 and beyond.

The last couple of years were strong periods for the student sector. The appetite for student property remained strong when looking at the UK student accommodation market in 2018 and 2017, due to high demand and evidence of high yields in the UK's top university locations. As a result, the UK's development pipeline has reached historically high levels. Over £4bn was conducted with many deals achieving record yields. Despite a minor drop in applicants during 2018, demand as a whole remained consistent in 2019, with university applications reaching their highest level with record figures.

With increased levels of demand likely to continue, both investors from the UK market and [international property investors](#) are exploring the student accommodation sectors and finding new, exciting opportunities for 2020 and beyond. In our latest student market research report, we look at some recent statistics and information on the student rental market in the UK, along with details on investor activity, and future student housing market predictions. Keep reading to find out more.



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STUDENT NUMBERS IN THE UK

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University is the premium option of higher education, with high numbers of the **student market** population regularly seeking property to rent in the UK.

Student numbers have been fluctuating in recent years. By 30th June 2019, there had been a total of [236,350 admissions from 18-year-olds](#) for universities in England, up from 232,380 in 2018. In Northern Ireland, Scotland, and Wales, however, the number of applications from 18-year-olds had decreased.

Consequently, depending on the area, **student rental market** demand is increased due to an undersupply of student housing in most major cities. This pushes up rental values and the rental returns available for buy-to-let investors in the UK market.

There has been a notable increase in the number of master's students, up 6.25% from 2017 to 2018. This is perhaps due to a new loan scheme for master's funding. Launching in the Summer of 2018, a Postgraduate Doctoral Loan was introduced which allows postgraduate doctoral students to borrow up to £25,700 for courses beginning on or after the 1st August 2019.

UCAS measures the capability and academic attainment of a student based on the tariff level of the university. Medium to higher tariff institutions (those deemed as retaining a higher level of student) have seen a 0.4% increase in acceptances whereas lower tariffs have seen a decline of 5.4%.

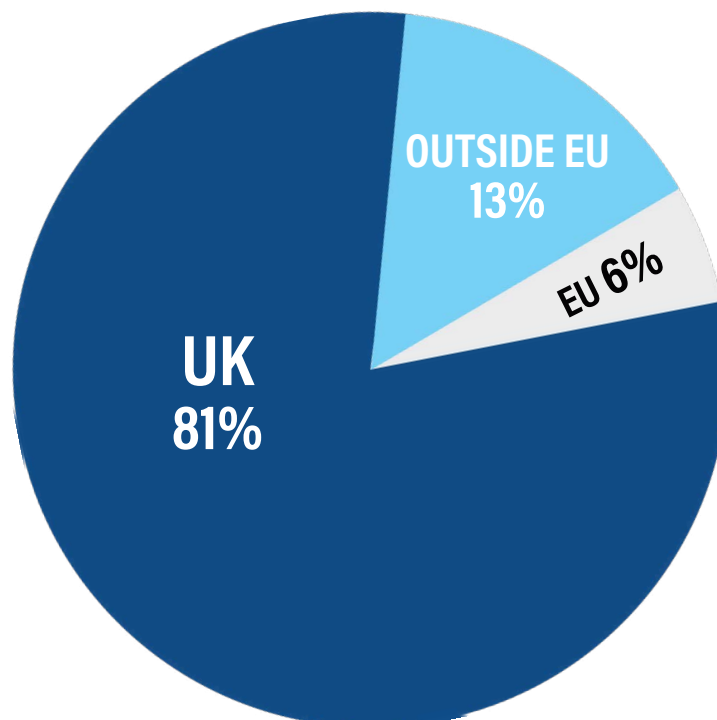
Overall, the total number of students has rocketed and is currently sitting at the highest recorded level since 2013, maintaining a lucrative level of supply and demand when it comes to opportunities in the **student accommodation investment market**.

Overseas Students

Brexit stimulated much debate in regards to the student housing market in the UK and whether or not overseas student numbers would be affected. Despite this level of uncertainty, premium education and favourable exchange rates have established the UK's power to secure overseas students choosing to study in a UK university, and these figures are set to increase further.

In a breakdown of the current student population, 81% are from the UK, whilst 13% are from outside of the EU and 6% are from within the EU. By far the largest non-EU country accounted for is China. In an accumulation of our total population in the UK, Chinese students accounted for 95,090 in the 2016-17 year, presenting a 13.5% increase since 2013.

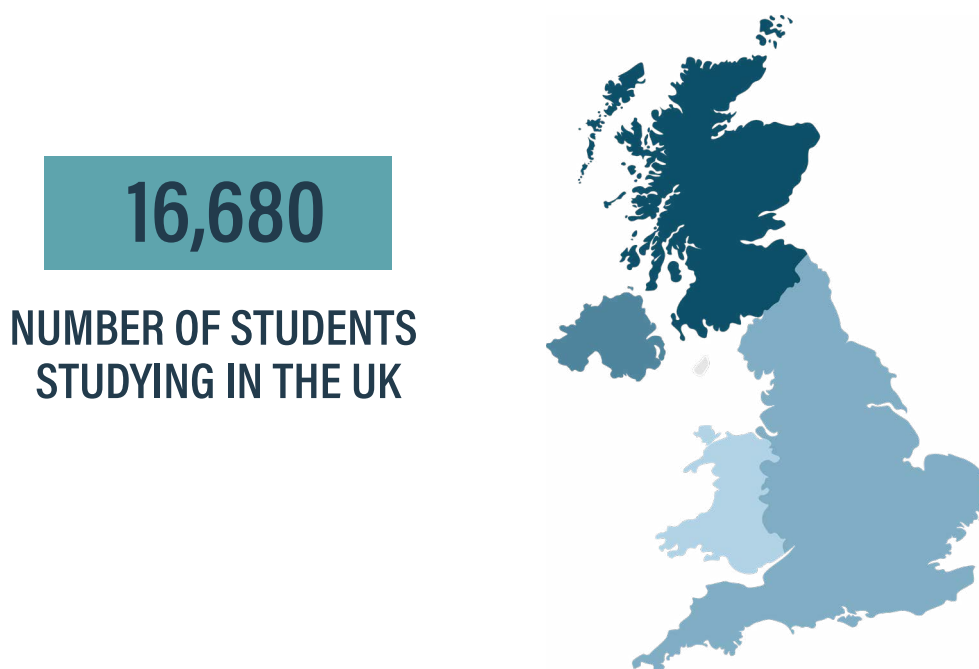
STUDENT POPULATION BREAKDOWN



Closely following is the student population from Hong Kong which has surpassed this rate of growth with a 27.6% increase for a total of 16,680 students studying in the UK, representing the highest amount of non-EU applicants ever recorded. Similarly, a main driver of growth has been an increase in EU students who represent 6% of all full-time students in the UK. In 2018, EU applications grew between 5% and 10%.

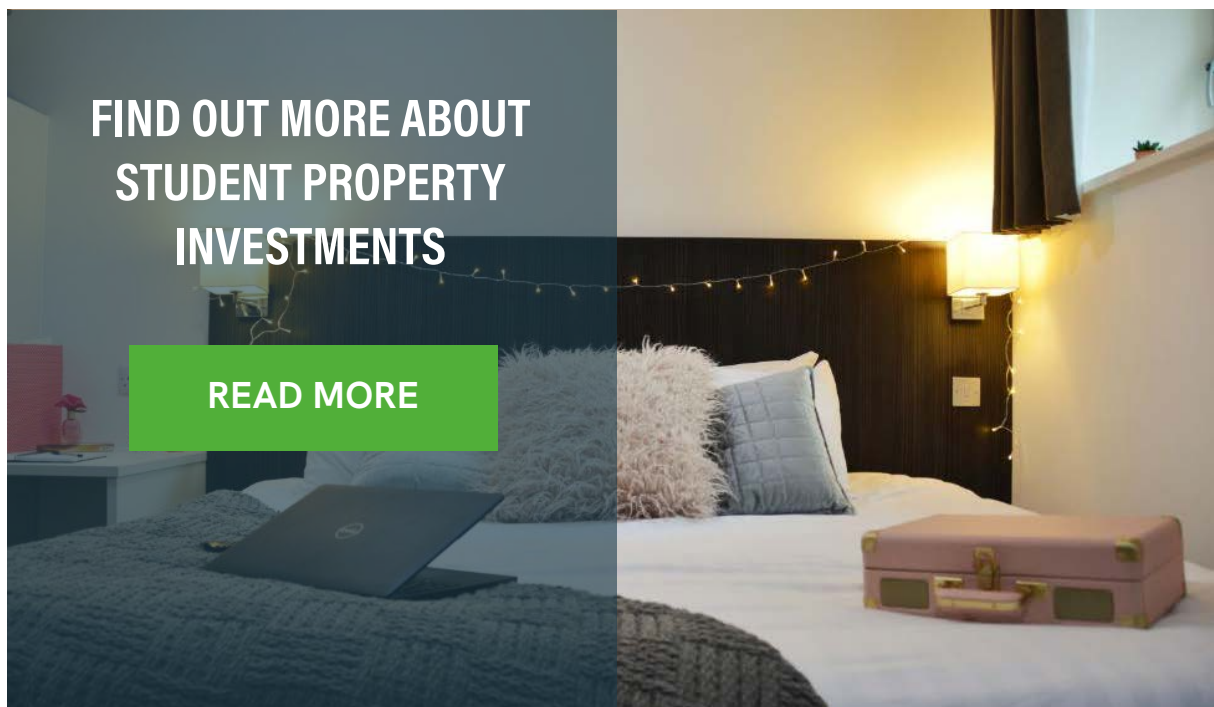
As for tuition fees, recent announcements stated that EU students applying for a place in a UK university in 2019-20 and 2020-21 will continue to be eligible for a 'home fee status'. This means that EU students will be charged the same tuition fees as students from the UK.

1987 saw the introduction of a scheme allowing overseas students to study in the UK for free for one year. The Erasmus programme included living expenses and has benefitted over 200,000 students since it was first established. A total of 91% of international higher education students across all levels were satisfied with their university experience in the UK. Due to this positive figure, the UK has experienced a 2.2% rise in applications from students outside of the UK since 2016, giving the **student rental market** a further boost.



Student Accommodation has Underlying Dynamics Driving Investment:

- Excellent performance during previous recessions, highlighting resilience.
- Rental growth outperforming inflation in recent years.
- The persistence of the UK's higher education system with increased international student
- A diverse demographic, with an increased number entering higher education



STUDENT ACCOMMODATION MARKET - INVESTMENT POTENTIAL



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Investing in Student Property

[VIEW GUIDE](#)

'An increase in investment from 2017 to now is expected to increase by £5.3bn in purpose build student housing.'

As **student accommodation market research** has shown, the UK boasts one of the best student housing markets for investors to get involved with due to the levels of demand and affordable prices available, particularly with off-plan developments. In the **student rental market** of the UK, yields have recently experienced less volatility than other real estate sectors and investor activity in the UK commercial property market proves resilient.

Concerns that the market has reached its peak, underpinned by fears over the impact of Brexit on the sector, have proved unfounded. For many, especially first time investors, student property provides a more affordable and perhaps safer option than residential property investments.

The rental growth of student accommodation in the UK has surpassed all other asset sectors by reaching an accumulative transaction value of £3.5 billion in 2016 and £4.6 billion in 2017, with significant investment from international sources. Over 2017, investors remained pragmatic as the UK is viewed as a stable global property market. Purpose-built student accommodation has helped the sector form a prominent part of the wider UK commercial investment market. With continued investment from both international and domestic investors over the course of the year, a relatively weak pound has attracted international investment and additional applications from non-EU students such as those from Saudi Arabia and UAE countries.

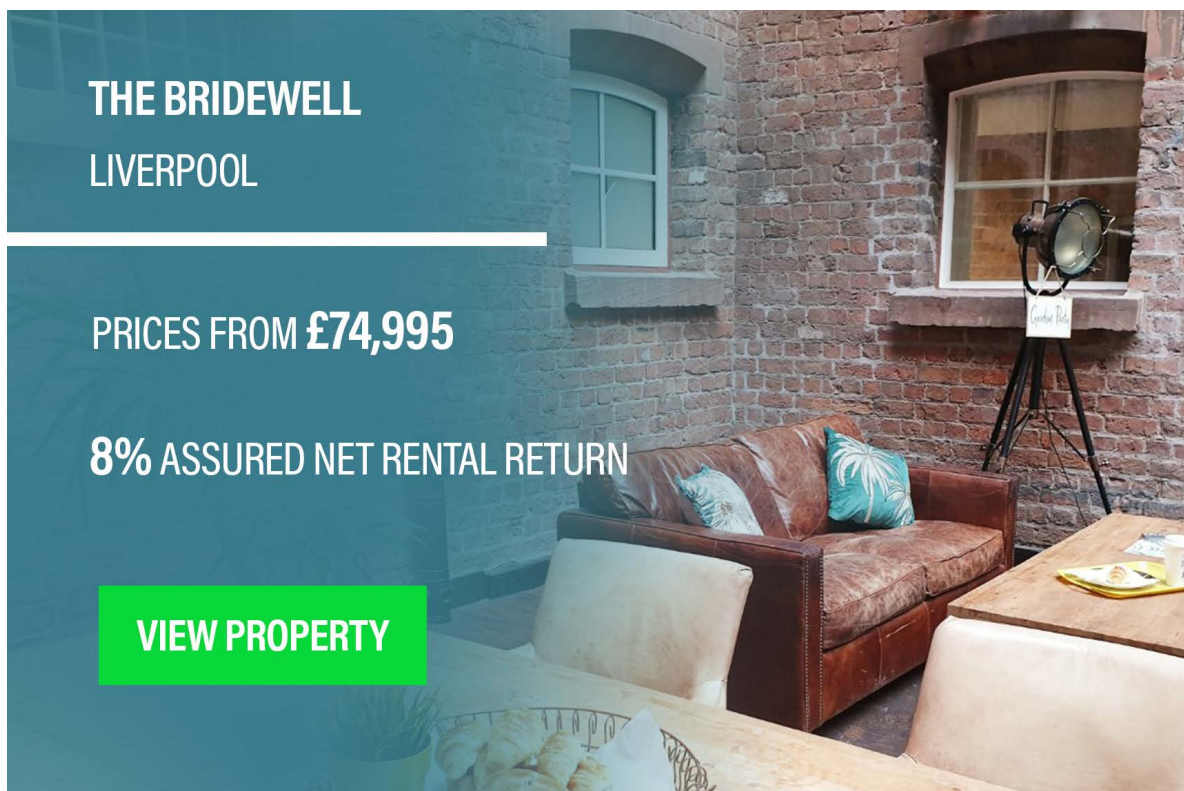
'The UK boasts one of the best student housing markets for investors to get involved with due to the levels of demand and affordable prices available, particularly with off-plan developments'



The UK student accommodation market in 2018 and 2019 has also outperformed previous years with many direct let transactions at record yields. An increase in investment from 2017 to now is expected to increase by £5.3bn in purpose build student housing.

In both private and university-owned purpose-built accommodation, the estimated figure of asset value is now around £43 billion in the UK. There are 525,000 PBSA bedrooms, alongside planned consent for another 150,000 in the pipeline across the UK. This has been driven by the consistent track record for student property demand that the UK has seen over the years.

Just over two decades ago, the UK student population was 1.5 million – today it's around 2.28 million, proving student accommodation as a lucrative sector for institutional investors to entrust their money. Prime yields for modern, income-producing assets in the best university cities are now in the range of 5% to 6%.



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VIEW PROPERTY

HOW TO SUCCESSFULLY INVEST IN THE STUDENT RENTAL MARKET

'The first step for investors and developers is to target cities that present the most sustainable opportunities'



So how can an investor do to make sure they're making a strong venture in the **student accommodation investment market**? The first step for investors and developers is to target cities that present the most sustainable opportunities. The North West boasts one of the best student housing markets for investors to get involved with due to the levels of demand and affordable prices available, particularly with off-plan developments. This makes cities like Liverpool and Manchester a great choice when investing in the **student rental market**, offering some high rental yields and promising growth rates.

The UK student Accommodation Market 2019, 2020, and Beyond

The UK student accommodation market in 2019 was as strong as ever, and is set to continue in a similar direction throughout 2020 and the following years, with demand in the sector being underpinned by PBSA's strong cash-generating characteristics and its reputation as a 'safe asset'.

[In high-performing UK cities like Liverpool](#) and Manchester, each residential ad **student housing market study** suggests that student property investment is looking even more promising. Rental costs are rising along with property prices, increasing the rental yields you can expect from student property as well as improved capital growth rates. By 2024, the North West is expected to see house price growth of 24.1%, which is a higher increase than any other UK region.

If you're interested in getting involved with student housing investment in 2020, get in touch with RWinvest today and we can discuss our available opportunities to help you find the perfect property for your student buy to let journey.

WHAT ARE THE BEST PLACES
TO INVEST IN
STUDENT PROPERTY IN 2020?

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