

Priced out?

The Accommodation Costs Survey 2024: London Edition

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About the authors

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- The **steering group** for sharing valuable perspectives, helping shape the survey and providing guest contributions:

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Mark Corbett	Head of Policy and Networks	London Higher
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Alex Stanley	Vice President Higher Education	NUS

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Preface

This edition of the Accommodation Costs Survey (ACS) presents a full picture of what it costs to live in Purpose-Built Student Accommodation (PBSA) in the UK's capital city. It throws a new spotlight on how the London market has produced rent levels that are detached from student incomes.

The UK's higher education system is built on a residential model: young full-time students tend to move away from home to study. This portability gives higher education institutions a way to build student populations from outside their locality, including from overseas. In doing so, institutions are better equipped to create and sustain concentrations of talent in particular disciplines and achieve research and teaching standards with a global reputation for excellence. In theory, students have the freedom to go to any institutions – just so long as they can meet the entry requirements and are offered a place. Without an affordable and diverse student accommodation market, however, this model is at risk of being eroded.

As in many areas of UK life, London is an outlier when it comes to higher education and student housing. This was evident in previous national ACS cycles. But the new wave provides an opportunity to focus on some of the particular characteristics and challenges of London's PBSA market and the forces shaping it – those which make it the UK's most expensive and least accessible place to live for students.

Focussing on London makes sense for another reason: what occurs in London may foreshadow what will happen in other university towns and cities. The stakes are high: will students on average incomes be able to go to their university of choice in years to come?

This report presents data on rent levels, stock ownership and trends in the market. It considers the outlook, includes multiple responses from close observers and ends with some specific recommendations for the future.

The ACS began in 1967 and has routinely exposed important trends. This edition has some remarkable findings. For example, in 2024/25 a 'home' student from outside London but studying in the capital who is in receipt of the average maintenance loan will need to find an extra £2,890 just to

cover the average rent for Purpose-Built Student Accommodation and regardless of all other living costs. Even a student from a low-income household receiving the maximum maintenance loan will have a shortfall when facing the average student rent.

Accommodation providers covered by the survey point to a number of factors driving rents upward, including construction, compliance and planning costs. But they also mention rising demand, as landlords withdraw shared houses (known as houses in multiple occupation or HMOs) from the student rental market. Moreover, private providers' sensitivity to what competitors are charging is adding further fuel. In a market under strain, upward pressure on rents can come to seem irresistible. However, several providers reported empty rooms in autumn 2024 and there is some evidence of discounting and incentives. Are students beginning to opt out of the London residential experience? It is too early to say, but some warning signs are there.

Implemented in March 2021, the London Plan looms over this report. This document is the statutory spatial development strategy for Greater London produced by the Mayor of London and published by the Greater London Authority, setting out a framework for how London should develop over the next couple of decades. The most recent version was issued in 2021. It links universities to the need for student accommodation and affordable room provision. The Accommodation Costs Survey shows over half of new Purpose-Built Student Accommodation completed recently is university nominated stock, which suggests the Plan may be having some impact. However, due to unfavourable market conditions, there has been a UK-wide fall in new Purpose-Built Student Accommodation coming into commission since 2021 – including in London. This makes it hard to isolate and fully assess the impact of the Plan.

However, private sector respondents report growing reluctance in some higher education institutions to commit to nomination agreements – without which planning permission will not easily be granted under the London Plan. If more universities do not overcome this reluctance, it could become a big factor in reducing future supply.

We need more time to come to a rounded conclusion on the impact of the London Plan, particularly as new guidance released in November 2024 may encourage new student accommodation schemes. If developing affordable stock continues to be challenging, more extensive financial support will become critical for attracting the most talented students.

Universities may have ceded much of their historic control of the Purpose-Built Student Accommodation sector over the past 20 years or so, but they can still influence its future, including in London. Using this influence means recalibrating risk associated with developing innovative solutions in their own student accommodation portfolio and working constructively with private providers and local authorities to comply with the London Plan and boroughs' stipulations. As part of this assessment, educational institutions need to reflect on the risks to their core purpose of higher education if affordable stock disappears. If institutions are serious about maintaining a mix in their full-time student population and enabling full-time students to access Purpose-Built Student Accommodation close to campus, then they will take up the opportunities that the London Plan provides and / or look at ways to innovate in affordable stock in their own portfolio.

If rents continue rising steeply, more prospective students will reject London as a potential place of study. It is up to London universities, working with private partners, to use their influence to counter this trend. As a start, they should marshal the evidence and arguments for higher education as a public good, with accessible Purpose-Built Student Accommodation as a crucial underpinning, and they should make their case with local authorities and local communities as well as national policymakers.

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Executive summary

Rent for Purpose-Built Student Accommodation in London went up by a fifth between 2022/23 and 2024/25. The average rent in 2024/25 was £13,595 a year – or £295 a week for just over 45 weeks.

A key finding of this new wave of the Accommodation Costs Survey is that student rents in London have been increasing faster than before. Rents in 2023/24 went up by 10.1% and rents in 2024/25 went up by 9.4%. These are much steeper rates of growth than in previous rounds of the Accommodation Costs Survey: in 2021/22, the increase on the previous year stood at 4.4%.

In both 2023/24 and 2024/25, rent increases outstripped inflation. Rises for 2024/25 (+9.4%) were particularly out of kilter with inflation for that year (+3.5%).

Viewed over a slightly longer timeline, rents for university-owned / managed accommodation went up by nearly one-third (31%) between 2021/22 and 2024/25 – or 9.4% on a compound annual basis. By contrast, in the subsector where private providers let directly to students outside of any university partnership (known as 'direct lets'), the rate of increase was 58% over the same period – or 16.5% on a compound annual basis.

Of the 75,948 student rooms covered in this survey, 10,429 (14%) cost more than £20,000 for in 2024/25. This compares to just 3,398 (5%) in 2022/23.

Headline average rents and rent increases in London 2024/25

	Institutions' own	Private used by universities	Private direct lets	Average
Weekly rent	£232	£298	£395	£295
Average let length (weeks)	40.4	47.3	49.4	45.1
Weekly rent: increase over two academic years	16.1%	14%	22.4%	18%
Change in let length (weeks)	<i>Not applicable</i>	+1.1	+0.8	+0.7

In 2024/25, average annual rents for rooms owned / used by universities were much lower than for accommodation (including studio flats) let directly by accommodation providers to students – £11,763 over 43.8 weeks, compared to £19,562 for 49.4 weeks.

Overall, weekly rents increased from £250 a week in 2022/23 to £295 a week in 2024/25. The average contract length also drifted upwards, from 44.4 weeks to 45.1 weeks.

For students from England studying away from home in London, even the maximum maintenance loan no longer covers the average rent in purpose-built student accommodation (PBSA). At the same time, the supply of student houses in the private rented sector is shrinking: fiscal and regulatory changes are squeezing landlords' margins and they are exiting the market in significant numbers. This is adding further inflationary pressure in the Purpose-Built Student Accommodation sector.

In 2024/25, a student from England and getting the maximum loan needed an extra £247 to cover the average rent in London – and this does not take into account their other needs, such as food, travel, clothes, books, toiletries or any other living costs. Just two years earlier, the same student would have had £31 a week (£1,381) remaining after paying rent (based on average let length).

The gap between the average annual rent and the average loan made to English students from outside London but studying in the capital is £2,890 in 2024/25, up from £1,419 in 2022/23. In other words, over this period, the extra amount students and their families must find to cover the rent doubled.

Supply constraints are an issue for all Purpose-Built Student Accommodation providers. Over half (58%) of the higher education institutions (HEIs) that responded to the Accommodation Costs Survey guarantee accommodation for first-year undergraduates, but rising demand and stalling growth in the supply of new student accommodation have led two universities to withdraw this element of their offer.

There is now emerging evidence of more UK students at London institutions commuting to their place of study, having decided they could not afford student housing or were not prepared to pay for it.

On average in 2023/24, both educational institutions and private providers let around half their accommodation to international students – although private providers were more likely to let 70% or more of their accommodation to students from overseas.

Survey respondents reported a drop in UK students applying for university-owned accommodation, even though it was generally a cheaper option. From this, institutions are inferring that more UK students are choosing to stay at home and commute to their place of study rather than pay the higher costs of living away from home.

Some higher education institutions are intervening to soften the financial impact on their students: overall the rents they charge are lower than in the private sector and some institutions are subsidising rents levied by their private sector partners. However, although universities rely on the private sector for volume and quality of provision, they report feeling poorly placed to influence partner providers' rents because of their own limited presence in the market.

We have introduced partially funded rooms for means tested UK students (household income max 25k pa). This has been to allow access to halls for students who may not have been in a position to afford it otherwise.

Educational institution

1: Rents and rooms

London

According to the dataset collected as part of this survey, in 2024/25 the average annual rent for Purpose-Built Student Accommodation in London was £13,595 – or £295 a week for 45.1 weeks.

Change in annual rent profile for PBSA in London, 2022/23 to 2024/25

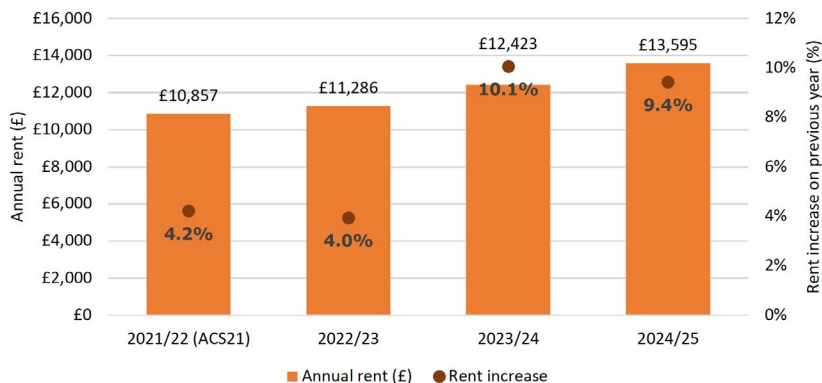


Between 2022/23 and 2024/25, Purpose-Built Student Accommodation rents went up by 20% in London. In 2023/24, rents increased, on average, by 10.1% and, in 2024/25, they rose by 9.4%.

These values represent much steeper rates of growth than in previous rounds of the Accommodation Costs Survey: for example, in 2021/22 the increase on the previous year was 4.4%.

For accommodation in the private direct-let market, rents rose more quickly than for rooms owned or used by universities. Between 2022/23 and 2024/25, private direct-let rents increased by 25%, compared to a figure of 18% for rooms owned and used by universities.

Rent increases year on year, 2021/22 to 2024/25



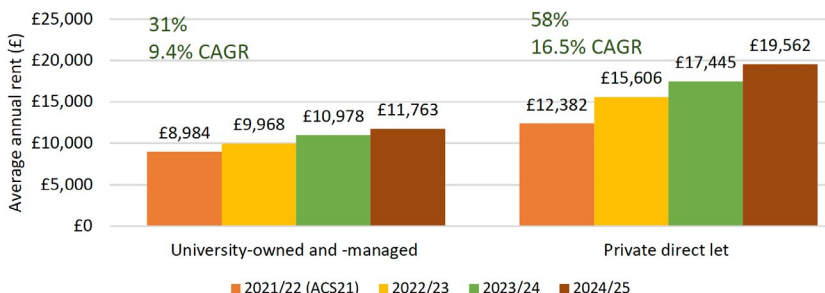
Sources: Current survey plus London region dataset for ACS2021

Within the portfolios of bed spaces used by HEIs, rents for university-owned rooms went up 16%, slightly slower than the 17% recorded for rooms provided by private sector partners. That there is just a one-percentage-point gap here can be attributed to universities:

- only taking on rooms from private sector partners that align with their own offer – in other words, similar room types, rent levels and letting lengths; and
- negotiating slower rent increases in partnership deals with private operators, particularly where arrangements are for more than a year – in pegging rental growth in affordable rooms to 55% of the value of the maintenance loan in the current year, the London Plan will strengthen the hand of universities in such negotiations.

Over the longer period between 2021/22 and 2024/25, rents for university-owned / managed provision grew by 31% – or 9.4% on a compound annual basis. Over the same period, private direct-let rents increased by 58% (or 16.5% on a compound annual basis).

Average rents by room usage: annual rises; and percentage increases and Compound Annual Growth Rate (CAGR) between 2021/22 and 2024/25



Sources: current survey plus London region dataset for ACS2021

In 2024/25, average annual rents for rooms owned / used by universities were much lower than for direct-let accommodation – £11,763 over 43.8 weeks, compared to £19,562 for 49.4 weeks. This major variance reflects the provision of contrasting stock types. Universities focus on offering en suite cluster rooms primarily to their own students, often under an accommodation guarantee. The private direct-let sector serves a much wider student market (particularly targeted at international students) and contains a much higher volume of studio flats.

Overall, weekly rents increased from £250 a week in 2022/23 to £295 a week in 2024/25. The average contract length also drifted up from 44.4 weeks to 45.1 weeks across the same timeline.

Headline average rents and rent increases in London 2024/25

2024/25	Institution's own	Private used by university	Private direct lets	Average
Weekly rent	£232	£298	£395	£295
Average let length (weeks)	40.4	47.3	49.4	45.1
Weekly rent: increase over two academic years	16.1%	14.0%	22.4%	18.0%
Change in let length (weeks)	n/a	+1.1	+0.8	+0.7

Inner and Outer London

Rents for 2024/25 were significantly higher in Inner London than Outer London (as defined in the London Plan): institutional rents were 7.5% higher in Inner London than Outer London; for private providers, rents were 36.9% higher in Inner London than Outer London. However, rent increases were higher for Outer London, particularly for private providers.

Rents by provider type and London sub-region

2024/25	Inner London		Outer London	
	Institutions	Private providers	Institution	Private providers
Annual rent	£9,838	£17,349	£9,155	£12,677
Rent increase (two academic cycles)	15%	19%	16%	23%
Beds represented	18,524	35,659	7,632	10,622

Ownership and use of bed spaces

Respondents to this survey accounted for 75,948 bed spaces, which is comparable to the 75,692 reported for Greater London in the 2021 Accommodation Costs Survey. The total represents 79% of total stock in the capital in 2024, as recorded by Cushman & Wakefield (95,724 beds).¹

Universities are increasingly reliant on private provision. Of the rooms they had available to let, the proportion that higher education institutions owned fell from 54% to 51% over the 2022/23 to 2024/25 period. However, institutional room numbers (which include, for example, rooms covered by nomination agreements between universities and accommodation providers) in 2024/25 were broadly static at 29,667, down 445 across the timeline.

Over the period, universities extended and deepened partnerships with private providers under both short- and long-term arrangements. These deals drove growth in institutions' combined portfolios to 58,108 bed spaces in 2024/25, an increase of 3,264 on 2022/23. Only five of the 14 university respondents housed students in their own accommodation without recourse to any private provision. Among the university

respondents working with partners, relationships are diverse, ranging from long partnerships on campus, to long leases and nominations (of more than 20 years), to shorter nominations agreements (of one to 19 years), plus referral arrangements. Each deal plays its own role in adding to the volume, quality and choice of accommodation provided by universities. Only 25% (four) of the 16 respondents from the private sector let all their rooms directly to students.

In 2023, institutions were significantly more likely to have let over 70% of their accommodation to first-year students (all levels of study). Institutions were more likely to offer accommodation to first-year undergraduates and international students via accommodation guarantees.

First-year students (all levels of study) – lettings in 2023 by provider type



What percentage of your accommodation was let to first-year students in 2023? Base 28

In 2024/25, bed spaces let directly by private providers totalled 17,840, up 977 on 2022/23. This marginal growth reflects how universities have increasingly been drawing on private sector stock to support their accommodation offer.

Two important factors have been helping shape market dynamics here:

- i. Universities have needed to secure extra rooms to meet the rising demand from growth in full-time student numbers. Specifically, their focus has been on ensuring they can continue honouring accommodation guarantees and more qualified commitments to offer first-year undergraduates a university-allocated place. (Sometimes,

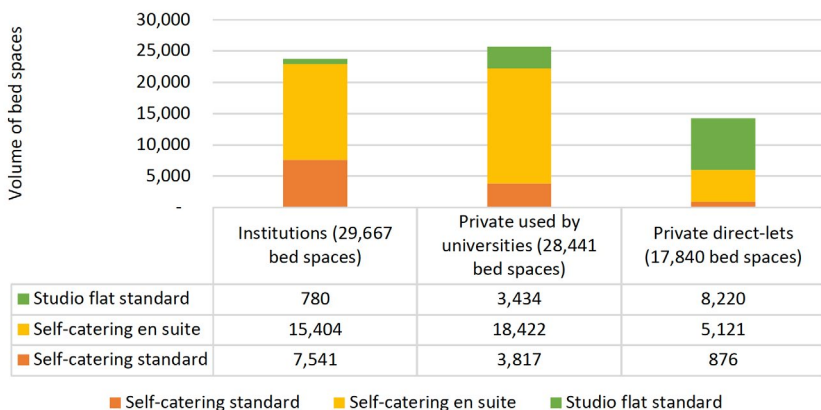
such objectives also include some or all of their international student population.) In London, university strategies to extend portfolios to meet this additional demand have generally focussed on expanding / creating new private sector partnerships.

- ii. In tying new private schemes into relationships with universities, the London Plan is beginning to affect the market. Just how and by how much should become clearer as the Plan is used in the regulatory system.

Room types

In 2024/25, just over half (52%) of universities' own rooms were self-catered and en suite; nearly two-thirds (65%) of the private rooms used by universities were en suite. The volume of studio accommodation offered by higher education institutions was very low and amounted to just 3% of their total portfolio. However, 12% of the rooms universities took from the private sector were studios.

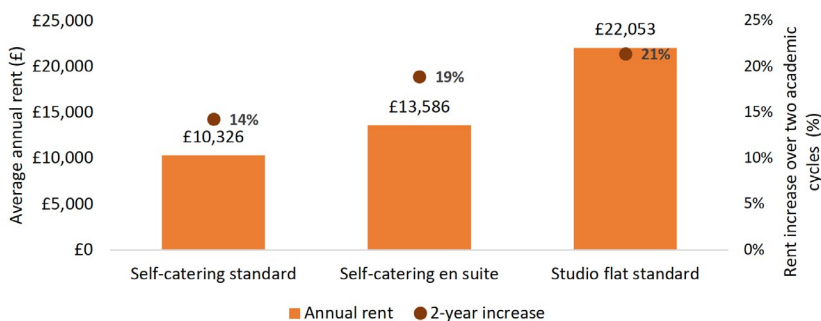
Volume of bed spaces by usage and main room types 2024/25



In the direct-let subsector, studio flats accounted for nearly half (46%) of bed spaces, a significantly bigger share than the 29% recorded for en suite accommodation.

The following chart shows the average annual rent levels by room type for Inner London boroughs collectively. Self-catering standard rooms were the least expensive and rents increased by 14% overall across the two academic cycles from 2022/23 to 2024/25. Accounting for most of the stock, en suite rooms were priced on average at £13,586; and studios at £22,053. Across these room types, rent increases were around 20% over the two academic cycles.

Inner London: average annual rents by room type and percentage increases over two academic cycles, 2022/23 to 2024/25



Weekly rents and contract lengths

Overall, weekly rents increased from £250 a week in 2022/23 to £295 a week in 2024/25. The average contract length also rose from 44.4 weeks to 45.1 weeks across the same period.

Average weekly room rents and contract lengths by provider type, plus changes over time

2024/25	Institutions' own	Private used by universities	Private direct lets	Average
Weekly rent	£232	£298	£395	£295
Average let length (weeks)	40.4	47.3	49.4	45.1
Weekly rent increase over two academic years	16.1%	14%	22.4%	18%
Change in let length (weeks)	n/a	+1.1	+0.8	+0.7

The average weekly rents for 2024/25 were as follows:

- rooms owned by universities were cheapest across all categories – in 2024/25, the average rent for institutional en suite accommodation was £226 a week for 41 weeks;
- rooms offered by universities through private partners (of all types and durations) were more expensive – the average rent for an en suite bed space was £288 a week for 47 weeks; and
- en suite rooms let directly to students by private operators were offered at £341 a week for 50 weeks.

Average weekly rents by room usage and room type, 2024/25



This pricing pattern is repeated for studio rentals, where the studios let directly to students were set at an average of £462 a week for 50 weeks. However, the average rent for a standard room let directly by a private provider was cheaper than for its equivalent allocated by a university as part of a partnership arrangement.

This pattern is against expectation. Possible factors at play may be the low volume of private standard rooms in the sector and the diversity in stock types underpinning the data.²

Rent ranges

The rent ranges for each year of the survey data illustrate the near disappearance of annual rents below £8,000.

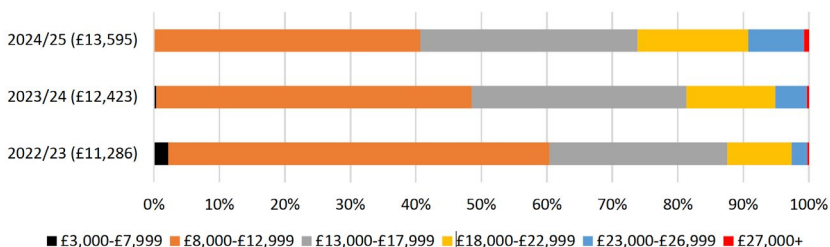
Of the total rooms covered in the survey response, 14% or 10,429 cost more than £20,000 a year in 2024/25, compared to just 5% or 3,398 in 2022/23.

Cheapest and most expensive rooms in the survey

In 2024/25, the cheapest room in the survey is in LSE's Passfield Hall, a catered residence in Camden. This was offered for an annual rent of £4,433 at £143 a week for 31 weeks (term-time only). Rents in this accommodation have increased 14.4% over two years, which is lower than the average.

The most expensive rooms in the survey cost more than £40,000 a year. In several schemes – mainly located around Bloomsbury and King's Cross – these private direct-let studios and flats are let on 51-week contracts at rents of around £800 a week.

Annual rents and change in rent range



Rent as a proportion of the student loan

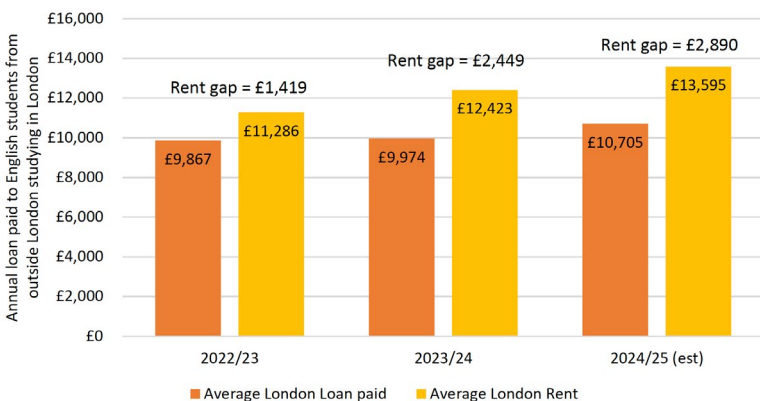
In 2024/25, an English student living away from home, studying in London and getting the maximum loan needed an extra £247 to cover the average rent in London – and this does not take into account their basic spend on food, clothes, travel, personal items, academic materials and other living costs. Just two years earlier, the same student would have had £1,381 or £31 a week left over, based on average let length.

Average London rent and proportion of maximum London maintenance loan spent on rent over time



Under Freedom of Information legislation, the authors made a request to the Student Loans Company (SLC) for the average loan paid to English students from outside London but studying in the capital for the academic years 2022/23, 2023/24 and 2024/25.³ The next chart compares the data supplied by the SLC with average rents in these cycles and sets out the significant and growing rent gap across the timeline.

Average London rent and proportion of average actual maintenance loan paid by the SLC to full-time English students from outside London studying in London



In 2022/23, the gap was £1,419 and it is thought to be £2,890 in 2024/25. Over the period, this represents a rise of 104% or a doubling of the contribution students and their families need to make to cover the rent. Everyone in the Purpose-Built Student Accommodation sector is having to grapple with strong inflationary pressures, but nobody more than students.

2: Pricing pressures and market trends

Rent-setting mechanisms

Among survey respondents, inflationary uplift was identified as the most important factor in setting rents (37%). Benchmarking is also featured as a key consideration for most respondents.⁴

Rent-setting: the main mechanisms and considerations for respondents

	Most important	Second most important	Third most important	Fourth most important	Fifth most important
Educational institution	Inflationary uplift – based on Retail Prices Index (RPI) or Consumer Prices Index (CPI)	Benchmarking against universities (local market or national peers)	With reference to student affordability concerns	What it costs to run the accommodation	Cost of upgrades / refurbishment – including any Environmental, Social & Governance (ESG) commitment OR Without reference to the market, but based on what we think the accommodation is worth
Private provider	Benchmarking with a set of key comparators / competitors in the market	Benchmarking with a set of key comparators / competitors in the market	Benchmarking against private providers (local market or national peers)	What it costs to run the accommodation OR Inflationary uplift (based on RPI or CPI)	Indexation according to financial model

*What are the main mechanisms and considerations for your organisation when setting rents?
Base: 28*

Priorities vary between provider types. Half of institutional respondents said inflationary uplift was their top consideration, while for private providers benchmarking against market comparators / competitors was the primary point of reference. Rent increases among competitors are a contributing factor to the bigger rental growth in the private direct-let market.

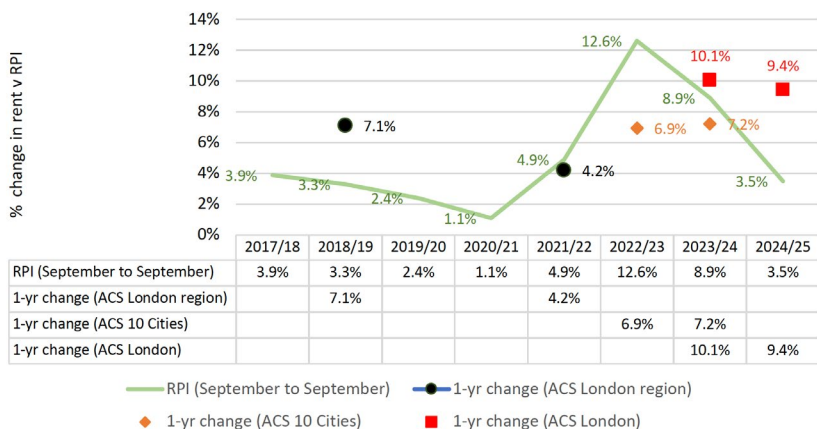
Rent v inflation

Rents in London have increased at a higher rate than in the past. Following peak inflation in 2022/23 and 2023/24, Retail Prices Index (RPI) values returned to more typical UK levels in 2024/25. At the time of writing, the

Consumer Prices Index (CPI) – the generally preferred measure of inflation – was a little above the 2% target that successive Chancellors have set for the Bank of England. London rent increases reported in past waves of the Accommodation Costs Survey have fluctuated in line with overall UK rates, often above inflation. But in the peak inflation years, the 2023 *Ten Cities Survey* reported rent increases tracking below RPI.

In both 2023/24 and 2024/25, rent increases outstripped inflation. Rises for 2024/25 (+9.4%) were particularly out of kilter with inflation for that year (+3.5%).

Annual rent increases over time v September-to-September RPI, focussing on London evidence



Source: RPI data as published by the Office for Budget Responsibility

Cost pressures

Of the cost pressures facing providers, the most commonly cited by respondents were rising energy and utility costs, particularly among private providers. These were rated as moderate or critical by 26 out of 30.

Main areas in which respondents said they were facing cost pressures

	Moderate or critical pressure		
	Average	University	Private provider
Energy / utilities	93%	92%	94%
Capital expenditure (Capex)	82%	75%	88%
Costs from supply chain	75%	67%	81%
Compliance (for example, regulation, health & safety, remediation)	64%	50%	75%
Construction	57%	42%	69%
Staff / wage costs	57%	50%	63%
ESG / sustainability	50%	42%	56%
Insurance	46%	25%	63%

Please rank the main areas in which you are facing cost pressure? Base: 28 (12 universities and 16 private providers)

The top three areas of cost pressure identified were the same for each provider type. Staff / wage costs ranked significantly lower for private providers than for institutions.

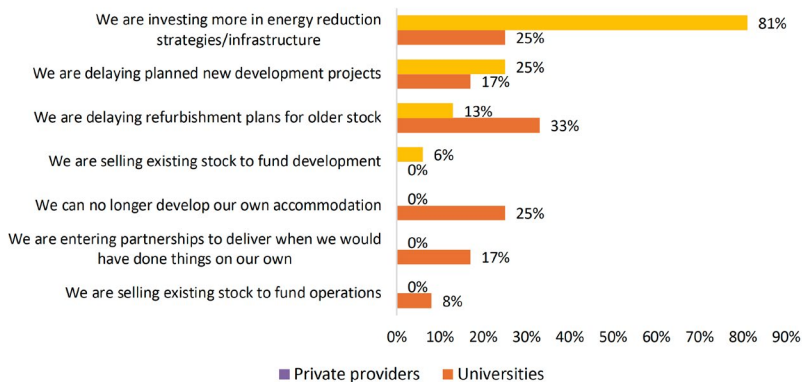
Construction and compliance costs were more of a concern for private providers, often driven by a commercial imperative to develop new schemes, working independently or on behalf of university partners.

Cost-saving strategies

Over half of respondents said they were increasing investment in energy reduction strategies / infrastructure, adding to the cost pressure from energy / utilities in the short term. Currently, private providers account for most activity in this area.

More universities reported that they were delaying refurbishment of older stock and were not in a position to develop (more of) their own accommodation.

The impact of higher cost pressures and economic uncertainty on respondents' plans



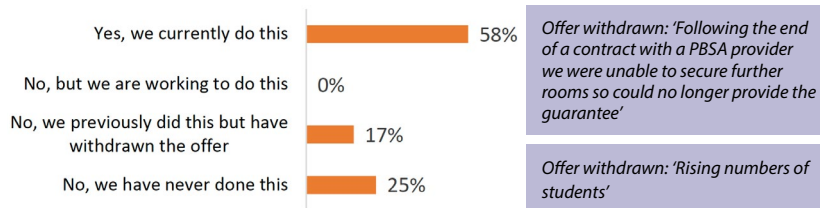
Higher cost pressures and economic uncertainty may be impacting your organisation's ability to carry out existing plans. Please indicate which of the following are consequences for your organisation Base: 28 (12 universities and 16 private providers)

Together, the range of activities indicates a slowing of investment that will ultimately produce fewer new student accommodation schemes and less refurbishment of older stock. The quality and quantity of accommodation are unable to keep pace with demand.

Supply falling further behind demand

More than half (58%) of university respondents guarantee accommodation for first-year undergraduates, but rising demand and stalling growth in supply have led two universities to withdraw this element of their offer.

University guarantees of accommodation for first-year undergraduates



Do you guarantee accommodation for first-year undergraduates, subject to eligibility and application deadlines? Base: 12

A changing demand profile for Purpose-Built Student Accommodation

At a macro-level, changes in the occupancy base are shaped by shifts in the profile of the full-time student population.⁵ This report does not explore recent student number trends in depth, but from the patchwork of sources available, a few things are worth noting:

- As at 19 September 2024, applicants accepted onto full-time undergraduate courses through UCAS were up 0.9% on 2023 entry, but down 4.2% on the 2020 high point.
- Study visa data show a 16% fall in applicant numbers from overseas between January and October 2024, compared to figures for the same period in 2023 – down 68,516 to 359,600.⁶
- For London institutions, Confirmation of Acceptance for Studies (CAS) numbers fell by 19% in 2024 (October to October comparison), signalling a significant downturn in international student numbers for 2024/25 – although less of a drop than for the UK as a whole (-26%).⁷
- Within the overall CAS figures, UK-wide issuances to applicants from China fell by 20%, from Nigeria by 60%, from India by 37%, from Bangladesh by 32% and from Pakistan by 24%.⁸

In the home domicile, growth stalled in spite of a demographic bulge in UK 18-year-olds.⁹ This plateau may be attributable to concerns over the affordability of higher education or more focus on alternative paths, such as the higher-level apprenticeship route.¹⁰

Some UK students rely more heavily on their parents to support them at university, as explored in the HEPI / TechnologyOne report *A Minimum Income Standard for Students*.¹¹ However, parents are sometimes unable or unwilling to provide even the level of support expected by the authorities, let alone the higher level needed to make the most of university-level study. The Department for Education recently reported that 29% of students eligible for Free School Meals at 15 had progressed to university by the age of 19 in 2022/23 – a fall of 0.2 percentage points on the previous year and the first dip since the index began in 2005/06.¹²

Among international students, a number of factors have been applying significant downward pressure on growth, including:

- loss of global market share once other Anglophone higher education destinations reopened for business following the pandemic;
- high inflation in some supplier countries, not least Nigeria where the naira has been devalued twice since May 2023;
- the visa bar on dependants of taught postgraduate students from overseas, announced in May 2023 and introduced in January 2024;
- major increases in visa costs, which may have reduced the proportion of students applying to the UK; and
- perceptions overseas that the UK has set a more hostile tone on immigration, including people entering the country to study – something which may or may not shift following the change in UK government.¹³

However, against these indicators of stalling demand for higher education and significant headwinds, both private sector and university respondents to this survey reported growth in demand for PBSA in London. Within this growth, the resident profile has been changing – by domicile and by level and year of study.

Universities have experienced heightened interest for accommodation from returning UK undergraduates in particular. This may be linked to the greater availability of more affordable rooms in institutional portfolios, and also to rising numbers of students with declared disabilities / clinical conditions, giving them priority in institutional allocation policies.¹⁴ For private providers letting directly and under nominations arrangements, growing demand was especially strong among first-year undergraduates. This could be linked to universities tapping into more private sector stock to supplement their offer to students.

Demand for university-owned accommodation rose more among international students than UK students (with the exception of returning UK undergraduates). This development may reflect a growing focus on affordability in the international student and returning UK undergraduate segments.

Rising demand by student segment, as reported by respondents

		HEIs	Private providers
Providers experiencing rising demand		14	16
First-year undergraduates	UK	25%	50%
	International	50%	38%
Returning undergraduates	UK	67%	38%
	International	42%	38%
Postgraduate taught students	UK	33%	25%
	International	50%	44%
Postgraduate research students	UK	12%	31%
	International	33%	38%

What changes (if any) have you seen in demand for the following groups in the period 2020-2023?

In part at least, increased interest in university-owned accommodation may be attributable to some institutions introducing subsidised provision for UK students on a means-tested basis (eligibility typically restricted to students from households with an annual income of under £25,000). Growing demand for private Purpose-Built Student Accommodation has possibly been driven by fewer available houses in multiple occupation (HMOs) and by consumer preference for rents that include utility bills – something which Purpose-Built Student Accommodation offers but much HMO provision does not.¹⁵

At a time when universities have been growing rapidly and in a city where undersupply has been an abiding reality, one notable feature of the London market in the summer and autumn of 2024 was a number of empty rooms in the 2024/25 letting cycle. This can only mean that there are not enough students able and willing to pay for these vacant rooms at the rents they are offered at.

High prices are changing student behaviour. According to evidence from survey questionnaire responses and open-text comments, more UK students are commuting in London, more are choosing alternative forms of housing and more Londoners are opting to study elsewhere, having made the calculation that they are likely to have a richer student experience in a

different UK setting. For international students, under-occupancy may be linked to changes in the balance of student numbers contributed by the major supplier countries, from which students have varying preferences and budgets to meet their accommodation needs.

A changing rented housing market

Survey responses included reports of local HMO subsectors shrinking. Various headwinds have been driving this trend:

- Mortgage rates were abnormally high during the height of the cost-of-living crisis, as the base rate was raised to help bring inflation under control.¹⁶
- In the buy-to-let submarket, a Stamp Duty Surcharge on second homes was introduced in 2016, for which the Chancellor announced an increase as part of her autumn 2024 Budget.
- In many local markets, landlords have been flipping stock into the non-student rental market, which has been growing.
- If enacted unamended, the Renters' Rights Bill will impose new duties on landlords offering off-street properties. As a result, landlords are likely to incur additional management costs. Enabling tenants to give two months' notice to quit will significantly disrupt the standard business model of student landlords, which is based on the alignment of academic and letting years. Worries about these developments are likely to result in some landlords selling up or switching markets.
- For individuals with a rental property business, relief for mortgage interest and other tax-deductible costs was phased out over three years from April 2017.
- For property owners planning to sell, the Capital Gains Tax Allowance was cut in April 2023 and further reduced in the following financial year.
- For landlords letting their properties via a limited company with profits of £50,000+, Corporation Tax rose in April 2023.

- Also for landlords using limited company structures, the tax allowance on dividends was lowered and the basic and higher dividend tax rates were increased in April 2022.
- For most landlords, National Insurance Class 2 contributions were raised the same year.

Together, these pressures are squeezing landlords' margins to the point where material numbers are selling up in some local student markets – at a time when many students are concluding that they cannot afford Purpose-Built Student Accommodation. With their options narrowing, it is no surprise that many students are either deciding to commute to their studies or are beating a path to their university's door in the hope of securing an institutional accommodation solution that works for them.

The last three years have seen significant market disruption due to COVID and a reduction in supply of HMO, which led to a surge in demand, particularly in the academic years 2022/23 and 2023/24 which drove price growth.

There has been growth in demand for PBSA from domestic undergraduates who may have traditionally selected HMO in certain markets, but are selecting PBSA as an all-inclusive proposition, in light of rising utilities costs and shrinking supply of good quality HMO.

Private provider

More demand from 2nd / 3rd year students as HMO market shrinks.

Private provider

London's stay-at-home commuter students

Six out of the 12 university respondents reported their belief that more UK students were opting to commute to their place of study. In a context of heightened living costs, household economy is likely to be a factor here, but the trend is also being driven by new transport links, making commuting cheaper and more convenient for some students.

- *Elizabeth Line opening has made it easier for commuters to stay at home.*
- *We believe so, purely from the perspective of the majority of our halls being occupied by international students, and considering that our halls are considerably cheaper than private sector options in the local area, gives us an impression that more domestic students are attending more local universities and commuting to limit their costs.*
- *Students are potentially commuting more in order to balance finances and perhaps remote working opportunities have also influenced this decision.*
- *The biggest driver for our students seems to be the ability to stay on campus and that this appears to override the fact that the rents in Central London are higher though an increasing number of students are also prepared to travel further for cheaper rents.*

Educational institutions

The London Plan

As the overall strategy for the capital, the London Plan sets out an integrated economic, environmental, transport and social framework for the development of the city until 2041. It responds to legislation which stipulates that the Plan should only address issues of strategic importance to Greater London, guided by the principles of economic development and wealth creation and promoting social development and improvements in the environment in London. Equality of opportunity for all people is also one of the Mayor of London's core principles. Local decisions on town planning applications in the capital should take account of these principles.

The Greater London Authority (GLA) consulted the Purpose-Built Student Accommodation sector widely before approval of the London Plan's student accommodation policy. Policy H15 provides guidance for new-build PBSA schemes, setting out important thresholds developers need to clear in order to have their planning applications fast-tracked:

- 51% of rooms in a development to be under nomination agreement (form to be negotiated) with a higher education institution;

- 35% of rooms to be priced in line with 55% of the London maximum student maintenance loan, the 'London-affordable' rate – the implication is that the remaining 14% of rooms will be nominated at a rent that a university would be happy to be associated with, but that there is a process of negotiation to achieve this; and
- no requirement for a nomination agreement, if the scheme offers 100% of rooms at the London-affordable rate.

The Plan effectively links universities to the need for student accommodation and affordable room provision. The Plan's principles have some merit, but in practice, providers have struggled to follow them and universities have found them difficult to sign up to.¹⁷

The net result of this tension between the H15 principles and the economic realities facing developers is that the original objective of 3,500 additional Purpose-Built Student Accommodation rooms per year for the duration of the Plan has not been met so far – notwithstanding the context of a significant and worsening overall accommodation shortage. Varying interpretations and application of H15 at the borough level have impeded the establishment of precedents to support the regime. Furthermore, at least one borough (Southwark) does not comply with the Plan because its planning documentation and policies were set more recently than the London Plan. Southwark has been particularly active in bringing forward new PBSA, but without the need for affordable rooms, as the policy prioritises payments for affordable mainstream housing.¹⁸

The Purpose-Built Student Accommodation sector continues to engage with the Greater London Authority through various channels – including the British Property Federation and the London Mayor's Academic Forum – to respond to key issues and work towards greater understanding of the London Plan's student accommodation policy. As part of this work, the sector was strongly engaged with the GLA's consultation process on draft guidance in 2023/24.

The resulting *London Plan Guidance* was adopted and published in November 2024.¹⁹ This documentation is helpful in promoting the potential for student accommodation to form part of mixed and inclusive

neighbourhoods. It encourages planners to be open-minded about the role of students in the community and to recognise that students are far removed from the stereotype of antisocial colonisers who do not fit into the wider community. Affordability remains at the heart of the plan.

3: Outlook

Context

Like the *Ten Cities Survey* in 2023/24, the findings of this Accommodation Costs Survey tell a story of a market where supply is unable to meet the demands of students in full. Held back by high costs and planning constraints, growth in new Purpose-Built Student Accommodation supply has been stalling. Survey respondents also highlighted diminishing supply of the houses in multiple occupation sector, which has pushed some demand among returning students towards on-campus accommodation. The shortage of accommodation is therefore worsening.

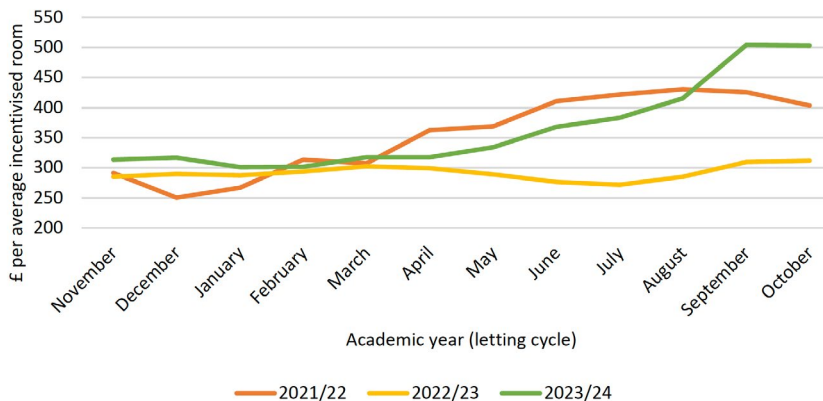
Each of these factors is contributing to rising prices in existing Purpose-Built Student Accommodation, as private providers use benchmarking of competitor accommodation to set rents. Universities favour RPI inflators for rents, and recent highs in this index have fuelled increases across the board.

UK students studying in London appear to be commuting more than ever before, and international students represent an increasing proportion of Purpose-Built Student Accommodation tenants.

As noted above, anecdotal evidence collected by the Accommodation Costs Survey this year indicates some providers are concerned about occupancy and the speed of renting out rooms. Perhaps the slowdown will act as a brake on future rent increases, as providers seek to mitigate occupancy risks. Time will tell.

StudentCrowd have provided additional data on the recent level of financial incentives offered to tempt prospective tenants. The next chart plots the average value of incentives where they were offered on tenancies across London over the three booking cycles of 2021/22, 2022/23 and 2023/24.²⁰ It shows a relatively high level of incentives for 2023/24, distinguished by a strong uptick from August to October 2024. According to the StudentCrowd dataset, incentives were applied to 15% of advertised tenancies in the 2023/24 November-to-October letting cycle. These findings suggest fewer rooms were being let to students in the final quarter of the booking year, compared to previous cycles.²¹

Value of incentives offered monthly per PBSA room in London, November 2021 to October 2024



Source: StudentCrowd

Priorities for future rental strategy

While accommodation providers attach importance to keeping pace with market rents, they also view maintaining a level of price diversity as a central strategic consideration.

Drivers of future rent strategy as ranked by respondents

	Most central	Second most central	Third most central
Universities	50% Maintaining a level of price diversity	40% Availability of London Plan affordable rooms	30% Maximising the return for the institution and Overall affordability
Private providers	38% Keeping pace with market rents	38% Maintaining a level of price diversity	39% Overall value for money at each price point offered

Which of these things will be most central to your rental strategy going forward? Base: 28

The table sets out respondents' views on the future direction of their rent strategies. Differences in approach between universities and

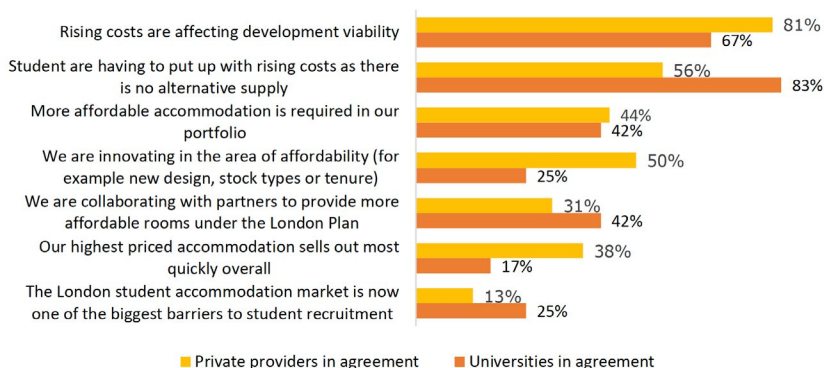
private providers are evident, likely shaped by their distinctive missions. Institutional providers have to provide accommodation for a wide range of students within the parameters of their specific guarantees and priorities. This makes them more focussed on offering a broad range of price points and on maintaining affordability. Meanwhile, private providers are balancing their commercial priorities with providing value for money.

Where the market is heading

The survey asked respondents to give their views on the outlook and direction of travel for the student rental market. Generally, there is agreement among private providers and universities on most things, but there are some issues on which they tend to differ:

- Most providers agree rising costs have affected development viability, but private providers are more likely to think so (81%).
- Among higher education institutions, 83% agree students are having to put up with rising costs as there is no alternative supply – more than for private providers (56%).
- Private providers are much more likely to say they are innovating on affordability.
- Private providers are more likely to say their highest-priced accommodation sells out most quickly overall.

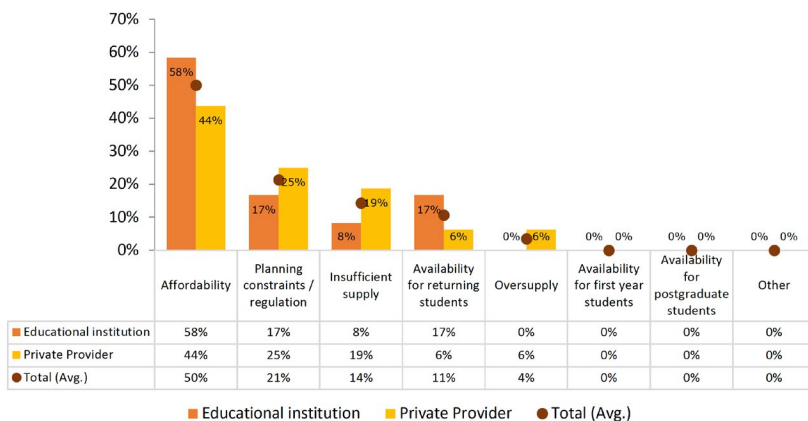
Respondent views on the London market



Thinking specifically about the London market, please pick the statement which you feel best represents your views. Base: 28 (12 universities and 16 private providers)

Both private and institutional providers are in agreement that, currently, the biggest challenge in the provision of Purpose-Built Student Accommodation is affordability, followed by planning constraints. While educational institutions are more likely to view affordability as a challenge, private providers are more likely to identify planning permission and insufficient supply.

Biggest challenges facing London's PBSA providers



What do you think is currently the biggest challenge in the current provision of purpose-built student accommodation in London? Base: 28

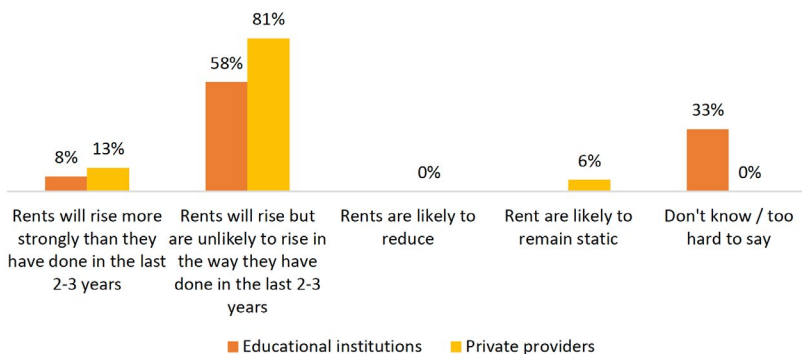
Nearly three-quarters of providers believe rents in London will continue to rise, though not by as much as over the previous two to three years. This view is more evident among private providers. No providers of either type think rents are likely to fall.

Three-quarters of institutional providers agree they have a role to play in ensuring a range of rents and affordability in their market, as well as offering controlled / managed accommodation.²²

Additionally, half say they try to influence private sector pricing in the market, but no higher education institutions indicate they have a say in rent levels set by their partners.

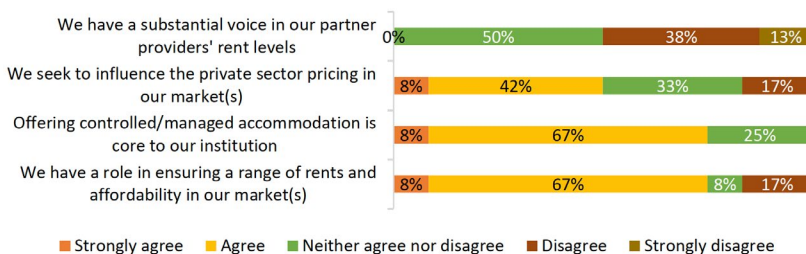
Reported in the 2018 and 2021 waves of the survey, previous provider predictions of a likely slowdown in the speed of rent increases have not taken place.

Respondent views on what might happen to rents in London over the next five years



Thinking about what might happen to rents in London over the next five years, please pick the statement which you feel best represents your view Base: 28

The views of university respondents on their role in the market



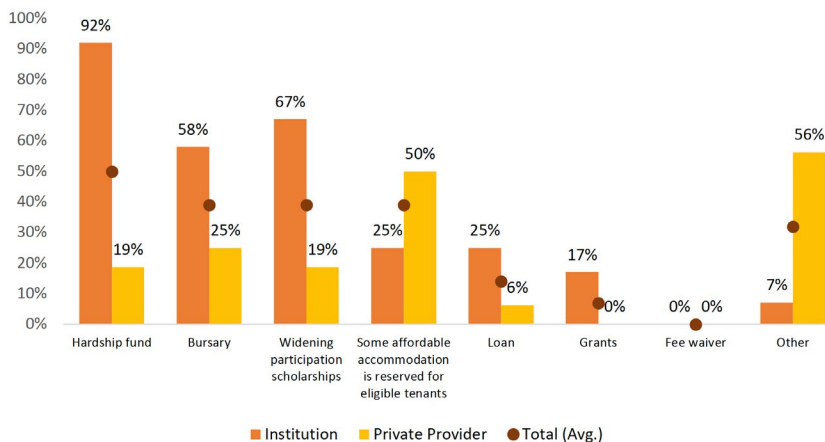
To what extent do you agree with the following statements? Base: 12 universities

Across the board, institutional providers are more likely than private providers to give financial support to tenants, particularly in the form of a hardship fund (92%). Although there are big differences here, it is notable that so many of the private provider respondents offer some student financial support.

From the free text comments submitted as part of the survey, it is evident that institutions and some private providers are making real efforts to help alleviate financial hardship among the least well-off students.

They are doing this through a broad range of mechanisms, but because these are often highly nuanced, it is not possible to extrapolate meaningful trends beyond the observation that there is substantial activity in this area, likely more than in other Purpose-Built Student Accommodation markets outside London. For universities – particularly higher-tariff institutions – this may be linked to the continuing need to attract higher performing applicants irrespective of economic background.²³

Student financial support made available by providers



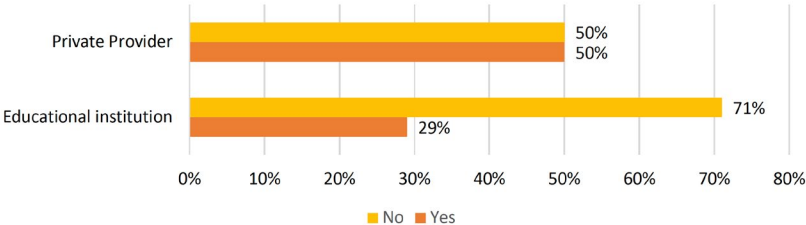
What kind of financial support is provided to tenants? Base: 28

We have introduced partially funded rooms for means-tested UK students (household income max 25k pa). This has been to allow access to halls for students who may not have been in a position to afford it otherwise.

Educational institution

Institutions are less likely to have an affordability strategy than private providers (29% v 50%).²⁴ Only two-fifths of all student accommodation providers have a set of criteria or a strategy on affordability at all, and of these only a third make this publicly available.

Providers' affordability criteria / strategies for their London accommodation



Do you have an affordability criteria / a strategy for your London accommodation? Base: 28

Guest contributions

A growing crisis of soaring accommodation costs by Mark Corbett, Head of Policy and Networks at London Higher

London's enduring appeal as a global student destination lies in its prestigious universities and vibrant city life, making it a powerful draw for both home and international students.

For the sixth consecutive year, the UK capital has been rated as the world's best student city in the QS Rankings.²⁵ But behind the attraction of this vibrant academic hub lies a growing crisis in soaring accommodation costs, which are increasingly putting pressure on students' finances and wellbeing.

As the data in this report demonstrate, the student rental market has seen dramatic rises. The academic year 2024/25 has set new records, with rents increasing faster than ever before. Shockingly, one-in-five students now faces annual accommodation costs exceeding £20,000 – up from just one-in-20 in 2022/23. This is 1.5 times the maximum maintenance loan available for students living in London and is increasing pressure on students as maintenance support is now stretched beyond its limits.

Many universities have taken steps to mitigate the impact on students. They often charge less for university-managed accommodation compared to private sector rates, and some institutions even subsidise rents charged by their private partners. Yet, universities remain limited in their ability to influence private market rates, as they rely heavily on private providers for both the quantity and quality of housing. At the same time, we have also seen a decline in UK students applying for university-owned housing, even though it remains the cheaper option. For many students, particularly those from the UK, renting further from the city centre in Outer London is seen as the only viable solution, but this brings added travel costs and longer commutes.

London's universities, integral to the city's – and the wider UK's – economy and culture, face a difficult balancing act. While they continue to offer support, the housing market largely dictates the terms. As rental costs

continue to rise, the dream of studying in London is becoming increasingly difficult to afford for students, especially those on tighter budgets.

The rising cost of student accommodation in London is not just a symptom of the city's housing crisis, it reflects a much larger issue affecting access to education. Without intervention at both the regional level, through planning and increased housing supply, and at the national level, via improved maintenance support, the growing financial burden threatens to limit opportunities for many aspiring students. This challenge jeopardises London's standing as a destination for students from diverse backgrounds, making it increasingly difficult for many to afford studying in one of the world's most prestigious cities.

London Higher's AccessHE division's recent *Opportunity Cost* report, which canvassed young Londoners' attitudes towards higher education, illustrates the extent to which cost concerns are adversely impacting progression and constraining choice.²⁶ Striking numbers of prospective students in our study stated they planned to study locally (while living at home), and work part-time to fund their studies. Many felt they had no alternative.

London's higher education institutions are vital engines of innovation, talent development and economic growth. As rents rise and financial pressures on students intensify, universities may struggle to attract and retain the diverse pool of talent necessary to sustain these outcomes. This not only undermines the social mobility mission of universities but also weakens the UK's ability to produce skilled graduates, innovators and researchers who drive economic progress. If the cost of living in London continues to deter students, especially those from less affluent backgrounds, the long-term impact could harm the UK's global competitiveness. Addressing this issue is therefore not just an education policy priority, but a key factor in safeguarding the Government's ambitions for growth.

Innovating to extend customer choice by Mark Morgan, Chief Executive Officer at urbanest

Innovative approaches can be taken to all aspects of PBSA and its management, some more cutting edge than others. These include the design of the product – room type, size and configuration plus uses of technology and artificial intelligence; building management systems; team support and training; asset performance; and ways of advancing environmental, social and governance (ESG) standards.

I think it is fair to say that as all universities differ, so too do private accommodation providers. At urbanest, one of our core strategic pillars has remained constant since launch: our portfolio and business model are shaped to support universities in achieving their accommodation strategy. This has naturally limited our exposure to the direct-let market and, at times, the opportunity direct-let beds offer in more volatile cycles. Our relationships with the likes of University College London, the LSE and King's College London – and our role in their respective accommodation offers and continued growth – will remain paramount, reflecting the importance we attach to the mutual benefits of long-term partnerships. It is in conjunction with universities that urbanest's innovation is nurtured.

Clearly, Purpose-Built Student Accommodation models differ. While we are all looking to build our portfolios and broader organisations, we recognise providers will have different objectives based on the nature of their investor and funding structure, resulting in different return profiles and approaches to rent-setting for each academic year. Different design and construction criteria and operational measures around staffing levels will also be key in private PBSA's individual approaches to innovation.

Over the years we have consistently looked to innovate in order to extend customer choice, in respect of both room type and price point. For example, we have launched various twin and non-en suite rooms to help broaden and deepen the range offered in our long-term nomination agreements.

The London Plan for affordable accommodation has enabled us to commit to schemes that deliver beds significantly under market rent. Our challenge is still how to bring to market viable schemes in the right locations – specifically in central London where there is material undersupply and, according to our latest research, a likelihood of further significant growth in student numbers over the next 10 years.

Room design needs innovative thinking, if it is going to evolve beyond current paradigms. This applies equally to the overall living experience for our residents. A great room with the right price point in the right location is important. But we also know that providing first-rate social and welfare amenity spaces, on-the-ground 24/7 resident support, efficient integration of university residence programmes, well-trained teams (including Mental Health First Aiders in all properties) and a focus on sustainable living are central to developing the right experience. Additionally, we are looking to extend our relationship with universities through ongoing support of bursary programmes and hardship funds, as well as close involvement in specific university residence strategies.²⁷

A conversation about innovation must reference sustainable design and construction. This is something we are delivering through our schemes with superior BREEAM performance and target-setting against Passivhaus standards for all our new developments: BREEAM is an internationally recognised assessment framework for specifying and measuring the sustainability performance of buildings and Passivhaus is a systematic approach for achieving zero-carbon emissions in buildings. For us as an organisation and for our university partners, this approach is crucially important. It is fair to say that currently sustainability ranks lower down the priorities of most students when they are looking for accommodation but, alongside price and location as our core drivers, we are working hard to raise awareness of, and promote, greener living among residents. I would like to reiterate here that we believe targeting and achieving Passivhaus design is one of the most exciting shifts in the sector for a long time.

While this report highlights the significant undersupply of bed spaces in London, we know universities have robust growth ambitions for the future and value private provider partnerships as a key part of being able to meet the expected extra demand from higher student numbers. The London Plan will continue to push universities and private providers into closer working relationships, but the tension between policy and viability will likely remain. From an innovation perspective, my guess is that the focus will shift – and already has shifted in urbanest’s case – to delivering more sustainably designed communities, supported by sympathetic, professional and skilled teams.

Building trust in partnerships to help student residents by Sam Bailey-Watts, Director, Consultant and Advisor at FRAH Consulting Limited

In recent years, PBSA providers have rightly focussed on trying to match the residential experience to what satisfaction surveys have been telling them students want. For example, responses to the value residents say they attach to a more developed community feel have spawned cinema rooms, gyms, study areas and numerous initiatives led by halls staff. The success of the offer is measured by occupancy levels, usage and positive student feedback. With existing partnership arrangements, universities and private providers should look at ways of limiting cost increases by reviewing service delivery and ensuring that what was originally priced in is still being delivered or indeed relevant. Are social and recreational spaces being used and valued by residents? If not, could they be used for any third-party income generation?

More work is needed to create a range of room types within Purpose-Built Student Accommodation developments. Providers of student accommodation should design a variety of room types and rent levels to meet the needs of all in an attempt to ease the impact of the rising costs of higher education. Shared accommodation, smaller rooms and more students per kitchen could help alter the view that London is unaffordable for many.

Long-term partnerships between universities and the private Purpose-Built Student Accommodation sector have been in place for close to 30 years. And yet, only a small proportion of these are in London. In addition to the growing need for new PBSA, universities are considering how best to finance refurbishment that includes meeting sustainability targets. The need for solutions that are mutually beneficial could provide the much-needed opportunity to reverse the decline in UK students choosing to study in London.

Partnerships between universities and private sector developers can be invaluable to universities in attracting students from a range of different backgrounds and to developers in looking to mitigate risk of under-occupancy over the longer term. Collaboration to develop residential strategies that meet the expectations of all is essential to creating balanced

communities in PBSA. However, some common perceptions need to change. This report tells us that no HEI reported they had a say in rent levels set by their partners. Where universities are not financially and / or legally involved in a Purpose-Built Student Accommodation development, this is unsurprising. Where a university is a shareholder in a development, the financial modelling and commercial assumptions made will almost always win out over any university argument that limits should be placed on rent increases. If demand outstrips supply, as is evidenced in the survey, private developers are likely to be less willing to engage with universities, who may be looking for capped rent increases, subsidised rents for welfare staff and increased service delivery.

The issue of rent increases will not be solved without greater university engagement. Private investors and operators will always want to 'make hay while the sun shines', as one said to me recently. If demand is there, why would a private interest curb its increases if it feels it can achieve full occupancy at a rent level considered too high by a university? Institutions should accept that affordable accommodation is likely to come only from their own portfolio – or they create partnerships with the private sector where they can genuinely influence the offer, including rents but also how accommodation is designed, run, maintained and refurbished. To do this, they are going to have to establish a more equal footing in partnership deals: they need more than just a minority interest in the companies operating the accommodation.

Building trust in partnerships is key to ensuring that both universities and the private sector create the best possible offer to student residents throughout the contract term, which can be in excess of 50 years. Resourcing these partnerships effectively so that the interests of both parties are equal avoids ambiguity and doubt. A refreshed, more mature model based on what both parties are good at could remove the barriers to developing an accommodation offer that favours the student and meets the economic requirements of other stakeholders.

Quelling the perfect storm by Allan Hilton, Chief Executive of Affordable Accommodation for Students Limited (AA4S)

In London, there are 100,000 Purpose-Built Student Accommodation rooms, 400,000 full-time students and over 50 universities.²⁸ In the wider context, London is facing an affordability crisis that applies to all rented accommodation, not just the PBSA sector.

The supply of student accommodation faces competition from the build-to-rent sector and private developers fighting for scarce land. Plus the growth of Airbnb is reducing existing supply.

The Purpose-Built Student Accommodation sector has faced a perfect storm that has restricted supply to the market over the last few years. Only 350 rooms were delivered in 2023 and 1,300 in 2024. An additional 75,000 students attended university in the capital in the five years to 2021/22.²⁹

As elsewhere, HMOs are a traditional place for students to live in their second and third years in London. The number of HMOs has fallen by 23% in the capital in the five years to 2022/23 – the equivalent of 43,000 dwellings, each with five bedrooms.³⁰

When we say a perfect storm, we are talking about several factors that have affected new student accommodation development: COVID-19, construction costs, finance cost, utility costs, the introduction of the London Plan and the approach taken by borough authorities to planning applications. It is no surprise then that this report shows rent increases went up by 10.1% in 2023/24 and by 9.4% in 2024/25.

The report states that in 2024/25 a student receiving the maximum loan needed an extra £247 a year to cover the average rent in London – let alone be able to live. This is an affordability crisis. On average, to attend one of the big four Russell Group universities in London required a £22,000+ additional contribution by parents.³¹

Are London universities still accessible to students from lower-income groups? The median rent at AA4S, a charitable student accommodation provider in East London, is just over £7,098 or £182 per week for a standard room. This is below what is classed as the affordable level by the Mayor of

London at £193.20.³² We often get applicants say to us: 'If I don't get into your halls, I'm not going to London as you are the only place I can afford'.

I think it is becoming increasingly clear, as backed up by this report, that London will attract nationwide British and international students to Russell Group universities and specialist colleges. But lower-tariff universities may become local and commuter universities. I really cannot see how someone from a low-income background would contemplate moving and studying in London. Some of the Russell Group universities have recognised this problem and are now offering cheaper affordable accommodation to first-year students.

We are seeing the London Plan starting to have an impact since its introduction in 2021: 12,000 beds have received planning consent, including 3,100 that count as affordable.³³ The London Plan has no doubt led to greater cooperation between larger Russell Group universities and larger PBSA suppliers in London, but the same cannot be said of medium- and lower-tariff universities and smaller PBSA suppliers.

Disappointingly, each of the 32 local authorities in London seems to put their own specific additional criteria and considerations on top of the London Plan framework, creating further hurdles and costs for developers. Despite these obstacles, the PBSA sector has now begun to step up to the challenge and is starting to deliver many new planning applications for new student accommodation developments with 35% affordable student rooms, something they should be congratulated on.

So, moving forward, I am hopeful we will start to see more designated affordable rooms, which would support London universities' efforts to widen participation, particularly among British undergraduates.

Demand outstrips supply and rent outstrips inflation by Amira Campbell (President) and Alex Stanley (Vice-President Higher Education) at the National Union of Students (NUS)

The London edition of the Accommodation Costs Survey makes sobering reading for students and prospective students – and for policymakers. The student housing crisis is restricting student choice and opportunity.

Last year's *Ten Cities* research, produced by Unipol and the Higher Education Policy Institute, showed the average student had 50p per week left to live on after rent and bills. Building on that work, this new edition shows a perfect storm in which the maximum loan no longer covers the average rent for a Purpose-Built Student Accommodation room in London; demand outstrips supply; and rent outstrips inflation. Meanwhile, repairs have been slowing down as the cost of maintaining buildings and utilities peaks.

This is changing the fabric of the student experience in London. As nationally-elected student representatives and as lifelong Londoners, we know this all too well. These data show an increasing number of students commuting from home – and even favouring online lectures – because they cannot afford to move out or to access campus. This is restricting student choice: you must either save money and stay at home – delaying independence and having a different university experience – or you can move out, but work long hours on top of your studies, thereby diminishing your student experience and putting your academic achievement at risk.

There is a third option: you can study outside London and go somewhere cheaper – something that both of us made the decision to do. We both had a brilliant time at universities outside London, but we also did not really have the choice to study in the capital. Hundreds, if not thousands, of young Londoners are forced to make the choice between staying in the city they love and having the traditional student experience of leaving home and moving out. As soon as someone ends up in a situation where decisions on university are made based on cost and not quality or genuine preference, we create a two-tier system of opportunity (or lack thereof).

We also have to talk about the definition of who needs financial support. In reality, far more students are from low-income households than are

captured by a definition of £25,000 or less, a measure that has been frozen since 2008. It is equivalent to £39,835 in today's money.³⁴ We need to see maintenance funding rise with inflation, low-income household thresholds sensitive to the current economic climate and – crucially – regulation on rent increases so that money does not leave students' pockets as soon as it comes in.

We love London, and we think anyone who studies here should have a brilliant experience in the greatest city in the world. Right now, students are being let down and put off by rooms that are under-maintained and overpriced. If we are not careful as a sector, we will see students leaving London before we are able to catch up and serve them better.

Why we need a full and open review of student maintenances by Nick Hillman, Director of the Higher Education Policy Institute (HEPI)

The Accommodation Costs Survey has been running for decades but it has always been fresh, and this year's deep dive into London's student accommodation market is wholly new. A focus on the UK's capital is overdue, given how different London is in terms of higher education.

The city has far more higher education institutions and far more students than anywhere else in the UK, but what makes London really special is something else. The data for London are not just quantitatively larger; they are also qualitatively different.

For example, in London, a higher proportion of young people proceed to higher education than elsewhere, there is a higher proportion of live-at-home students and a higher proportion of international students.

While the costs of study tend to be greater in London, as shown in the groundbreaking HEPI / TechnologyOne *A Minimum Income Standard for Students* and confirmed in this new report, the experience is often better.³⁵ The higher education scene is more varied than elsewhere, with the federated University of London still playing a key role, with huge world-class institutions sitting cheek-by-jowl and with a wealth of specialist institutions of varying sizes.³⁶

So it is no accident London was recently confirmed as the world's best student city.³⁷ But this popularity brings immense challenges. These include a shortage of affordable beds. Accommodation is expensive to build and arguably over-regulated, making it expensive to rent.³⁸ Students from different backgrounds are ending up with radically different experiences, with even more differentiation than in the past.

The maximum student maintenance loan for home students studying in London and living away from home is currently a little over £13,000 a year, but over half of purpose-built student beds in London cost more than this, leaving not just a shortfall in rent but nothing whatsoever left over for other costs.

No wonder students are doing so much paid employment alongside their studies and no wonder parents are having to contribute much larger sums than previously imagined to their student offspring.³⁹

There is no end in sight. New beds are uneconomic as is refurbishing older accommodation – even though net zero targets depend on retrofitting old stock. One consequence is that London universities are less likely than they were to offer guaranteed accommodation to new students, making their integration harder.

When it comes to policy, student accommodation has fallen through the cracks. Those with direct responsibility for housing have tended to pay more attention to groups other than students, while neither the Office for Students nor the Department for Education have taken a close interest in where students live. The data collected centrally are not fit-for-purpose, with overlapping and unclear categories.⁴⁰

In the short term, we must do more to ensure people on course for higher education think through their choices: the plushest accommodation may not facilitate the best student experience.

We also need to look again at the levels of student maintenance support – in my view, the time has come for a full and open review of student maintenance support with the same ambition as the Anderson report of 1960, which laid the foundations of the system we have today.

And, above all, we need to make it easier to provide additional student beds.

Recommendations

The Accommodation Costs Survey benefits from extensive input from most Purpose-Built Student Accommodation providers. It is this high level of participation that gives the ACS reports a genuine claim to speak authoritatively on behalf of the sector and to represent its interests with policymakers.

Generally, while these recommendations apply to the UK as a whole (with the exception of the specific plea to pay attention to the impact of the London Plan), some have particular resonance for London as the student accommodation challenges that the capital city faces are more acute.

Recognising the value of the student accommodation sector

The student accommodation sector must come together to send a clear message to policymakers at a national and local level about the vital role Purpose-Built Student Accommodation plays in the UK's model of higher education, underpinning the student experience.

In 2021/22, the higher education sector was worth more than £265 billion to the UK economy.⁴¹ Universities contribute enormously to the wealth of host towns and cities through direct spending, research creation, high-level skills and jobs. UK higher education is also a major export industry. This success story relies on the Purpose-Built Student Accommodation sector providing housing for students living away from home – enough of it and at prices students can afford. Studying away from home:

- gives students more choice beyond what their local institution might offer and a fuller and richer experience; and
- sits at the heart of the higher education sector's global reputation for excellence – the mobility of demand for higher education that PBSA supports helps to enable the development and renewal of concentrations of high research and teaching quality that generic provision at local level cannot achieve. This is a key point of difference with many models elsewhere.

Without a functioning Purpose-Built Student Accommodation sector, these virtues are in danger of significant erosion.

Making student accommodation integral to local plans

Universities should ensure their accommodation needs are effectively communicated to their local authority on an ongoing basis but especially at key moments in any council's planning cycles. It is a regulatory requirement that every authority periodically produces a far-ranging local plan that sets out a long-term vision for the future development of its area. It is essential universities make the most of opportunities to contribute to and influence local plans. As part of these processes, they should work with their partners and local authorities to develop a shared evidence base that all parties can use as a frame of reference in bringing forward appropriate developments. This will facilitate more informed debate when assessing the need for individual student accommodation schemes.

Fixing the maintenance system

The survey highlights once more that students' ability to live and thrive at university is often severely restricted by lack of funds. The maintenance loan in England for 2025/26 is set to rise by 3.1%; in 2024/25 it went up by 2.8%. In real terms, maintenance is falling well behind the true costs for students: the recent and scheduled loan increases pale next to the 10% annual rise in accommodation costs in London over the past two years. Against a background of softening demand for university entry since 2021, it is likely that the practical costs of going to university are deterring people from applying – and not just people from low-income households.⁴² Those that do enrol are finding they generally have to take up paid employment even during term-time to cover their essential costs.⁴³

The student maintenance system in each of the four UK nations should be the subject of thoroughgoing review and overhaul, with a particular focus on what different options could mean for access and participation among under-represented and disadvantaged groups.

Repurposing and innovation in design

The cost of new-build accommodation is cited by survey respondents as a key barrier to development. It was similarly highlighted in the *Ten Cities Survey* in 2023.

Established design norms have served the sector well since the mid-1990s. But there are major signs in many markets – and particularly in London – that the current system is in danger of breaking, buffeted by the headwinds of soaring building costs on the supply side and a cost-of-living crisis on the demand side. New-build costs and rents are rapidly becoming untethered from what students can or are prepared to pay.

The sector might gamble on this being a temporary blip and hunker down for the return of business as usual. But with no end in sight to what may be the new normal, it is becoming clear that innovation in new accommodation design has never been more important. Part of this will involve the difficult task of shifting consumer expectations on specification levels. Of course, moving away from tried-and-tested accommodation types involves risks. But addressing these challenges may prove less risky than clinging to what used to work. New-build needs new design blueprints.

Refurbishment also needs rethinking. If older accommodation or other surplus buildings can be refitted at a lower cost and their attractiveness to students improved, then this should be pursued. Refurbishment already has some traction, but there could be much more of it, bringing buildings back to life on campus and helping to revitalise town centres.

Renewing the call to universities for more information, advice and guidance for students

We have, perhaps, become inured to students and parents expressing their horror at rent levels; their surprise at having to find a willing guarantor; and their shock at the ferocity of competition once they enter the world of house-hunting in the private rented sector. Students and their parents deserve to know what to expect. We should be encouraging them to consider all their housing options each year and to think how they are going to budget for the gap in income that is now so common in the student housing market.

To these ends, universities need to produce more and better information on housing options for students. It needs to be properly tailored for, and targeted at, different segments of the student population at different points in their study lifecycle.

Sticking to and supporting the London Plan

The principles of affordability that sit at the heart of the London Plan are good for London's universities and affordable supply in new schemes is something the whole sector needs. Let supply develop to put an end to shortages in PBSA, while allowing rent levels to settle in a better supplied market more favourable to students.

Universities are looking to rely on private developments that contain a proportion of affordable rooms. While the London Plan covers London as a whole, each borough should set its local policy on the basis that student housing can help balance the local economy, bring another dimension to communities and help local universities to thrive and attract valuable talent into the area.

Boosting individual financial incentives, bursaries and support to help attract and retain talent in London

We appreciate that much is already being done to provide bursaries and scholarships for talented individuals to help them study in London but there is a real need for universities and private providers of accommodation to maintain and extend these efforts. At a time when student hardship is likely to deepen and the widening participation agenda is in danger of stalling, it is also vital that government does not fall short in discharging its duty to support students from less well-off backgrounds.

Appendix A

Insight from respondents – free text comments from the survey fieldwork

One of the notable features of the results of this survey is the high volume and variety of free text comments submitted by respondents.

The market for international students who can pay high rents is a barrier to providers putting in provision for affordable accommodation.

Private provider

Immediately post COVID, there was significant pent-up demand from international students, which carried into the 2023/24 academic year, however for the 2024/25 academic year the overall volume pool appears to be stabilizing in the face of economic uncertainty in overseas markets, coupled with concerns over the UK government stance on post-study work visas which arose at a critical point in the booking cycle.

This tempering of demand for accommodation in the 2024/25 booking cycle has resulted in different pricing behaviours across markets as operators seek to balance rental growth with occupancy and we have seen price reductions and increased promotional efforts at higher levels than in recent years.

The full picture will not be clear until later in the year, however it should be noted that headline rates will not reflect the true rental position for many operators, many of whom have invested in promotional activities and more flexible tenancy options; and who will be carrying [a] higher percentage of void rooms than has been seen in recent years.

Private provider

Its difficult to draw conclusions on the London Plan at this stage, as since its introduction we have had severe headwinds, with covid, increased financing costs, construction costs and operational costs, that have affected the market and the delivery of new student accommodation, not only in London, but nationally. The London Plan has no doubt led to greater cooperation between larger Russell Group Universities and larger PBSA suppliers in

London, but the same cannot be said for medium and lower tariff universities and smaller PBSA suppliers, this needs addressing. Disappointingly each of the 32 local authorities in London seem to put their own specific additional criteria and considerations, on top of the London Plan framework, creating further hurdles and costs for developers, which ultimately leads to higher room prices. Despite these obstacles, the PBSA sector has begun to step up to the challenge and is starting to deliver many new applications for new student accommodation developments with 35% affordable student rooms, something that they should be congratulated on. It still remains to be seen if they will all be built!

Private provider

I think the writing has been on the wall for a while now, increasing costs of finance, increasing costs of construction, the challenges that the London plan creates for some private providers in delivering schemes at pace are all contributing to the significant demand / supply imbalance, in turn pushing private PBSA rents to extraordinary levels and pricing out most domestic students. Universities don't have nearly enough stock to support the growing number of students, a number of universities went on selling sprees in previous years and are now at the mercy of the private sector.

Educational institution

In a year where full occupancy is not achieved, which we anticipate will be the case for many buildings in the 2024/25 booking cycle, the combined impact of Council Tax and licensing represents a significant cost pressure. We have observed increased activity around selective licensing and a particularly aggressive approach to council tax on vacant rooms.

Notably, there are exemptions for universities and buildings leased to or owned by universities from both Council Tax and licensing, creating an uneven playing field between PBSA which is nominated to a university and buildings which are leased directly to students. Due to planning restrictions, vacant rooms cannot be repurposed or rented to non-students to offset these costs.

It is important to note that London has not been as severely impacted by these measures, as councils have not been as aggressive compared to other regions

and we have been are encouraged by the fairer approach some London councils (for example, Tower Hamlets) have taken towards selective licensing seeking target wards with lower quality housing rather than specifically to target PBSA, however this is not the picture at a UK wide level.

Private provider

While inflation has recently tracked towards target levels and borrowing costs starting to ease following a peak in early 2024, there remains significant cost pressures on new developments impacting developers' / owners' ability to undertake profitable developments. Build costs have risen significantly over the past few years – this continues to put pressure on the deliverability of some schemes and has a direct impact on the annual rent that needs to be achieved when a scheme is launched to achieve an appropriate return, which is higher than the 'affordable' rent levels as set out in the London Plan.

The planning system is both slow and difficult to navigate with lack of certainty of outcomes, which places further barriers in the way of those wishing to enter the PBSA development market. The requirements of the Building Safety Act (Gateway 2 and Gateway 3) have significantly increased the early costs of new developments. Additionally, the legislation has introduced extra approval stages, which have adversely affected the delivery timelines for these projects. In London, the London plan has significantly hindered the development of new Purpose-Built Student Accommodation (PBSA). The problems are well known and include challenges in obtaining university support through nomination agreements. Given the tough financial climate and evolving international student policies, few universities are willing to make such commitments. Without the assurance of nomination agreements with universities to offer rooms at an affordable rent, it is neither feasible nor appropriate for operators to conduct their own affordability assessments for residents when rooms are sold directly to students online. With affordable bed rents linked to the maximum London student loan, it is challenging for PBSA developers to achieve profitability. Rent-controlled rooms must be priced uniformly across both expensive areas like Mayfair and more affordable ones like Merton, driving development towards outer London.

We have seen a reduced demand pool into the 2024/25 booking cycle which has resulted in different pricing behaviours across markets (including in parts of London) as operators seek to balance rental growth with occupancy and we have seen price reductions and increased promotional efforts at higher levels than in recent years. Uncertainty as to the attractiveness of UK HE for international students remains a significant risk to both UK HEI and to PBSA operators, given this represents a significant part of the current demand pool and anecdotally, many institutions have missed their recruitment targets for the 24/25 academic year which has had a knock on impact for PBSA operators. International macro economic factors, coupled with UK government stance on post study work visas and international student recruitment will remain key factors which developers and operators are monitoring when considering both demand for current PBSA and the viability of future investment into both new and existing stock.

Private provider

Appendix B

About the survey

Unipol, the UK's largest student housing charity, runs a research programme looking at accommodation costs over time. Historically, this has taken the form of the triennial Accommodation Costs Survey. The survey analyses trends in the provision of student accommodation and its cost and captures the strategic direction and key issues facing student accommodation providers in the UK.

In 2023, Unipol ran an abridged version of the survey rather than waiting for the normal cycle in 2024. The top operators within 10 cities of interest took part, including private providers and institutions of higher and further education. The *Ten Cities Survey* was a smaller, more focussed review of market trends across a range of regional cities, giving a window onto highly diverse local conditions. The survey was conducted at a time of major economic upheaval, characterised for these purposes by abnormally steep rises in rents and in living and construction costs, plus big changes in the demographic profile of the UK's international student population. Heightened costs remain a pressing issue for students, developers and operators alike.

In early 2024, a decision was taken to conduct a second intra-cycle survey with a regional focus – this time on London, long recognised as a market with unique dynamics and challenges. The time was judged right to update and analyse the dataset for London and to interrogate the specific supply, demand and cost issues peculiar to the capital:-

There are two elements to the ACS:

- **qualitative survey:** used to collect key facts and trends and to gain an understanding of strategic direction from student accommodation operators; and
- **quantitative survey:** a spreadsheet-based exercise where all providers input data about their accommodation – including portfolio size, rent structures and room types. For this exercise, data from the academic years 2022/23, 2023/24 and 2024/25 were provided.

The two elements are analysed as part of this report, which highlights analytical findings and offers opinion and outlook from providers on the market.

Unipol aims to return to the typical cycle of national data collection in 2025/26 with ACS 2025.

Glossary

Types of provider

Higher education institutions

Higher education institutions (sometimes shortened to *HEIs*), *institutions* and *universities* are used interchangeably in this report. As used here, these terms refer to all registered higher education providers.

In this context, HEIs provide accommodation covered by the Accreditation Network UK (ANUK) Code for Larger Developments for Student Accommodation Managed by Educational Establishments or the Universities UK (UUK) Code of Practice for University-managed Student Accommodation and accommodation owned and managed by institutions.

Private providers

Non-educational, private (and charitable) operators who own and manage accommodation that is likely to be signed up to the ANUK Code for Larger Accommodation (non-educational).

Types of accommodation provided according to their use

University accommodation

Bed spaces owned, let and managed by HEIs. Managed rooms are privately owned but under an agreement with an institution to offer them.

Privately-provided accommodation

Bed spaces owned by private (or charitable) operators

Direct lets

Bed spaces owned and managed by private providers and let directly in the market without mediation through HEIs as part of a partnership arrangement.

Accommodation types

Self-catered standard

Blocks of accommodation in which students occupy a single study bedroom. Washing and toilet facilities are not provided within the room. Students share kitchen facilities to prepare their meals.

Self-catered en suite

Similar to the other self-catered categories, except washing and toilet facilities are for the exclusive use of the occupant/s of the study bedroom. The occupant/s will be expected to provide all meals using a shared kitchen facility.

Studio flat standard

A one-bed self-contained apartment or flat.

Cluster rooms

Student rooms within a flat / living unit that has shared access, hallway and other facilities, typically including a kitchen / social space and bathroom. These can be standard or en suite and are generally self-catered.

Other specialist terms used in this report

Affordability strategy

A strategy adopted by a provider to help ensure that affordability is a factor considered as part of the creation, modification and scaling up or down of a portfolio; and of the portfolio rental structure. As a strategy, it is likely to include quantitative targets and plans to achieve them.

Benchmarking

The practice of competitors monitoring the pricing behaviour of other accommodation they feel is comparable to their own.

Houses in multiple occupation (HMOs)

For these purposes, the same as off-street properties (see below).

London Plan

The statutory spatial development strategy for the Greater London area. It is produced by the Mayor of London and published by the Greater London Authority. It sets out a framework for how London will develop over the next 20-25 years. The most recent version was issued in 2021.

Lower-, middle- and higher-tariff institutions

A three-part typology of UK universities, based on entry requirements.

Off-street properties

Student HMOs, otherwise known as off-street properties, are houses or flats converted into multiple occupation for sole or majority occupation by students.

Acronyms used in the report

ACS	Accommodation Costs Survey
CAGR	compound annual growth rate
CAS	Confirmation of Acceptance for Studies
CPI	Consumer Prices Index
ESG	environmental, social and governance (relating to sustainability)
GLA	Greater London Authority
HEI	higher education institution
HEPI	Higher Education Policy Institute
HESA	Higher Education Statistics Agency
HMOs	Houses in multiple occupation
NUS	National Union of Students
OBR	Office for Budget Responsibility
PBSA	purpose-built student accommodation
RPI	Retail Prices Index
SLC	Student Loans Company
UCAS	Universities and Colleges Admissions Service

Endnotes

- 1 Figure provided courtesy of David Feeney at Cushman & Wakefield
- 2 *Self-catered standard rooms* – blocks of accommodation in which students occupy a single study bedroom. Washing and toilet facilities are not provided within the room. Students share kitchen facilities in which they are expected to provide themselves with all meals.
- 3 For 2024/25, the SLC provided data for loans supplied to students in autumn 2024/25. Because the SLC divides annual loan payments into three equal instalments across the academic year (33:33:34%), the average annual loan figure for 2024/25 has been arrived at by simply tripling the SLC's autumn 2024/25 figure, in accordance with the guidance received from the SLC.
- 4 Benchmarking is the practice of competitors monitoring the pricing behaviour of other accommodation they feel is comparable to their own.
- 5 Up-to-date information on student number trends are surprisingly hard to come by: official data published by HESA are no more current than 2022/23; UCAS reports university acceptances, which are not quite the same as registered students – especially as numbers processed through Clearing rise – and are limited to the undergraduate segment. Full UCAS figures for 2024/25 entry were not available at the time of writing.
- 6 Source: official government statistics – monthly monitoring of entry clearance visa applications <https://www.gov.uk/government/statistics/monthly-entry-clearance-visa-applications/monthly-monitoring-of-entry-clearance-visa-applications>
- 7 A Confirmation of Acceptance for Studies (CAS) is an electronic document issued by universities. It generates a reference number international applicants need to be able to apply for a study visa. Since their inception, CASs have become an important early indicator of rises and falls in international student numbers in each cycle. The figures quoted have been published by Enroly, an agency that supports the processing of CASs. Over a third of UK universities use Enroly's services, so the figures represent a significant sample of the sector.
- 8 Also Enroly figures
- 9 For a longer-term insight into demand in the domestic market, see Bahram Bekhradnia, *Student demand to 2035*, October 2024, HEPI Report 179 <https://www.hepi.ac.uk/wp-content/uploads/2024/10/Student-Demand-to-2035.pdf>
- 10 For related information, see announcement of new apprenticeship service provided by UCAS [https://www.ucas.com/corporate/news-and-key-documents/news/ucas-launches-new-apprenticeships-service-demand-hits-all-time-high#:~:text=Hundreds%20of%20thousands%20of%20students,launching%20today%20\(18%20October\)](https://www.ucas.com/corporate/news-and-key-documents/news/ucas-launches-new-apprenticeships-service-demand-hits-all-time-high#:~:text=Hundreds%20of%20thousands%20of%20students,launching%20today%20(18%20October).).
- 11 Katherine Hill, Matt Padley and Josh Freeman, *A minimum income standard for students*, HEPI and TechnologyOne, May 2024 <https://www.hepi.ac.uk/wp-content/uploads/2024/05/A-Minimum-Income-Standard-for-Students-1.pdf>
- 12 As reported in *The Guardian*: 'Alarm at first fall in disadvantaged students in England reaching university', 24 October 2024 https://www.theguardian.com/education/2024/oct/24/first-fall-disadvantaged-students-university-england?CMP=Share_iOSApp_Other
- 13 Prospects for the UK's international student market may be improved by the government decision, following review, to keep the Graduate Route to support opportunities for post-qualification work for international students; and by the introduction of an international student number cap in Australia from 2025 and a cap on study permits in Canada, now extended to 2026. The Trump administration may introduce restrictions on, or enhanced scrutiny of, applicants from particular countries.

- 14 According to UCAS figures, the sector-wide number of accepted applicants declaring a disability / mental health condition went up by 26,205 in 2023/24, a leap of 34% in one recruitment cycle.
- 15 HMOs – houses in multiple occupation, which are, for these purposes, the same as off-street housing: houses or flats converted into multiple occupation for sole or majority occupation by students.
- 16 So far, the Chancellor’s autumn 2024 Budget has triggered increases in the gilt rate – thereby creating risk – but the Bank of England Monetary Policy Committee cut the base rate to 4.75% from 5.0% on 7 November. The base rate may, however, have to go up if inflation continues to rise following the Budget’s national insurance hike and some large pay rises awarded in parts of the public sector. The Office for Budget Responsibility (OBR) has revised its forecasts, predicting average mortgage rates will climb from 3.7% in 2024 to 4.5% by 2027 <https://obr.uk/efo/economic-and-fiscal-outlook-october-2024>
- 17 The issues are documented by David Tymms, *The London Plan and purpose-built student accommodation three years on – panacea for growth or painful progress?*, 3 June 2024, HEPI blog <https://www.hepi.ac.uk/2024/06/03/the-london-plan-and-purpose-built-student-accommodation-three-years-on-panacea-for-growth-or-painful-progress/>
- 18 On recent PBSA growth in London, see: Turley, *PBSA in London: A capital opportunity?* October 2023 https://www.turley.co.uk/sites/default/files/media/pdf/2023-10/turley_-_pbsa_in_london_2023_0.pdf
- 19 See Mayor of London: *London Plan Guidance: purpose-built student accommodation*, adopted 20 November 2024 <https://www.london.gov.uk/programmes-strategies/planning/implementing-london-plan/london-plan-guidance/purpose-built-student-accommodation-london-plan-guidance>
- 20 Incentives here include offers of rent discounts and cashback and retail vouchers for bookings.
- 21 For the purposes of this analysis, the booking cycle runs from 1 November to 31 October. StudentCrowd track incentive values each week across the full PBSA sector. They curate a dataset supplied directly by operators and manually collected (not digitally scraped), encompassing all public-facing operational data for all PBSA in the UK.
- 22 Rooms allocated by universities, including their own stock plus any rooms provided by private sector operators as part of a partnership arrangement.
- 23 Lower-, middle- and higher-tariff institutions form a three-part typology of UK universities, based on entry requirements.
- 24 Affordability strategy – see glossary
- 25 For QS world university rankings, see: <https://www.topuniversities.com/university-rankings>
- 26 Dr Richard Boffey and Mair Lawrence Matthews for London Higher/AccessHE: *Opportunity cost: access to HE and the cost of living crisis in London, 2024* <https://londonhigher.ac.uk/wp-content/uploads/2024/06/EMBARGOED-Opportunity-Cost.pdf>
- 27 Including urbanest’s significant contribution to King’s College London’s GradPlus, a social programme designed specifically for postgraduates <https://www.kcl.ac.uk/accommodation/postgraduate/social-activities-gradplus>
- 28 Source: CBRE, *Crisis or Opportunity? The UK Student Housing Shortage*, July 2024 <https://www.cbre.co.uk/insights/articles/crisis-or-opportunity-the-uk-student-housing-shortage>
- 29 Source: CBRE and QX Global, *The London Plan three years on: what’s been the impact on PBSA? 2024* (using HESA data) <https://qxglobalgroup.com/london-plan-2024-report>

- 30 CBRE, *London Plan policy fails to deliver affordable student accommodation*, May 2024 <https://www.cbre.co.uk/press-releases/london-plan-policy-fails-to-deliver-affordable-student-accommodation>
- 31 Source: *The Times*, 'The universities where parents pay most – up to £30k', 26 October 2024 – reporting on *UK Graduate Careers Survey*, High Fliers Research, 2024 <https://www.thetimes.com/uk/education/parents-bail-out-university-students-with-16000-per-degree-8z30zbwrf>
- 32 This figure is derived from the London Plan, which pegs rental growth in affordable rooms to 55% of the value of the maintenance loan in a given year – £13,348 x 55% = £7,341 (the NUS affordable rent). This translates as £193.19 based on term-time assumption of 38 weeks.
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- 34 This figure has been worked out using the Bank of England inflation calculator.
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This new edition of the Accommodation Costs Survey looks at the costs for students of renting in London.

The maximum maintenance loan is now less than the average rent for a purpose-built student room in London – even though the loan is meant to cover a full range of living costs and not just rent.

As a result, a high proportion of home students studying in London opt to live at home, many students face a large shortfall in income and some are put off from studying in the capital altogether.

The report ends with some recommendations for national and local policymakers, student accommodation providers and others.



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