

Accommodation Costs Survey

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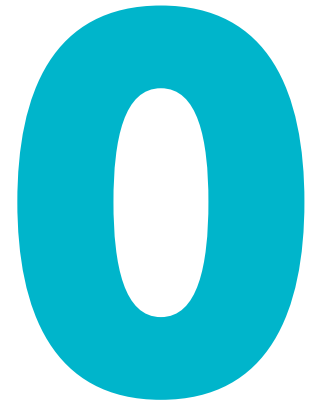
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Acknowledgements

We would like to extend our sincere thanks to the institutions and private providers who took part in our online survey at what is the busiest time of the year for accommodation offices.

Our thanks also go to a number of individuals who took time to comment on the survey design and drafts of the report, and who provided advice, information and expertise in a number of areas:

Michael Ball, University of Lincoln and ASRA
George Bradley, Unipol Student Homes
Karen Burke, Sheffield Hallam University and ASRA
Bryan Carroll, Southampton Solent University and CUBO
Paddy Jackman, Ardingly College
Sarah Jones, Cushman & Wakefield
Jack Mably, Birmingham Guild
Colum McGuire, National Union of Students
Fleur Priest-Stephens, National Union of Students
Jamie Sweeney, Kings College University Students' Union
Amy Waine, Leeds Beckett University Students' Union

We would also like to thank Megan Kearney for co-ordinating responses over summer 2015, Martin Rushall for editing the report and Kayleigh Naysmith and Andrew Livesey for design.

At NUS Services Ltd our thanks go to Gemma Hoyle, Lynsey Owens and Mary-Jane Sturt for undertaking the research.

Our thanks also go to the many students' union officers who encouraged and supported their institutions to complete the survey, and in some cases completed it on their behalf.

Finally, we thank Pinsent Masons for kindly hosting the launch of the publication.

Shelly Asquith
National Union of Students

Victoria Loverseed
Unipol Student Homes



Foreword

The NUS/Unipol Accommodation Costs Survey has been running for 33 years and has consistently tracked changes in the market over that time. It is the only research that provides a comprehensive view of purpose-built accommodation (known originally as student halls) and gives detailed and open data on costs and trends.

The survey itself is lengthy, as a brief scan of the depth of data will reveal, and our thanks go to all those institutions and private providers who completed it. Their involvement is a key part of the research. It enables this depth of information to be made available to all those interested in student accommodation.

The current survey cycle has come round at a time when higher education and therefore residential demand continue to expand. It also coincides with a period in which private developments or developments in partnership with institutions have grown to comprise the lion's share of expansion in purpose-build. With renewed confidence come a number of dangers, addressed in this report.

A key theme throughout the research is the need both to maintain and to develop affordable accommodation. Of course, some students can afford the best, but there is a real need to maintain rental range and choice in both institutional and private sector provision. There is some evidence here that rents are increasing, not simply to maintain yields (although this is the case), but also to fuel higher and higher grade accommodation that will lie outside the reach of a growing number of students.

The growth of studios (particularly in London) lies at the heart of the rapid rise of the ultimate luxury accommodation. This is the most expensive student accommodation being provided in the centre of one of the most expensive cities in the world: of course it is nice, but is it really serving an educational need? What is certain is that it is pulling rent levels to new heights, well over £10,000 a year for a small studio flat. We may be at the point where enough is enough.

Shelley Asquith
Vice President Welfare
National Union of Students

As the private sector begins to emerge as the majority supplier of purpose-built accommodation – it already is in London – it is important that the accommodation it offers caters for the full spectrum of need across the student population, and not just for wealthier students.

There is some evidence that this objective is being achieved by some accommodation suppliers and institutions, but rental range and choice are still being constrained by a strong instinct to stick with the twin idea of the ensuite cluster flat and the studio flat. This report gives positive examples of where change is taking place, innovative products are being developed and rental range is being maintained as part of an accommodation strategy.

It is also clear, and welcome, that student support, in the form of welcoming, social events and communal space and facilities is increasing. It is not just about the building but about community-building, meeting new people and friends and being able to call on support when work or life gets stressful. There are strong signs that accommodation providers are beginning to recognise this and respond positively.

Accommodation is at the centre of the living/learning experience. The streaming of online resources and lectures means that the term 'study bedroom' has never been more apt. The quality of that accommodation, free from anxieties about high costs, is an essential part of the higher education experience.

This report gives readers the facts and although it comes with some comment, the facts themselves are presented free from speculation and spin. This is not written by a developers' consortium or market analysts with a big stake in the sector. In making this information available, the report authors hope that the outputs of the survey exercise contribute to a better deal for students, a more positive educational experience and a better informed set of suppliers providing the right product in the right place at the right price.

Martin Blakey
Chief Executive
Unipol Student Homes

Executive summary

The survey

For the purposes of this survey purpose-built student accommodation falls into two categories: accommodation provided by

- higher education institutions
- private providers.

Respondents were asked to judge which category each part of their portfolio fitted into. Data was requested for both the 2014-15 and 2015-16 academic years. Details of 291,982 bed spaces were returned for 2014-15 and 333,965 bed spaces for 2015-16. In 2015-16 there are approximately 508,863 bed spaces in purpose-built accommodation. The survey therefore covers 66 per cent of all bed spaces. The sample sizes reflect the student accommodation strata and a cross-section of regions and the different providers across the UK.

Rents and cost

Headline rents

In 2015-16 the overall average weekly rent for purpose-built student accommodation stands at £146.73. This is up £6.24 (4.4 per cent) from £140.49 in 2014-15. Since the last survey in 2012-13 the cost to the student has gone up by 18.4 per cent.

In 2015-16 the average weekly rent for institutional accommodation is £134.23 and for privately provided accommodation £168.94.

In cash terms, private accommodation was £18.29 more expensive per week than institutional provision in 2011-12. By 2015-16 this gap has grown to £34.71. The private sector has shown surprising resilience in maintaining higher-than-inflation rent increases whilst letting to capacity.

Contract lengths

The average contract length for institutional accommodation has remained static at 41 weeks since 2012-13. By contrast, the contract length for

privately provided accommodation has risen by two weeks to 46 weeks.

The longer letting year for privately provided accommodation can be interpreted as extending the cost gap between the two provider types. Based on a calculation of the mean, in 2015-16 private providers are charging just over £2,200 more annually than institutions (or 41 per cent, up from the 34 per cent recorded for the previous survey). This works out as nine per cent above the expected level based on the RPI.

Other payments

Booking fees

Also known as cancellation or administration fees, booking fees were levied by 46 per cent of providers overall in 2015-16, as against 43 per cent in 2012-13 and 28 per cent in 2009-10. Within the figure for the current year, 41 per cent of institutions required payment of a booking fee, compared to 57 per cent of private providers.

Booking fees have been highly changeable in recent years. For private providers they have shown an accelerating reduction from £135 in 2009-10 to £94 in 2015-16, down 30.4 per cent; for institutions the levy has increased 22.9 per cent to £134 from a low point of £109 in 2012-13.

Deposits

Overall, 67 per cent of providers require students to pay some form of deposit. Sixty-one per cent of institutions required a deposit, compared to 81 per cent of private providers. In cash terms, the overall average deposit charged by institutions for 2015-16 was £296; the parallel figure for private providers was 6.4 per cent higher at £315.

Requirements for a rent guarantor

Thirty-one per cent of providers require a rent guarantor for rent payments, up from 24 per cent in 2012-13. Within this figure there is, however, wide variance between provider types: 65 per cent of private providers require one, compared to 17 per cent of institutions.

The changing shape of purpose-built student accommodation

Since the 2006-07 survey the ownership, type and range of purpose-built student accommodation have changed beyond recognition. Rooms with their own private bathroom are now the norm and the provision of what would have been thought of as 'traditional' catered halls with shared bathrooms has dwindled to a residual level.

Ownership

In 2006 82 per cent of the sector was operated by educational institutions but by 2015-16 this has shrunk to 59 per cent.

Private providers have put on considerable growth with a 42 per cent rise in the number of bed spaces provided in the years 2014-15 to 2015-16. Whilst institutions still remain the largest supplier of accommodation, their provision of bed spaces grew by just one per cent in the last year. If this trend continues the private sector will be the majority supplier by the time of the next survey in summer 2018.

Ensuite

In 2006 38 per cent of institutional accommodation was ensuite. The equivalent figure for 2015-16 is 54 per cent.

Since they properly established themselves in the sector in the 1990s, private providers have offered a product range that is overwhelmingly ensuite.

Studios

Nationally, studio flats now account for nine per cent of the sector. This growth is being driven by private providers. Between 2011 and 2016 the number of studios increased 20-fold in the private sector to 29,377, compared to a four-fold increase to 4,114 in the institutional sector. Forty-eight per cent of all studio flats in the UK sector are now in London.

Catered

In 1994 27 per cent of student accommodation was

catered. By 2015-16 this has declined to 7.6 per cent of total provision and is the almost exclusive preserve of institutional providers.

Adapted

It is surprising that 11 per cent of institutions report having no accommodation that could potentially be adapted for disabled occupants.

Students with dependants under 18

Provision of family accommodation is patchy. From a sample of 79 institutions, only 22 (27 per cent) had any to offer and 68 per cent of these reported having fewer than 20 flats suitable for students with dependants. This has fallen significantly from the 34 per cent recorded for the 2012-13 survey. Only three institutions offered more than 100 flats of this kind.

Provision in the private sector is virtually non-existent.

Accommodation for returning students

Over half (57 per cent) of institutions reserve up to 25 per cent of their rooms for returning students. Although there are no earlier figures, the impression is that many institutions are housing more of their returning students, either directly or in partnership with others.

The 9.9 per cent of institutions reserving more than half of their accommodation for returners are all Oxbridge colleges or smaller institutions.

The picture is more mixed in the private sector because rooms are not 'reserved' for any one particular grouping of students, but are let directly on a first-come-first-served basis.

Provision of short-term accommodation

Over a third of all providers offer some form of short-term accommodation, splitting down to 34 per cent of institutions and 45 per cent of private providers. Short-term accommodation is particularly important for pre-session international students and newly arriving international students looking to orientate themselves in the UK before making

longer term housing choices.

Provision and rent: variation across regions and institutions

In 2015-16, at £226, the highest average weekly rent was in London. This compares with the lowest at £118 in Wales. London is by far the most expensive area in which to live. Driven by the expensive Edinburgh and Aberdeen markets, Scotland is second at £150.

As with property prices, the gap between London and the regions is widening. In 2014-15 London was, on average, £45 more expensive a week than the next most costly region (the South East). A year later the gap has widened to £76.

The rate of increase in rents is greater in London than elsewhere. It has registered consistently higher rental uplifts year-on-year since 2012-13: 26 per cent in that year followed by 13 per cent in each of 2014-15 and 2015-16.

Between 2014-15 and 2015-16 rents fell by one per cent in the East of England and by nine per cent in the South East.

Institutional and private sector differences

It is not the case that institutional providers are always cheaper than private sector suppliers. In 2015-16 average weekly rents set by private sector suppliers are lower in Yorkshire and the East Midlands. In the West Midlands they are the same.

Private sector suppliers' weekly rents are 38 per cent higher in London, 33 per cent higher in Wales, and 28 per cent higher in the East of England.

Lowest and highest rents

The most expensive rent recorded in the survey in 2015-16 was £499 a week and the lowest £55: both rents are for self-catered non-ensuite accommodation in London.

Not all rents are registered in the survey and the cheapest rent known to the researchers is £40 a week (Dennis Bellamy Hall, Laisteridge Lane, Bradford). The most expensive has been reported at £5,250 a week in central London (Fountain

House, Mayfair).

Ranges of rents by geographical location

In previous reports progress was reported both on maintaining a range of rents that enabled students to exercise real choice in their level of accommodation and on ensuring that the range contained some lower rent options for students unable or unwilling to pay higher rents. In some areas range – and therefore consumer choice – has been reduced at the lower end of the rental range.

Between 2012-13 and 2015-16, whilst overall rents have increased overall, there are some interesting regional trends. In the South West the two highest rent categories have increased from covering 55 per cent of the stock to just over 80 per cent. The pattern is similar for the South East. In Yorkshire over 60 per cent of the stock falls outside the top two rental bands and the pattern is similar for the North West.

Ranges of rents by institution

The authors were anxious to assess the performance of individual institutions in maintaining a real range of rental options for their students and to see whether choice is narrowing as all rents rise.

The study looked at eight case studies and they reveal the very different approaches taken by those institutions. These case studies highlight that certain institutions have managed to maintain greater rental ranges than others and that some have achieved this despite upgrading their portfolio or being located in a high cost area. In other universities there are signs that choice and maintaining lower cost stock are not a priority or, if they are, the institution is failing to achieve them.

London

The private sector is now the majority supplier and accounts for 59 per cent of stock in the capital, up from 30 per cent in 2011-12.

Weekly rents

The average weekly rent in London in 2015-16 is £225.83, 69 per cent more than the average rent for the rest of the country (£133.57).

In London lower priced rents as a proportion of the stock have fallen very substantially. In 2012-13 just over 20 per cent of accommodation fell below the two most expensive rent bands, but by 2015-16 this has reduced to less than ten per cent. Not only are rents rising, but there is less rental choice than there was just two years ago.

The growing number of studio flats

In 2011-12 only six per cent of accommodation in London was studio flats, but by 2015-16 this has expanded to 29 per cent. In London the growth in studios has been driven almost exclusively by private providers: in 2011-12 studios made up 16 per cent of private accommodation in London; in 2015-16 the figure is 47 per cent. The position contrasts sharply with the institutional sector where studios now account for just three per cent of stock, up from two per cent in 2011-12.

The focus on developing studios is, in all likelihood, not driven by student demand. Instead the indicators are that the market is being skewed by a developers' agenda of securing the highest possible returns from sites that become available for development.

For standard studio accommodation, the average overall rent per week in London is currently £272, 61 per cent higher than in the rest of the UK.

A market at odds with study choice

The rising rent profile in London must be giving concern to the educational institutions based there, as some students will clearly be deterred by the cost of living in London. Those world-beating institutions seeking to recruit the brightest and the best will increasingly need to address the forbidding cost of living, which includes rent levels beyond the means of many prospective students.

Marketisation and affordability

The higher education sector has been undergoing marketisation since the Labour administrations of the recent past, but it was the coalition government that set about introducing a thoroughgoing programme of measures to establish in autumn 2012 a much more laissez-faire framework for institutions to recruit UK full-time undergraduates. The removal of student number caps in autumn 2015 extended deregulation further.

The main effects building within the sector are an increase in the global annual intake, the growing stratification of institutions in the market and the early emergence of some winners and losers in the competition for new students.

A direct consequence of taking the brakes off recruitment is that demand for accommodation has increased overall, but is highly variable at local level. For future rent levels and their relationship with RPI, much depends locally on existing and planned stock levels.

Affordability

To make sense of the affordability of accommodation, it needs to be located within the framework of current student finance arrangements established by the government. For the 2015-16 academic year the maximum amount of loan available for new students is £5,740.

On the basis of average rent figures for accommodation outside London, out of £4,888.54 per year, the current funding structure leaves students, on average, £851 to cover all other living expenses, including food and clothing.

Subject to parliamentary approval, at the time of writing students starting university in 2016-17 will receive up to £8,200 (£10,702 in London) in the form of a loan. The additional income for students will allow them to meet more of their basic living costs (after the cost of rent has been subtracted).

The downside is that the increasing burden of higher debt faced by students will inevitably have a negative effect on some groups of applicants. The independent Institute for Fiscal Studies (IFS) has estimated that the poorest 40 per cent of students in receipt of the enhanced loans would leave university with debts of £53,000.

Imposing growing levels of debt on students from lower income households is a misconceived solution to decreasingly affordable accommodation. The challenge of affordability is a long-standing one, and seems to grow more severe with each cycle of this survey.

It is disappointing to discover through the survey that only just over half (52 per cent) of institutions

claim they recognise the need for an agreed policy on a range of affordable accommodation. Institutions need to join up the rent setting process with corporate strategies and objectives on widening participation and build in an appropriate performance indicator within this wider agenda.

Student engagement

Application, welcome, care and support

Seventy-nine per cent of respondents offer an online application system for their accommodation.

On arrival, to help settle students in, 85 per cent of institutions laid on a welcome event, compared to 69 per cent of private providers.

Just over half (51 per cent) of institutional respondents reported that they ran a social programme (e.g. Reslife) from start to end of tenancy. The figure for private providers was 46 per cent.

Over three quarters of both provider types reported using social media to support this set of activities.

Consultation with student representatives

Only twenty-nine per cent of institutions indicated that they consult their students' union to some extent, but 54 per cent of respondents report that their students have no involvement with the rent setting process at all.

Ninety-five per cent of institutions consult and work with their students' union on environmental initiatives.

Where there is money to be saved, it is clear that consultation is high, but on income generation consultation is low.

Measuring customer satisfaction

A high proportion of accommodation providers conduct student satisfaction surveys (84 per cent of institutions and 100 per cent of private providers). Sixteen per cent of institutions do not undertake any survey of any kind.

Only around a quarter of providers make their

survey data publically available.

Financial assistance

Just over half of respondents offer some form of financial assistance to tenants, although the balance is uneven at 70 per cent of institutions as against 11 per cent of private providers.

Debt

When students fall behind on their rent payments, 83 per cent of respondents agree that creating payment plans is the preferred approach.

If a student has outstanding accommodation debts, 16 per cent permit their students to graduate but forbid them from attending the ceremony, and an additional six per cent do not let them graduate at all. This contravenes the 2014 ruling of the Office for Fair Trading that policies preventing students in debt from graduating could breach consumer protection laws.

Accreditation

Four institutions disclosed having entered a partnership with a provider that is not a member of the ANUK/Unipol National Code. Although a small number, this is nonetheless disappointing.

Beyond purpose-built student accommodation, accreditation schemes of various kinds cover private housing for many institutions' students. Forty-five per cent of respondents report that such coverage is through local authority schemes. Only 27 per cent of institutions are involved in a scheme directly and 21 per cent have no access to any scheme to set standards for their private housing.

For purpose-built accommodation there are three government-approved codes. The UUK Code covers 259,863 institutional bed spaces and the ANUK/Unipol Codes 229,000 bed spaces (80 per cent of which are offered by private sector suppliers). All respondents in this survey were members of these Codes.

Energy

Only four per cent of providers set their rent net of energy costs. The survey found that where

utilities were included in the rent, the overwhelming majority of respondents did not give students any estimate of the costs of the utilities they used. Ninety-four per cent of institutions provided no information on energy usage.

Setting energy-inclusive rent is likely to settle towards the top end of what the consumer will use. No institutional respondents give students any

rebates or reductions on rent where payment turns out to exceed usage.

The willingness of some private providers to offer information and in some cases different packages indicates a greater level of transparency and capacity for tenants to self-manage their usage and their money. These serve as examples of good practice worthy of universal adoption across the sector.

Recommendations

A summary of sector performance against the 2012 recommendations is appended as a schedule to this report. Many of those recommendations can be restated and added to here.

Cost and affordability

Cost and affordability remain an important principle. Forty-eight per cent of institutions have no policy on providing affordable accommodation for their students. Affordability forms part of the fair access to higher education agenda, specifically ensuring that lower income students are not excluded from a residential experience of HE. In high cost housing areas (such as London) the level of affordable provision affects the majority of the student population, not just the poorer students.

For institutions, it is recommended that 25 per cent of all rents charged should fall within the bottom quartile of their rent structure; for private providers this should also be the case at each accommodation site they run.

Booking fees

The survey showed that booking fees are both rising and increasingly widespread. Such fees must be geared to the actual cost of the specified activity (booking, cancellation or administration), not some perceived loss that rarely materialises. Nor should the cost cover administrative inconvenience that could be regarded as part of the normal administrative load associated with letting rooms.

Studio flats

The survey charts the rapid development of studio flats. Most of this is in London, where it now forms 14 per cent of the purpose-build stock. For standard studio accommodation, the average overall rent per week in London stands currently at £273.07: this is very expensive student housing indeed.

The authors of this report feel that this fits into a

developer-driven agenda and can find no evidence or research that shows any student demand for this kind of accommodation. Those seeking to develop studio accommodation should be able to demonstrate clear evidence of need.

Studios tend to be let to international students, but often represent an option of second resort because dedicated postgraduate accommodation is rarely available. Whatever residual demand there may have been must have been easily met by now, and yet there is evidence of a further significant slew of new studios in the pipeline, due to come into commission over the next two years.

The London Plan has introduced affordability as a planning condition for student accommodation. This report recommends that no further planning permission should be granted for studio-only schemes in London and that studios should only be developed where they form less than ten per cent of a larger scheme involving other types of units.

Outside London, planners should ask a developer to demonstrate real need before they approve any studio-only scheme or a scheme involving a development where there is more than ten per cent of studios (by number of bed spaces).

There will be those that see this intervention into the market as prescriptive and, in support of a self-correcting market, they will argue that if too many studios are developed, rents will fall, investors will see that this is a 'busted flush' and such developments should cease. This working-out of market forces would be a particularly wasteful way of proceeding. In London it could mean scarce land is used for an unnecessary product that is inflexible and unsuitable for alternative use.

Elsewhere, it is already clear than studios are failing to let. Nonetheless, investors, frequently carried away by the hype of higher yields, show little sign of recognising or acting on this downward trend.

Student engagement

Rent setting

That 46 per cent of institutions do not consult their students' union at all on rent setting is as shocking as it is surprising. All institutions should consult their students' unions about rent setting and operate in an open and transparent manner. Where there are contractual rental uplifts, these should be made clear as part of those discussions.

New buildings

Consultation on new buildings is considerably greater, but still 23 per cent of institutions do not consult student representatives at all. Once again, all student representatives should be consulted about new buildings as part of the design and evaluation process.

Environmental initiatives and utilities

Consultation on environmental initiatives is much better: only five per cent of institutions exclude student representatives.

The survey found that where utilities are included in the rent – as they are in almost all purpose-built accommodation – only six per cent of institutions gave details of energy usage. Seventeen per cent of private providers gave students price-per-week information, statements, and in some instances, different utility packages with a range of costs. All institutions and private providers should provide their tenants with information on energy usage both in the service of transparency and to give student tenants some indication that they should use energy responsibly.

Where all-inclusive energy is provided, charges

are likely to be higher as a hedge against the risk of overuse. This raises the question of possible rebates to the consumer where they have used less energy than they have paid for. No institutional respondents give students any rebates or reductions on rent where payment turns out to exceed usage. Private providers who offer a refund or rebate amount to only six per cent of respondents in this category.

From the variant findings about institutions' consultation of student representatives on environmental initiatives on the one hand and inclusive utility payments on the other, it might be inferred that consultation is fine so long as it saves rather than costs money.

The sector should provide incentives and rewards for using utilities carefully and sparingly, and students should share in the benefits of saving energy.

Customer satisfaction

It is now a condition of membership of the ANUK/Unipol Codes that all providers undertake customer satisfaction surveys. All private provider Code members therefore do this. Sixteen per cent of universities did not carry out any surveys. It should be a condition of membership of the UUK Code that they do so.

Only 25 per cent of respondents who undertook a survey placed the information gathered in the public domain. The call for the results to be publicly available in summary form on a 'you said... we did' format is made again, but this time with the recommendation that both the ANUK/Unipol and UUK Codes should make this a condition of membership, when they next review the Codes.

Prefatory note on methodological changes

Provider typology

For the purposes of this survey, purpose-built provision falls into two categories – accommodation provided by:

- higher education institutions
- private providers.

In previous surveys a third category was used – accommodation supplied by private providers through a ‘nominations agreement’ with an institution. This has been dropped because it has become untenable as a result of the proliferation of highly variant and complex institution-provider arrangements which the three-part typology was no longer able to contain. In making longitudinal comparisons, this survey disregards historic data for the nominations category, except where this is necessary for the sake of clarity.

**Purpose- built student
accommodation: the
cost to the consumer**

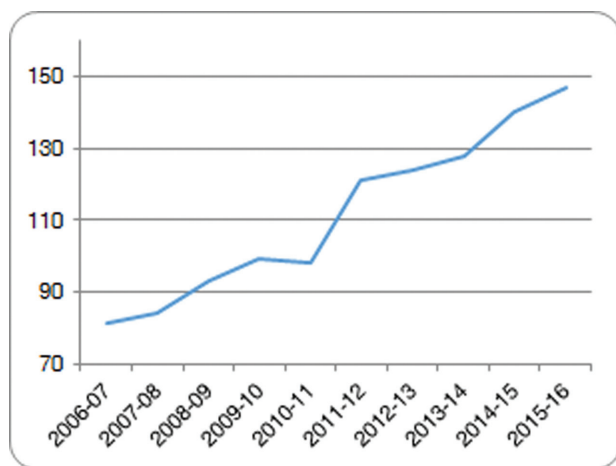


Weekly rents

Headline overall averages

In 2015-16 the overall average weekly rent for purpose-built student accommodation stands at £146.73. This is up £6.24 (4.4 per cent) from £140.49 in 2014-15. Since the last survey in 2012-13 the cost to the student has gone up by 18.4 per cent. Since 2006-07 the increase amounts to 80.7 per cent.

Figure 1: Overall average weekly rent for purpose-built student accommodation 2006-07 – 2015-16

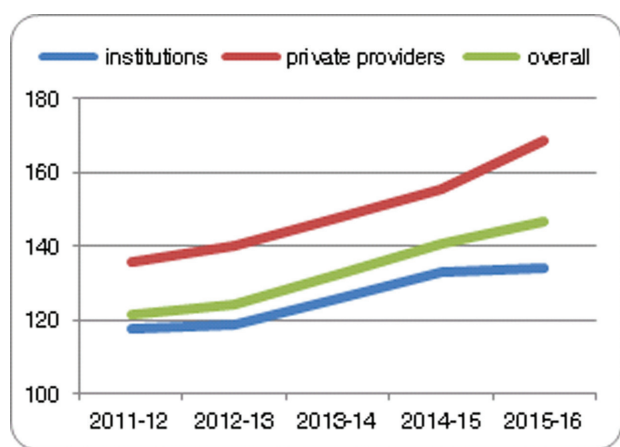


Variance across provider types

In 2015-16 the average weekly rent for institutional accommodation is £134.23, and for privately provided accommodation £168.94. In cash

terms, private accommodation was £18.29 more expensive per week than institutional provision in 2011-12. By 2015-16 this gap has grown to £34.71. As Figure 2 shows, over this period the rate of increase in average weekly rent has been considerably greater for private providers (24.3 per cent) than for institutional accommodation (14.1 per cent). A significant contributory factor in this trend is the very small increase overall in average rents seen in the institutional sub-sector for 2015-16 (0.7 per cent).

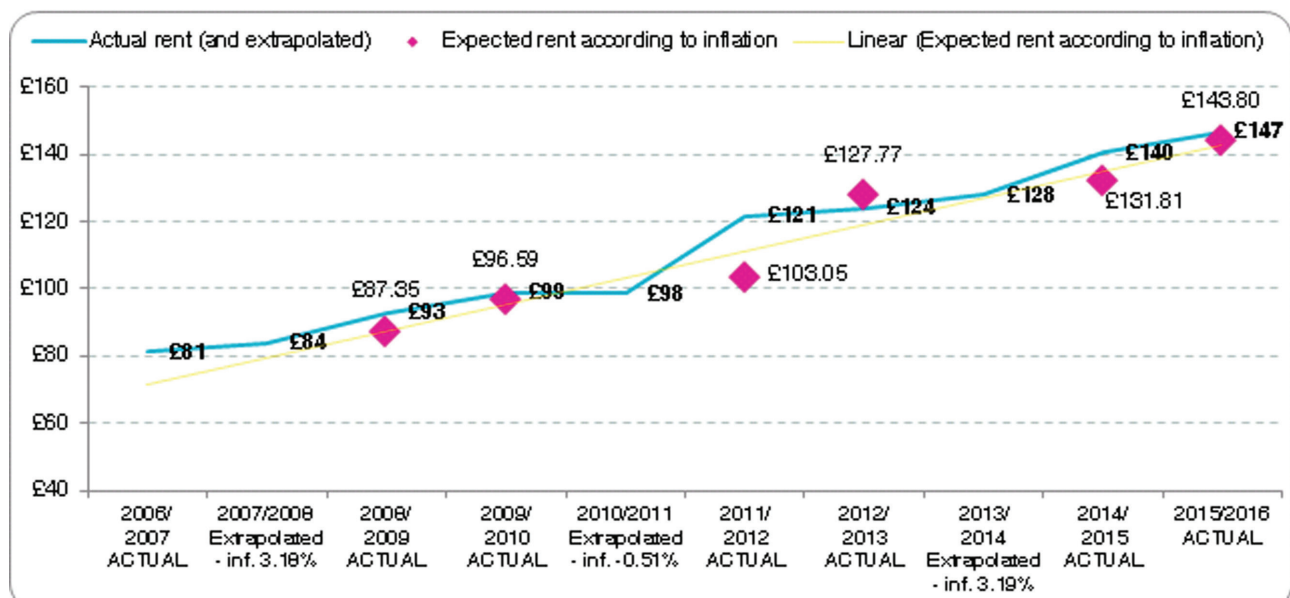
Figure 2: Average weekly rents by provider type 2011-12 – 2015-16



Rent levels set against the rate of inflation

As Figure 3 indicates, average rent levels in purpose-built student accommodation have continued to rise significantly above the rate of

Figure 3: Overall average weekly rent plotted against the Retail Price Index



inflation.

As was noted in the previous survey report, the private sector has shown surprising resilience in imposing higher-than-inflation rent increases whilst letting to capacity. Although this record was dented by the aberrant student recruitment cycle in 2012 – when the coalition government’s higher education reforms (including a major hike in tuition fees) were introduced, intakes fell and widespread rental discounting was reported – business as usual has been resumed.

However, it remains the case that heightened cost sensitivity, linked to the new student funding system, may mean that students expect more for less. It is a key message that the purpose-built student accommodation market will become increasingly fragmented as stratification of UK higher education works through and as the government ramps up the marketisation of the sector. This means that local student housing markets will become more deeply affected by the fortunes of local institutions in recruiting full-time students.

Where more-for-less consumer expectations combine with local incidences of lower-than-expected intakes, it is likely to exert downward pressure on rents and/or create under-occupancy. The private providers’ responsiveness in discounting when intakes have dipped suggests that they are sensitive to the need to adjust rental structures where market conditions are in favour of the renter. Although on average institutions offer a lower weekly rent, many will need to rise to the challenge of fleet-footed adjustments to shifting market sensitivities.

In future, in plotting average rents against RPI, there is likely to be far stronger regional patterning as a consequence of the evolution of the marketised higher education sector.

Weekly rents differentiated by room type

Figure 4 shows the minimum, average and maximum rental prices for major room types. A large component of the cheapest accommodation is older stock. The size of the gap between the

Figure 4: 2015-16 average weekly rent ranges (minimum, maximum and overall average), including all providers

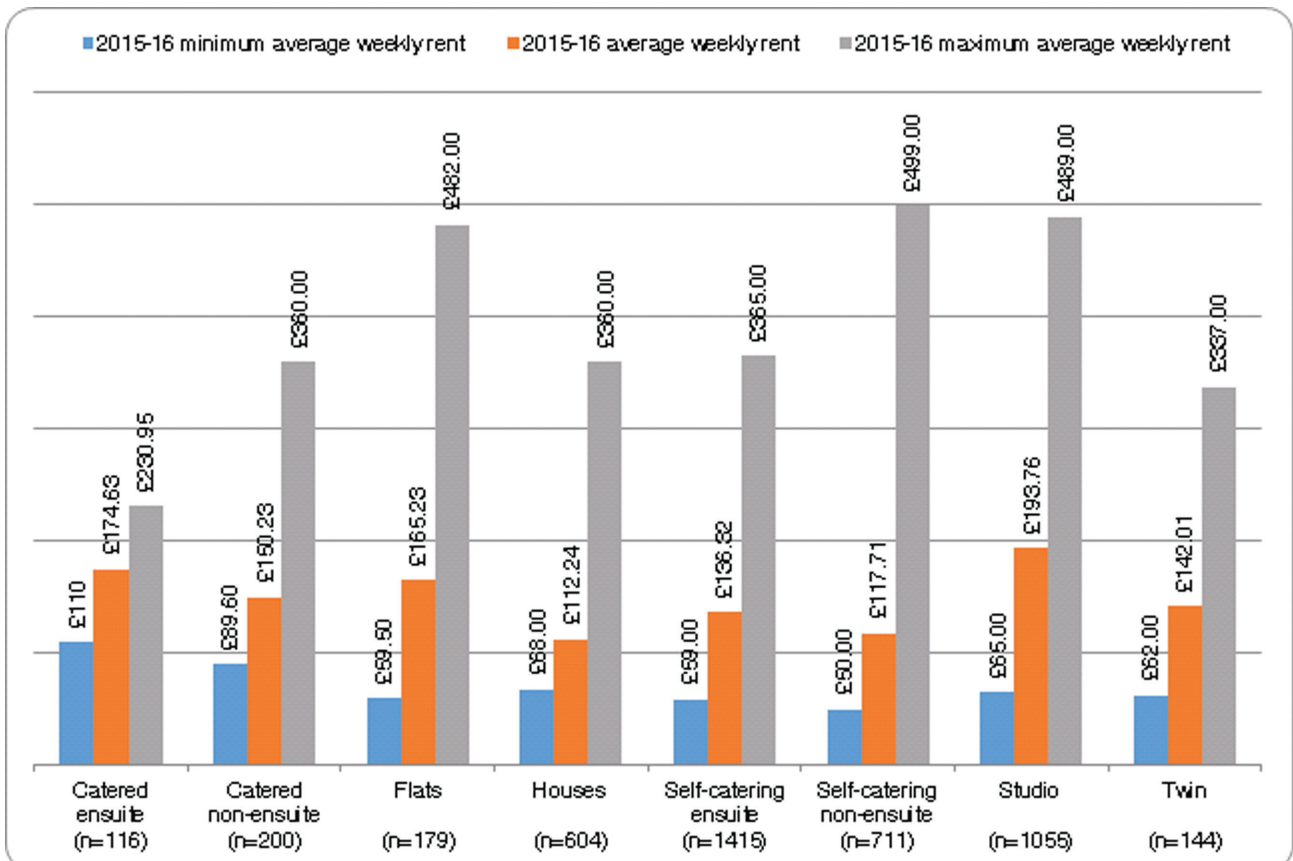


Figure 5: Average weekly costs by accommodation type and provider type 2011-12 – 2015-16

	Catered ensuite	Catered non-ensuite	Flats	Houses	Self-catered ensuite	Self-catered non-ensuite	Studio	Twin	Other
2011-12									
Institution	£158.30	£131.47	£104.80	£113.41	£118.85	£95.30	£153.49	£117.93	£89.31
Private provider	-	£167.00	£136.30	£88.50	£118.74	£97.95	£179.05	£122.00	-
Nominations	-	£114.27	£111.62	£110.80	£110.07	£90.78	£147.00	£141.47	-
Overall average	£158.30	£131.73	£112.98	£112.71	£117.82	£95.18	£165.78	£119.20	£89.31
2012-13									
Institution	£163.35	£139.37	£104.93	£115.00	£122.81	£97.08	£135.50	£118.31	£91.54
Private provider	£159.00	£137.86	£139.33	£85.60	£122.33	£98.31	£183.63	£120.50	-
Nominations	-	£118.30	£112.55	£94.00	£119.99	£97.05	£153.52	£137.59	-
Overall average	£163.30	£139.18	£114.17	£113.32	£122.31	£97.24	£162.42	£119.89	£91.54
2014-15									
Institution	£168.87	£147.21	£135.16	£113.33	£128.04	£105.83	£177.93	£130.37	£104.83 (triple)
Private provider	£224.36	£165.51	£128.29	£93.11	£129.81	£149.70	£198.69	£168.38	-
Overall average	£169.15	£147.39	£134.58	£112.18	£128.86	£115.95	£188.72	£135.06	£104.83 (triple)
2015-16									
Institution	£174.14	£149.82	£149.70	£112.31	£136.88	£107.53	£181.67	£132.86	-
Private provider	£230.95	£177.37	£181.65	£106.63	£135.46	£146.86	£199.41	£178.30	-
Overall average	£174.63	£150.23	£165.23	£112.24	£136.32	£117.71	£193.76	£142.01	-

maximum average weekly rents on the one hand and the overall and minimum averages on the other is worthy of note. The high prices at the top of the market continue to be driven by studio flats, and in particular those in private developments in London.

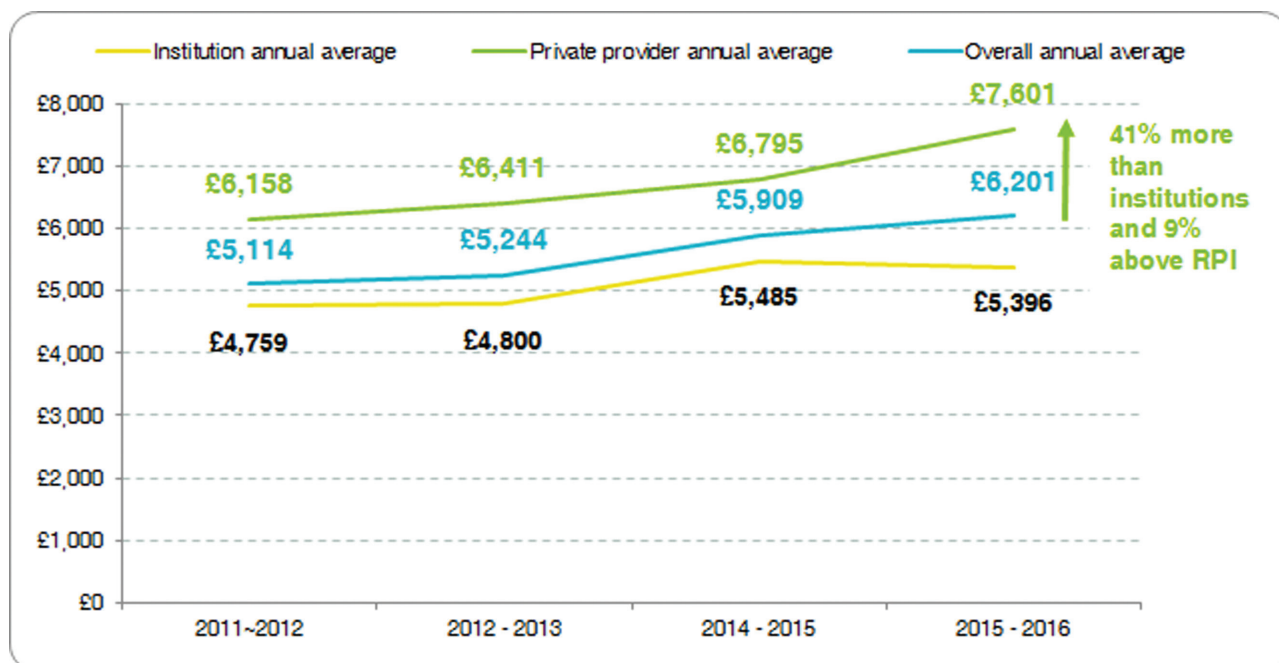
Figure 5 shows the average weekly rent charged by each provider type for the main room types over the past five years.

For self-catered accommodation, a key room category, the rental gap between ensuite and non-ensuite across this period is at its widest in institutions in 2015-16: ensuite provision is 27.3 per cent more expensive than non-ensuite in

the current year, whereas 12 months earlier the equivalent figure was 21 per cent.

Bizarrely perhaps, for self-catered non-ensuite accommodation provided by private operators, the average weekly rent comes in significantly higher than for self-catered ensuite both in 2014-15 and 2015-16. Not a statistical anomaly, this is attributable to provision of some high-end non-ensuite accommodation entering the market in London: in 2014-15 the rental range for non-ensuite was £50 - £479 and for ensuite £63 - £285; in 2015-16 the range for non-ensuite was £50 - £499 and £59 - £365.

Figure 6: Overall annual rent charges by provider type 2011-12 – 2015-16



Contract length and annual costs

The annual cost of renting purpose-built student accommodation is, of course, a function both of weekly rental and contract length.

The average contract length for institutional accommodation has remained static at 41 weeks since 2012-13. It is likely that this reflects a continuing university view that the letting and academic years should stay in broad alignment. By contrast, the contract length for privately provided accommodation has risen by two weeks in that timeline and now stands at 46 weeks. Figure 6 shows how the longer letting year for privately provided accommodation extends the cost gap between the two provider types. Based on a calculation of the mean, in 2015-16 private providers are charging just over £2,200 more

annually than institutions (or 41 per cent, up from the 34 per cent recorded for the previous survey). This works out as nine per cent above the expected level based on the RPI.

Caution needs to be exercised, however, in reading rents calculated for the letting year (weekly rent multiplied by the number of weeks in the contract): typically, undergraduates may favour a shorter letting year, because they have no use for their accommodation into the summer period. Postgraduates on the other hand may find a longer letting year useful – or if on a shorter contract may have to top up extra time through buying in additional weeks from their provider.

As is shown in Figure 7 the median annual rent levels charged by private providers are much closer to the institutional figure than the mean. This demonstrates the extent to which the top end of purpose-built provision affects the headline averages.

Figure 7: Overall annual rent charges by provider type 2015-16 (2012-13 figures in brackets)

Provider	Minimum annual rent	Average annual rent	Median annual rent	Maximum annual rent
Institution	£2,356 (£1,170)	£5,647 (£4,799)	£5,029 (£4,512)	£20,540 (£15,429)
Private provider	£1,700 (£1,596)	£7,725 (£6,411)	£6,820 (£5,246)	£88,795 (£22,360)

Other costs and associated requirements

Energy

As part of a wider sustainability agenda, energy and its use, cost and charging are emerging as a theme with a heightened profile. In recognition of this, it has been assigned its own chapter within this report.

WiFi

Ninety-four per cent of both private providers and institutions operate WiFi in their accommodation. As predicted in the previous survey, WiFi has established itself as the standard means of delivering internet connectivity in purpose-built accommodation. In the last three years as a consumer expectation it has shifted from being an added-value amenity to being a part of the necessary infrastructure of accommodation buildings.

Possessions insurance

For institutions, inclusion of personal possessions insurance remains relatively constant around the 80 per cent mark. For private providers, however, this inclusion has fallen away sharply since 2012-13.

Gym/gym membership

Rents inclusive of access to a gym/gym membership stand at 19 per cent for 2015-16. This represents a six per cent increase on 2014-15, driven by private providers playing catch-up with the institutional level of provision in this area.

Car parking

Parking provision is included in seven per cent of rentals for 2015-16, as it was for 2014-15. The low level evident throughout the 2006-07 – 2015-16 period covered in Figure 8 reflects a strong sense among providers that for this consumer group the regular use of a car is non-essential and should therefore remain an add-on cost.

Booking fees

Also known as cancellation or administration fees, booking fees were levied by 46 per cent of providers overall in 2015-16, as against 43 per cent in 2012-13 and 28 per cent in 2009-10. Within the figure for the current year, 41 per cent of institutions required payment of a booking fee, compared to 57 per cent of private providers.

Booking fees have been highly changeable in recent years. For private providers they have shown an accelerating reduction from £135 in 2009-10 to £94 in 2015-16, down 30.4 per cent; for institutions the levy has increased 22.9 per cent to £134 from a low point of £109 in 2012-13. Whilst it is pleasing to see private providers scaling back booking fees further, it is disappointing that institutions appear to have deviated from the basis that such costs should reflect directly the cost of the additional administration required to process the booking.

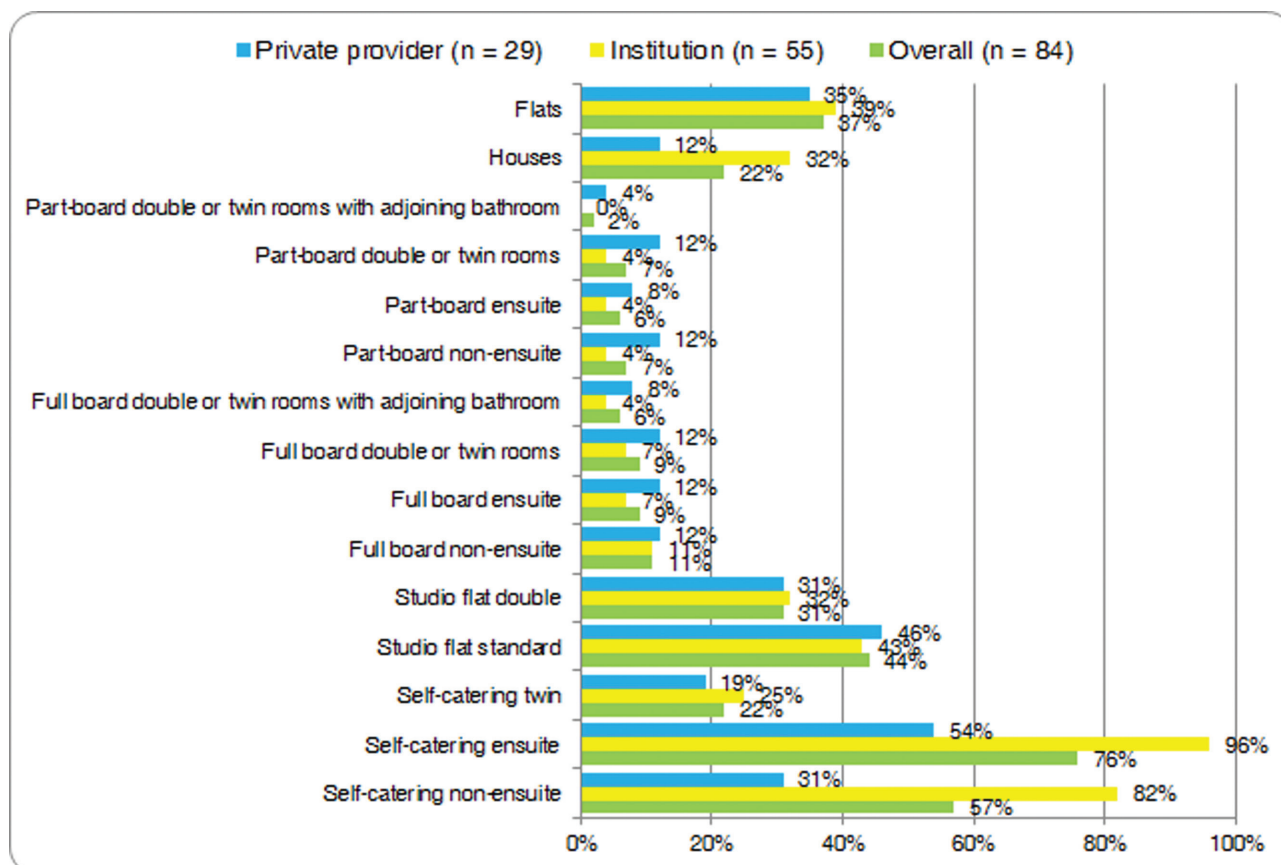
Rent payment in advance

Overall, 43 per cent of providers ask for payment of rent in advance. Under a third of institutions (31 per cent) require advance rental payments, compared to almost three quarters of private providers (73 per cent). These figures have reduced from 37 per cent and 81 per cent respectively since 2012-13,

Figure 8: Percentage inclusion of utilities in rent by provider

Institution	2006-07	2008-09	2009-10	2011-12	2012-13	2014-15	2015-16
WiFi	-	-	-	32%	50%	90%	94%
Insurance	56%	59%	59%	81%	80%	76%	78%
Parking	-	-	-	18%	16%	10%	9%
Gym/gym membership	-	-	-	-	-	17%	20%
Private provider	2006-07	2008-09	2009-10	2011-12	2012-13	2014-15	2015-16
WiFi	-	-	-	12%	31%	98%	94%
Insurance	83%	85%	81%	94%	93%	43%	57%
Parking	-	-	-	2%	3%	3%	4%
Gym/gym membership	-	-	-	-	-	5%	17%

Figure 9: Advance rent payment requirements by accommodation type and provider type



maintaining the wide gap between provider types. Figure 9 shows how advance rent requirements disaggregate according to accommodation type. For 2015-16, the overall percentage of providers that make this requirement for self-catered ensuite accommodation is 76 per cent, and for self-catered non-ensuite 57 per cent. These figures are substantially higher than for other accommodation types. This is of particular significance as these are the types of accommodation which most students live in.

Within these two percentages, institutions are significantly more likely to require advance payment.

Other accommodation types for which a significant proportion requires advance rent are studio flat single and twin; houses and flats.

Figure 9 points up some stark differences between institutions and private providers in the amounts of advance rent charged. Which provider type requires more, varies by accommodation type, so that whereas for self-catered non-ensuite commercial operators are asking for more than double the amount stipulated by institutions, for standard

studio flats and for houses the position is reversed.

Deposits

Overall, 67 per cent of providers require students to pay some form of deposit. This has gone up slightly from the 65 per cent recorded for the last survey for 2012-13. The latest finding confirms an upward trajectory from a low point of 62 per cent in 2009-10, when the introduction of deposit protection prompted a steep fall from the 79 per cent recorded for 2006-07. Although the current proportion of providers requiring a deposit is not of the order seen in the mid-2000s, there is currently a clear upward drift.

Within the 67 per cent figure, there is a significant variance of practice between provider types: 61 per cent of institutions required a deposit, compared to 81 per cent of private providers. This gap has widened since 2012-13 when the respective figures were 63 and 73 per cent.

Figure 10 shows how deposit requirements split down by accommodation type.

The patterns for requiring a deposit are broadly similar for institutions and private providers across

Figure 10: Deposit requirement by accommodation type and provider type

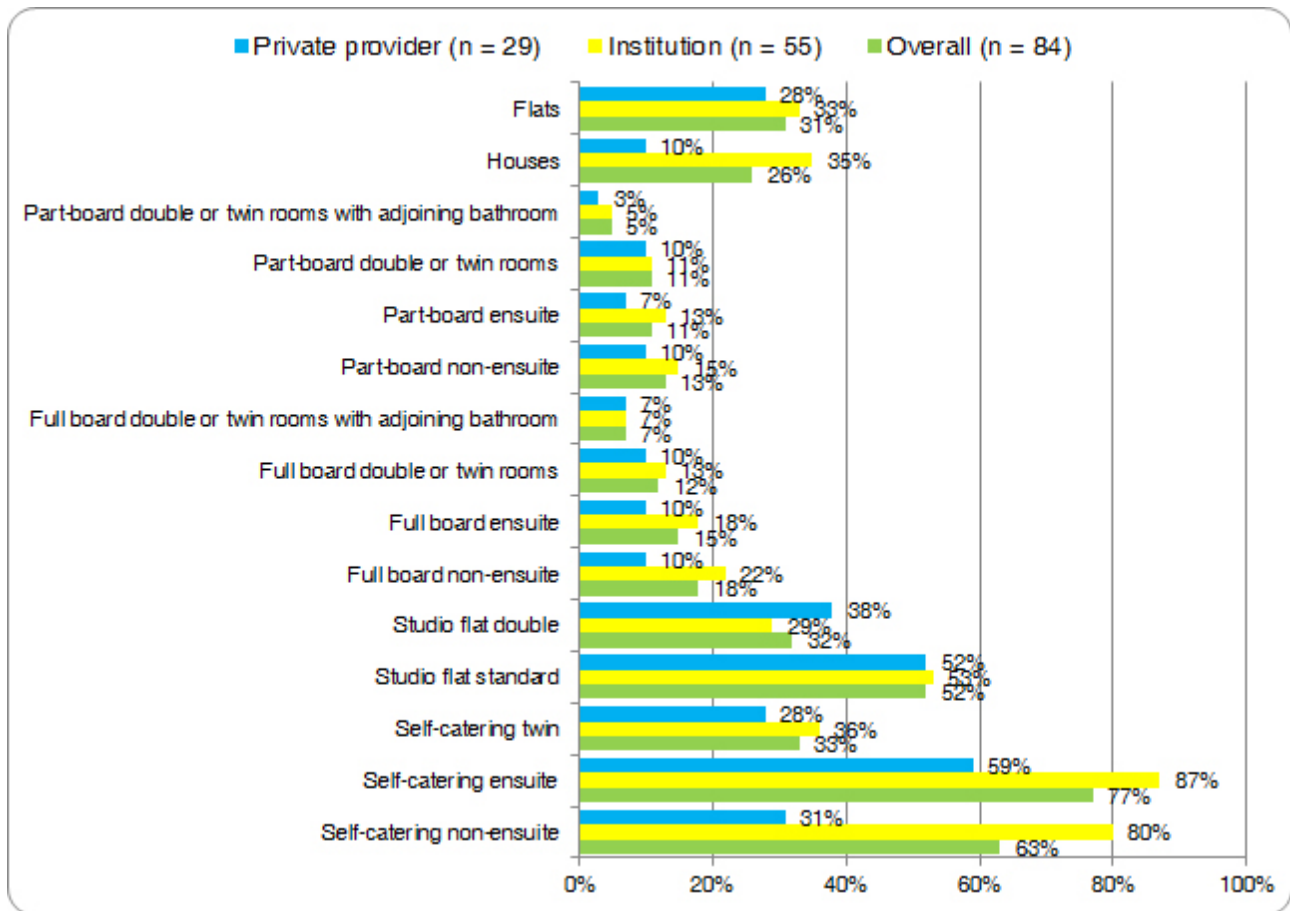
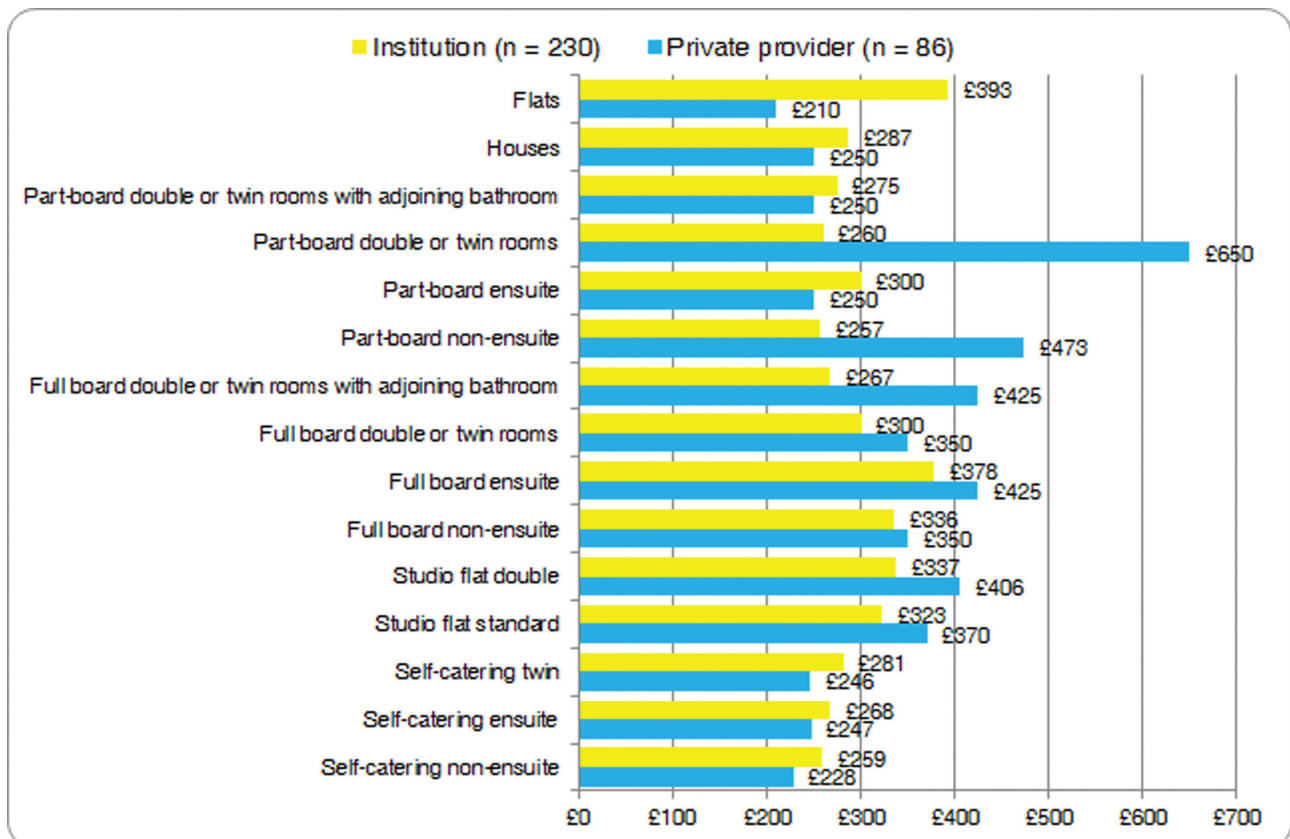


Figure 11: Deposit amounts by provider type and accommodation type



the range of accommodation types. Exceptions to this are that institutions are more likely to request a deposit for self-catered ensuite and non-ensuite, and for houses.

In cash terms, the overall average deposit charged by institutions for 2015-16 was £296; the parallel figure for private providers was 6.4 per cent higher at £315. For 2012-13, institutions charged on average £288 and private providers £300, 4.2 per cent more.

Figure 11 shows the detail of how charges differ across accommodation types.

Institutions charge a higher deposit than private providers for self-catered provision and part-board ensuite. However, for all other categories, private providers ask for a higher deposit.

Overall, institutions take approximately a month to return deposits to students when they move out. Private providers do considerably better in giving deposits back within about two weeks. This has improved from three weeks since the last survey.

Requirement for a rent guarantor

Thirty-one per cent of providers require a rent guarantor for rent payments, up from 24 per cent in 2012-13. Within this figure there is, however, wide variance between provider types: 65 per cent of private providers require one, compared to 17 per cent of institutions. The institutional figure has gone up from 11 per cent since 2012-13, but the continuing low numbers of HEIs using guarantors as a risk mitigator for bad debt likely reflect a strong residual sense among them that they are better placed to bring to bear alternative pressures to effect debt recovery, even though academic sanctions for non-academic debt have been established as generally illegitimate.

Those providers that do insist on a rent guarantor often discriminate on the basis of the type of circumstances in which students find themselves, so that 30 per cent of private providers report they need a guarantor only if the student does not make an advance payment of their annual rent. For the institutional sector, being under 18 is a key trigger for requiring a student to provide a guarantor, because of the contractual ramifications of minority status.

**The changing
shape of purpose-
built student
accommodation**

2

A decade of change in student accommodation

Since the 2006-07 survey the ownership, type and range of purpose-built student accommodation have changed beyond recognition. Rooms with their own private bathroom are now the norm and the provision of what would have been thought of as traditional catered halls with shared bathrooms has dwindled to a residual level.

Ownership of accommodation

In 2006 82 per cent of the sector was operated by educational institutions, but by 2015-16 this has shrunk to 59 per cent. The rise of privately provided provision has been fuelled by:

- government commitment to expanding full-time student numbers in the higher education sector to an extent where institutions are generally unable to meet the consequent level of residential demand
- institutions, now operating in an increasingly marketised environment, preferring to mitigate their financial risks on student accommodation through a mix of partnering arrangements or simply allowing the private sector to fill the supply gap in the market
- property investors identifying purpose-built student accommodation as yielding high returns compared to alternative opportunities, and developing properties that are let straight into the market, often without an institutional underwrite or nominations agreement.

This change in ownership has affected the range and number of different accommodation types on offer.

Institutional rooms

University accommodation portfolios are now part of the student recruitment package and are increasingly offered with an ensuite bathroom. In 2006 the level of ensuite provision stood at 38 per cent. The equivalent figure for 2015-16 is 54 per cent. Over this period the proportion of rooms

in halls with shared bathrooms has fallen from 46 to 39 per cent. In 2006-07 just one per cent of accommodation was studio flats; in 2016 this has risen to two per cent.

Privately provided rooms

Since they properly established themselves in the sector in the 1990s, private providers have offered a product range that is overwhelmingly ensuite. At the time of the 2006 survey 81 per cent of their provision was self-catered ensuite, 15 per cent non-ensuite and one per cent studio. In 2015-16, self-catered ensuite retains its preponderance, but at a significantly lower level (63 per cent), as studio provision has put on major growth and currently represents 20 per cent of privately provided bed spaces.

The growth of studios: the role of private providers

Nationally, studio flats now account for nine per cent of the sector (32,492 bed spaces in the current survey), compared to just three per cent in 2011-12 (11,432), an increase of 184 per cent in just five years. This growth is being driven by private providers. Between 2011 and 2016 the number of studios increased 20-fold in the private sector to 29,377, compared to a four-fold increase to 4,114 in the institutional sector. Studio flats now make up 11 per cent of private accommodation across the whole UK, compared to just two per cent in 2011-12. As noted, they remain, at national level, a small part of the institutional offer at just two per cent of stock in 2015-16.

The main growth of studio flats has been in London, spearheaded by private providers: 48 per cent of all studio flats in the UK sector are now in London, up from 42 per cent in 2011-12. (See Chapter 3 for full commentary on the London sub-sector.)

Although a small proportion of the sector, twin studio flats have increased by over 200 per cent since the 2011-12 survey, rising to a current level approaching 3,000 bed spaces.

Slowing growth in ensuite cluster flats

Self-catered ensuite accommodation in cluster flats is the principal type of accommodation available to students in both institutional and private purpose-built accommodation. In 2001 21 per cent of bed spaces were ensuite, increasing to 43 per cent in 2006, 48 in 2009, and 59 in 2012. This upward trajectory has, however, fallen back as ensuite provision has reduced in 2015-16 to 53 per cent of the whole market. This is not an absolute but a proportional decline, as a result of growth in studio flat provision.

In institutions, self-catered ensuite provision now makes up 49 per cent of the stock, a rise of just one per cent since 2011. This suggests that expansion of ensuite in the institutional sub-sector has slowed in the last five years, linked to a more cautious approach to development as more HEIs look to the private sector to meet expanding demand. With growth of 36 per cent, the period between 2008 and 2011 marked a high point of expansion in ensuite institutional provision.

The decline of non-ensuite rooms

Rooms with a shared bathroom have traditionally provided a lower cost option for students wishing to live in halls. In 2015-16 the average rent for this room type is 14 per cent less than for ensuite. However, bed space numbers for non-ensuite provision continue to fall as institutions and private providers convert existing accommodation or replace stock. In 2015-16 they form 24 per cent of rooms across the sector, down from 32 per cent in 2012-13 and 36 per cent in 2009-10. Nine

institutions in the survey now have no non-ensuite standard rooms and a further eight have fewer than 100 rooms, restricting choice for students in need of a lower cost option.

Much of this type of accommodation was constructed in the 1960s and 1970s and as it ages is being demolished and replaced with ensuite cluster rooms. University accommodation offices argue that ensuite rooms are more popular with students on application. However, with lower build and operating costs, non-ensuite rooms still have a place in university portfolios as an affordable option. It is important that they are retained in sufficient numbers to meet need and demand.

Catered accommodation

Over the last two decades catered accommodation has been in steady decline. In 1994, 27 per cent of student accommodation was catered. By 2015-16 this has declined to 7.6 per cent of total provision and is the almost exclusive preserve of institutional providers. Over half of the institutional respondents who took part in the survey (51 out of 89) offer no catered options at all in their residences.

Institutions with mainly catered accommodation tend to be smaller. There were eight in the sample offering three quarters or more of their rooms with some form of catering and, of these, seven were small universities or colleges with fewer than 1,500 rooms in total. One large university offers 95 per cent of its 7,866 rooms with catering.

Institutions which have retained significant provision of catered accommodation are likely to continue to do so because they wish to perpetuate a distinctive culture and/or because they have a strong conference market where catering forms part of the delegate offer. There are, however, no signs in the market that catered accommodation is set for a comeback as a mainstream or popular option.

Adapted accommodation

Asked whether they had any rooms that could be adapted for accessibility, 89 per cent of institutions and 88 per cent of private providers answered yes. Asked in the previous survey whether they had rooms that were adapted for disability, 95 per cent of institutions and 73 per cent of private providers answered yes. It is difficult to tell whether the change in the level of affirmative responses is as a result of the different emphasis in the question posed or as a result of an actual change in the level of provision – although it is interesting that institutions scored lower and private providers higher this time round. In any case, it is surprising that 11 per cent of institutions report having no accommodation that could potentially be adapted for accommodation: as public bodies, universities should consider carefully how they can fulfil their enabling responsibilities under equality legislation and ensure that some adaptable accommodation is available.

Figure 12: Adaptations for specific disabilities

	Institution	Private provider
Ambulatory disability/wheel chair user	92%	62%
Those with accessibility issues (e.g. those who need an aid for walking but not a wheelchair)	73%	29%
Deafness	62%	24%
Blindness	38%	5%

Figure 12 shows the proportions of respondents who reported that they made provision to support some specific disabilities and associated requirements. It is concerning that there are some institutions which report having made no adaptations for students with ambulatory or access requirements (eight and 27 per cent respectively). Provision is lower still in the private sector, although here providers are likely to be supplying what they are required to under Building Regulations. For deaf students and blind students, the picture is even

worse, although interestingly, of the institutions that said they had no specific accommodation for students with these disabilities, a further 13 per cent reported that accommodation could be adapted as required for deaf students and 12 per cent reported this was possible for blind students. Not a single private provider made this observation. This may suggest a lack of awareness or unwillingness to take the often relatively simple steps required to adapt purpose-built accommodation.

Provision for students with dependants under 18

There is a shortage of specialist family accommodation throughout the sector. It is likely that this inhibits the ability of UK universities to recruit international research students. Previous NUS research has indicated that the availability of suitable accommodation is a critical factor in enabling student parents to relocate for their studies, particularly those who are also international.¹

Provision of family accommodation is patchy. From a sample of 79 institutions, only 22 (27 per cent) had any to offer and 68 per cent of these reported having fewer than 20 flats suitable for students with dependants. This has fallen significantly from the 34 per cent recorded for the 2012-13 survey. Only three institutions offered more than 100 flats of this kind.

Provision in the private sector is virtually non-existent. Of the 37 respondents on this issue, just three reported offering this type of accommodation, and these were in fact voluntary organisations (housing associations / specialist charitable organisations). In the 2012-13 survey there was just one private respondent offering this type of housing, although this increase is likely to reflect a shifting sample rather than a genuine gain.

Accommodation for returning students

Figure 13: Rooms reserved for returning students

	Institutions %	Private sector %
1 < 5	18.7%	2.7%
5 < 10	16.5%	2.7%
10 < 15	8.8%	2.7%
15 < 25	13.2%	29.7%
25 < 30	3.3%	5.4%
30 < 35	7.7%	10.8%
35 < 40	3.3%	5.4%
40 < 45	2.2%	0.0%
45 < 50	1.1%	0.0%
50 +	9.9%	21.6%
None	9.9%	13.5%
Don't know	2.2%	5.4%

Over half (57 per cent) of institutions reserve up to 25 per cent of their rooms for returning students. The 9.9 per cent of institutions reserving more than half of their accommodation for returners are all Oxbridge colleges or smaller institutions. The picture is more mixed in the private sector and it may be the case that rooms are not 'reserved' for any one particular grouping of students, but are rented on a first-come-first-served basis.

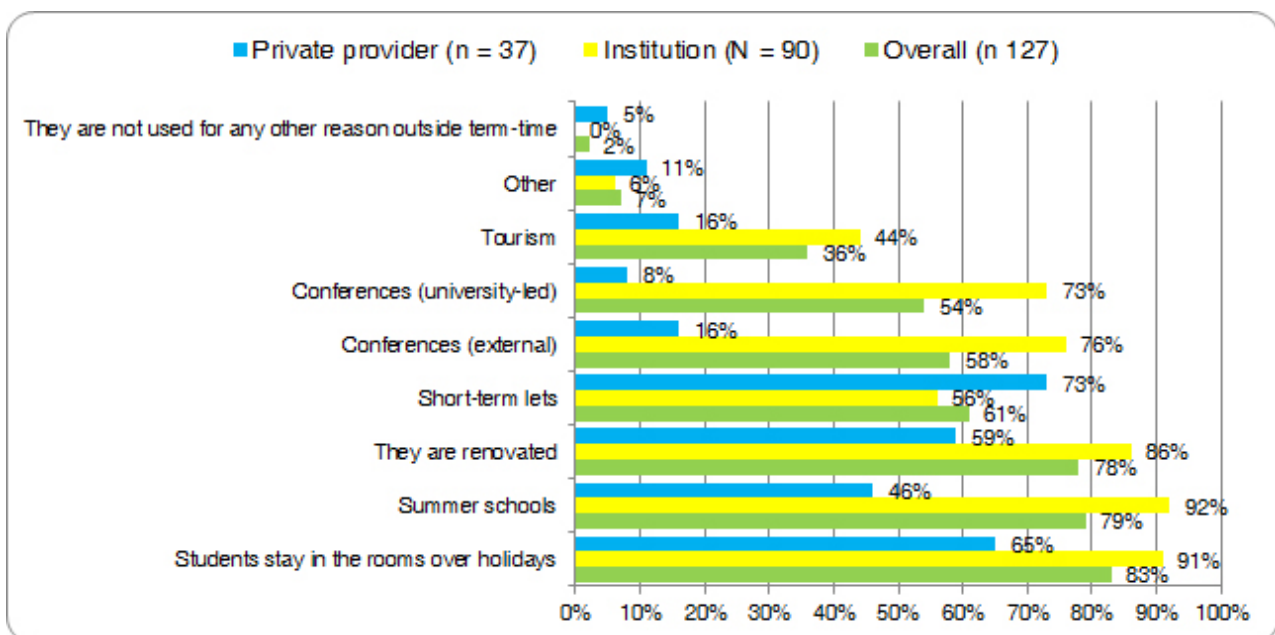
Provision of short-term accommodation

Over a third of all providers offer some form of short-term accommodation, splitting down to 34 per cent of institutions and 45 per cent of private providers. The question was asked for the first time in this survey, so it is not possible to benchmark across past years. However, short-term lets are not usually providers' preferred option and may indicate difficulty in securing full-year lets.

Use of student accommodation beyond the letting year

The majority of providers let accommodation outside term-time. Only five per cent of private providers and two per cent of institutions do not do this.

Figure 14: Use of accommodation beyond the standard letting year



Provision and rent: variation across regions and institutions

3

Overall weekly rents

For the student purpose-built accommodation market, as for the private rented sector generally, there are significant differences:

- regionally in the cost and type of accommodation available
- between institutional and private sector suppliers.

In 2015-16, at £226, the highest cost average weekly rent was in London. This compares with the lowest at £118 in Wales. London is by far the most expensive area in which to live. Driven by the expensive Edinburgh and Aberdeen markets, Scotland is second at £150.

As with property prices, the gap between London and the regions is widening. In 2014-15 London was, on average, £45 more expensive a week than the next most costly region (the South East). A year later the gap has widened to £76.

The rate of increase in rents is greater in London than elsewhere. It has registered consistently higher rental uplifts year-on-year since 2012-13: 26 per cent in that year followed by 13 per cent in each of 2014-15 and 2015-16.

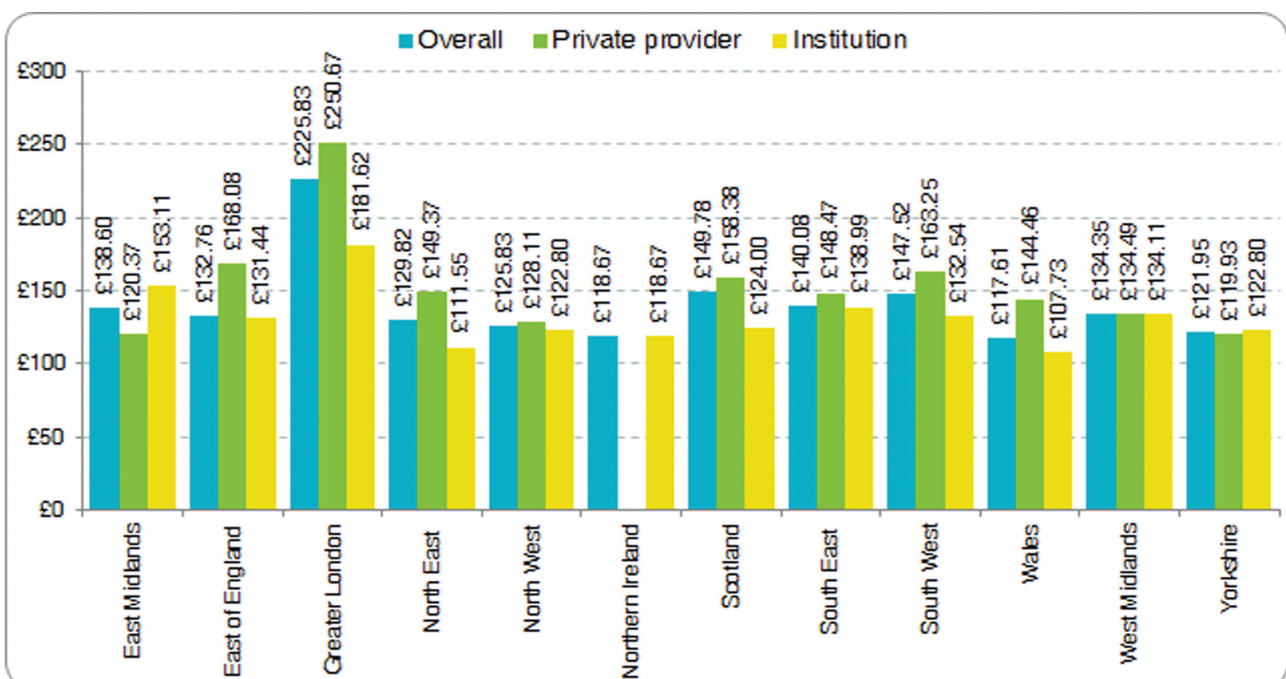
In the other regions rents have increased more modestly. Between 2014-15 and 2015-16 rents fell by one per cent in the East of England and by nine per cent in the South East. The highest rent rise outside London was nine per cent in the North East. These percentage increases can also be misleading because the percentage rises on higher rents have significantly greater impact on cost. In London between 2011-16 average weekly rent rose by £70 whereas, going back to the comparison with the North East, their rents increased by £20.

Institutional and private sector differences

It is not the case that institutional providers are always cheaper than private sector suppliers as Figure 15 shows. In 2015-16 average weekly rents set by private sector suppliers are lower in Yorkshire and the East Midlands. In the West Midlands they are the same.

Private sector suppliers' weekly rents are 38 per cent higher in London, 33 per cent higher in Wales, and 28 per cent higher in the East of England.

Figure 15: Aggregated average weekly rents according to region and provider



The comparisons between private sector and institutional weekly rents in 2015-16 are very similar to those noted in previous surveys.ⁱⁱⁱ A degree of 'flattening out' might have been expected between 2012 and 2016, i.e. more regions recording fewer differentials between private sector and institutional rent levels. That has, however, not happened and, despite very considerable overall rent rises between those years, the gaps remain.

Some correlation is likely between, on the one hand, the regions with the highest cost privately provided accommodation and, on the other, regions where there has, over the past four years, been a high level of development resulting in more expensive products being brought to market.

Lowest and highest rents

The most expensive rent recorded in 2015-16 was £499 a week and the lowest £55: both rents are for self-catered non-ensuite accommodation in London. Not all rents are registered in the survey and the cheapest rent known to the researchers is £40 a week (Dennis Bellamy Hall, Laisteridge Lane, Bradford). The most expensive has been reported at £5,250 a week in central London (Fountain House, Mayfair).^{iv}

Length of contract

There is another component that needs taking into account in looking at cost – the length of let. In 2015-16 average contract lengths vary regionally between a span of 38 weeks in Northern Ireland and 46 weeks in the North of England. The average contract runs for 42 weeks, unchanged from 2014-15.

Length of contract can be affected by whether a region has a strong conferences / holiday let market that can generate significant revenue out of term-

time, particularly over the summer. Higher cost housing areas tend also to be tourist or conference hubs. A common result is that higher cost areas have shorter-than-average letting periods.

Overall in 2015-16 private sector suppliers have set longer letting periods for students than have institutional providers. For institutions, the average length of let is 41 weeks (the same as for 2014-15). This compares with 46 weeks for private sector accommodation (up from 45 weeks in 2014-15). In all regions the private sector has longer lets. The greatest disparity is in the East Midlands, where institutional providers have an average 35-week letting period, some 11 weeks shorter than the private sector average.

As mentioned in Chapter 1, it is difficult to know whether the length of let actually means the accommodation is more expensive. If the student wants to live in the accommodation throughout the letting period (because they are postgraduates or work within the region requiring them to live there for longer periods of time), then they are simply paying for what they are renting and the weekly rent is an appropriate measure of their costs. If, however, a student is renting for a longer period simply to secure the room and would, by preference, only wish to be present for a shorter period of time, then a longer letting period does represent a rental increase.

It is probably the case that many students want to rent a room for 44 weeks in London (the average private sector letting period), but it is hard to believe that in the East Midlands, where undergraduates tend to return home out of term-time, a 46-week letting period is really what consumers want.

Ranges of rents

In previous reports progress was reported both on maintaining a range of rents that enabled students to exercise real choice in their level of accommodation and on ensuring that the range contained some lower rent options for students unable or unwilling to pay higher rents.

Figure 16: Changes in rent (£) by region 2012-13 and 2015-16

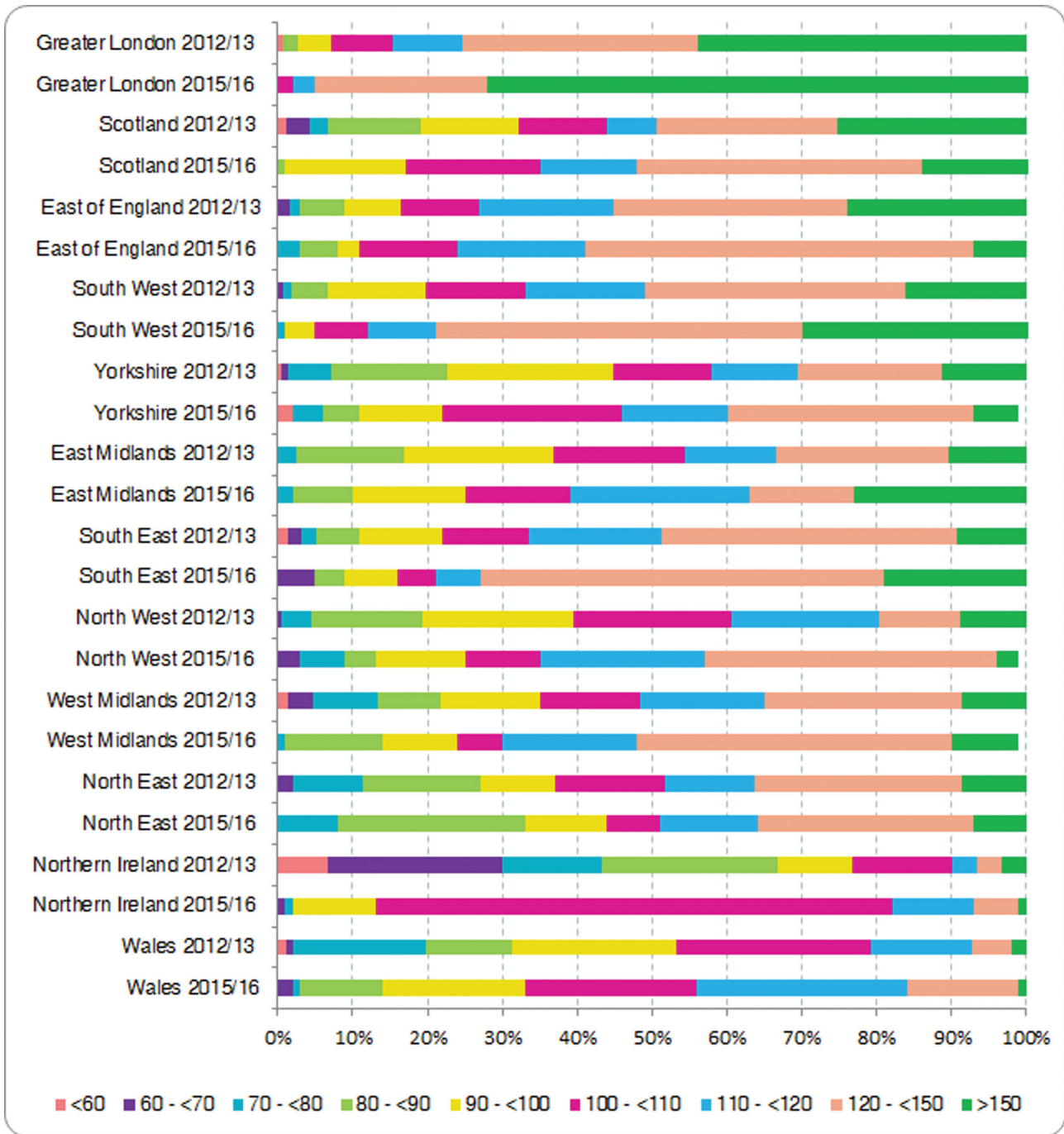


Figure 16 gives the rental ranges, by region, for 2012-13 and 2015-16. Whilst, overall, rents have increased, there are some interesting regional trends. In the South West the two highest rent categories have increased from covering 55 per

cent of the stock to just over 80 per cent. The pattern is similar for the South East. In Yorkshire over 60 per cent of the stock falls outside the top two rental bands and the pattern is similar for the North West.

London

London is such a different accommodation market to the rest of the country that it requires some additional analysis.

The ownership of purpose built-student accommodation in London

Since the previous survey in 2012-13 there has been a striking change in the ownership of purpose-built accommodation in London. Following considerable development, the private sector now accounts for 59 per cent of stock in the capital, up from 30 per cent in 2011-12. Private developer activity has been strongly concentrated in London: as of 2015-16, 29 per cent of total UK private student accommodation is located in the city, compared to 13 per cent in 2011-12.

The growth of studio flats in London

The type of accommodation in London also differs significantly from the rest of the country: 14 per cent of the stock is expensive studio flats; this compares to just four per cent outside London. Studio flats represent only three per cent of institutional accommodation stock, but for the private sector suppliers the proportion is 20 per cent, the vast majority of which is located in London.

While institutions concentrate in London on trying to keep rents lower in more traditional cluster flat accommodation, the private sector is focussing more and more on high end, self-contained studio flats. In 2015-16 studio flats are now the second most commonly available purpose-built option in London after self-catered ensuite rooms (14,294 and 23,981 rooms respectively). There are now significantly more studio flat rooms (15,582) than there are self-catered non-ensuite rooms (9,139). The focus on developing studios is, in all likelihood, not driven by student demand. Instead the indicators are that the market is being skewed by a developer's agenda of securing the highest possible returns from sites that become available for development. As a direct consequence, students wanting to study in the capital may find their choice restricted to the most expensive options.

Although there is undoubtedly a market for high end studios, there are signs that this is reaching saturation point within the capital. There are only

so many 'rich kids', often international students, who want this type of housing. Some of the main suppliers are reporting:

- slower letting
- shorter letting periods being achieved than they had hoped
- in the case of studios (concentrated in particular areas of London, such as Shoreditch), intensifying competition, which is resulting in rent discounting to help minimise voids.

The business plan may look good for studios, but lettings may not be achieved at the high rates sought.

Rent in London

Overall weekly rent

The average weekly rent in London in 2015-16 is £225.83, 69 per cent more than the average rent for the rest of the country (£133.57). In the previous year rents in London were 54 per cent above the average rent for the rest of the country.

In London lower priced rents as a proportion of the stock have fallen very substantially. In 2012-13 just over 20 per cent of accommodation fell below the two most expensive rent bands, but by 2015-16 this has reduced to less than ten per cent. Rental choice in London is very restricted: the largest sit in either the weekly £150+ band or the £120-150 band. Not only are rents rising, but there is less rental choice than there was just two years ago.

Overall, institutional rents are considerably cheaper in London at £181.62 a week in 2015-16. Institutions set lower rents and shorter rental periods and their stock contains few high cost studios.

Rental costs for studios in London

For standard studio accommodation, the average overall rent per week in London is currently £273.07, 61 per cent higher than in the rest of the UK. This is consistent with the broader picture of very substantially higher rents in London across all accommodation types: average annual rents stand 71 per cent higher than their equivalents in the rest of the UK.

In 2015-16, the average weekly rent for a privately

provided standard studio is £279.70, 21.9 per cent higher than the institutional equivalent. When measured across an average tenancy, a standard studio flat in Greater London will cost £11,844 a year.

Studio flats, so prevalent in the London private sector supply, also have long letting periods. At 48 weeks for 2015-16, this produces an average annual rent of £12,439.

A market at odds with study choice

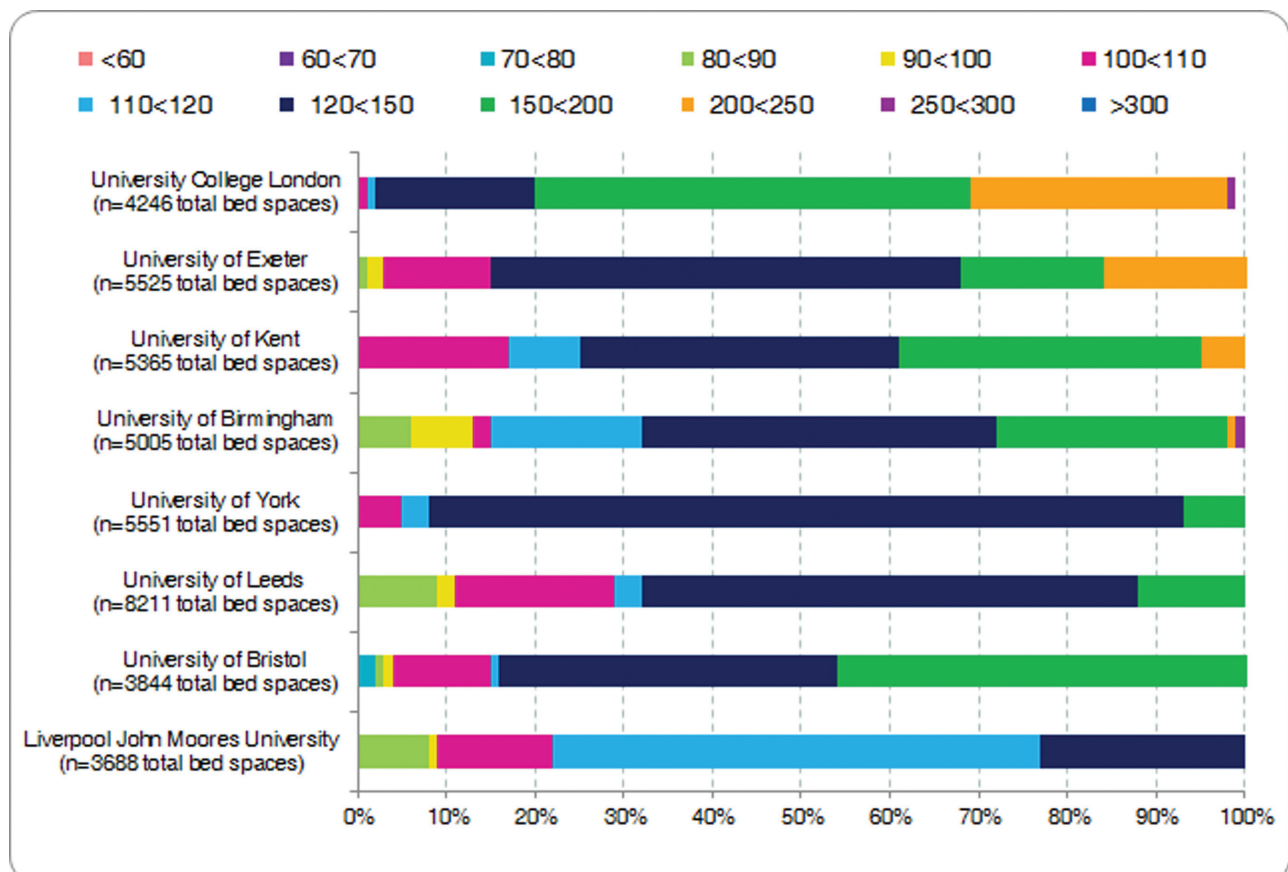
The rising rent profile in London must be giving concern to the educational institutions based there, as some students will clearly be deterred by the cost of living in London. Those world-beating institutions seeking to recruit the brightest and the best will increasingly need to address the forbidding cost of living, which includes rent levels beyond the means of many prospective students.

Rents by institution

Comparing rents at different institutions is complex, because the specific mixes of location, institutional characteristics and levels of catering produce different rental structures. That said, the authors were anxious to assess the performance of individual institutions in maintaining a real range of rental options for their students and to see whether choice is narrowing as all rents rise.

Refurbishment or a corporate decision to increase revenue can push rents up. So too can the provision of new-build which offers a higher quality of living experience. The challenge for institutions though is to formulate and stick to an accommodation strategy which offers a range of product types and rent levels so that all students can afford and be allocated something appropriate in the portfolio. There is plenty of evidence that many students are willing to pay more for a high quality residence, but likewise there is plenty of evidence that there is solid demand from students for a lower priced option.

Figure 17: Institutional rent ranges (£) 2015-16



This study looked at eight case studies and they reveal the very different approaches taken by those institutions.

Although the University of York is located in a region with lower rents than many parts of the country, around 90 per cent of its accommodation lies within the £120-150 and £150-200 bands. Eighty per cent of its stock falls into the £120-150 band with little rental spread outside that.

By contrast, the University of Kent, which is situated in a high cost area, has managed to keep over a quarter of its stock below the £120 level. The university has deliberately sought, as it has developed new accommodation, to maintain lower cost accommodation within its portfolio and, in difficult circumstances, it is achieving these objectives.

At the University of Exeter, the lower cost accommodation has been squeezed below the 20 per cent level whilst a significant proportion of its accommodation is in the high £200-250 band.

It is interesting to compare Exeter with University College London. It could be argued that, given the cost of housing in central London, UCL has been more successful – albeit with higher rents overall – in keeping a significant proportion of its accommodation within the £120-150 band and in not being drawn into developing very high cost accommodation at over £1,000 a month.

Some years ago the rent structure at the University of Birmingham came under scrutiny when the redevelopment of its portfolio led to the repricing

of the institution's accommodation which won it a reputation as high cost. By contrast, it now has a reasonable spread of rents throughout its portfolio, albeit with a significant proportion of its accommodation in the £150-200 band.

In alignment with its declared strategic aim of maintaining range and some lower cost accommodation, the University of Leeds has kept over 25 per cent of its accommodation below £110 a week, and this in spite of adding significant new-build to its stock over the last three years.

Liverpool John Moores University, whose entire stock is provided by the private sector, has also managed to maintain some low cost accommodation with a lower cost rental structure than the region within which it sits. This is evidence that the university is using its purchasing muscle to get a better deal for its students than they would manage as individual consumers.

The University of Bristol is well known for having a very tight accommodation supply in a city where developing new accommodation (either institutional or private sector) is difficult. Nevertheless, significant range and some low rents have been maintained.

Although these comparisons are broad-brush, they do highlight that certain institutions have managed to maintain greater rental ranges than others and that some have achieved this despite upgrading their portfolio or being located in a high cost area. In other universities there are signs that choice and maintaining lower cost stock are not a priority or, if they are, the institution is failing to achieve them.

Marketisation and affordability

4

Market trends

Headline survey findings

The findings of the current survey show:

- overall weekly rent rises still significantly above the Retail Prices Index
- a further increase in contract length amongst private providers
- commercial operators focusing on the development of more expensive accommodation types, most notably the premium cost studio flat
- the continuing relative decline of affordable accommodation types, particularly self-catered non-ensuite rooms in cluster flats, both in absolute terms and as a proportion of UK purpose-built stock
- a marked shift in the balance of stock ownership in favour of private providers, who tend to charge higher rent
- the alignment of rents in institutional purpose-built accommodation with market rates
- the acceleration of the London sub-sector's transformation into a sub-market dominated by commercial investment and development, by the studio flat and other high end provision, and by very high rents
- a market driven in some segments more by suppliers securing the highest possible yields rather than by consumers' requirements
- the increasingly common practice, amongst both private providers and institutions, of imposing requirements for advance payment of rent, booking fees and deposits.

The marketisation of the higher education sector

The higher education sector has been undergoing marketisation since the Labour administrations, but it was the coalition government formed in 2010 that set about introducing a thoroughgoing programme of measures to establish in autumn 2012 a much more laissez-faire framework for institutions to recruit UK full-time undergraduates. The removal of student number caps in autumn 2015 extended deregulation further. The main effects building within the sector are an increase in the global annual intake, the growing stratification of institutions in the market and the early emergence of some winners and losers in the competition for new students. There are, however,

uncertainties about the level of pent-up demand in the system. When the stagnation of international student recruitment and the currently unfavourable demographic picture for UK 18 year olds are taken into account, the rate of increases in annual intakes is likely to slow significantly and may reach a plateau in the near future.

A direct consequence of taking the brakes off recruitment is that demand for accommodation has increased overall, but is highly variable at local level. For future rent levels and their relationship with RPI, much depends locally on existing and planned stock levels. A key factor worth highlighting in this connection is the mood of the investment market. Investors' recent behaviour has been to focus on the headline high yields for purpose-built student accommodation at the expense of local context. Failure to conduct adequate local market research pre-investment is likely to produce an over-stocked market in localities where institutions repeatedly under-perform in recruiting students. While this may mean lower rents for students in the short term, it is likely to disrupt local markets and student housing conditions to the detriment of the consumer in the longer run.

Implications of recent market changes for student consumers

The context of student finance arrangements

To make sense of the affordability of accommodation, it needs to be located within the framework of current student finance arrangements established by the government. For the purposes of this report, as with previous survey reports, the level of student financial support is taken as the funding a student domiciled in England and studying outside London would be eligible to receive for one year. For the 2015-16 academic year, new students eligible for the maximum amount of loan available receive £5,740.

On the basis of average rent figures for accommodation outside London, out of £4,888.54 per year, the current funding structure leaves students, on average, £851 to cover all other living expenses, including food and clothing.

Challenges to affordability and access

Affordable options are being squeezed as a direct consequence of the convergence of trends enumerated above. If these become more embedded, there is the potential:

- for further blurring of the lines between purpose-built student accommodation and off-street private rented sector accommodation
- for many students from lower income households (and specifically BME households or those leaving care) to reach the conclusion that:
 - the substantial levels of debt required to access suitable accommodation near their institution are prohibitive for them
 - they are limited in their choice of where they can study or
 - they are effectively excluded from higher education altogether on economic grounds^v
- for the sector inadvertently to create a two-tier housing system: students from lower income households living in their family home or in the off-street private rented sector, and students from households with the means to offer additional financial support living in increasingly expensive halls
- for rents in the sector to reach a level where they become unaffordable for a substantial number of students, leading to the coexistence of a supply surplus and an accommodation shortage.

Proposed reform of student finance

Increasing student loans and scrapping grants

In the 2015 Budget the Chancellor set out proposed changes to student finance arrangements. Broadly, these comprise:

- students having access to substantially higher loans than previously available so that they can meet the rising costs of higher education
- scrapping maintenance grants for the poorest students and replacing them with new enhanced loans provision.

Subject to parliamentary approval, at the time of writing students starting university in 2016-17 will receive up to £8,200 (£10,702 in London) in the form of a loan. The additional income for students will allow them to meet more of their basic living costs (after the cost of rent has been subtracted).

The impact on the student accommodation market

The replacement of grants with loans and the increase in the amount of finance available to students have implications for the accommodation market. In placing a higher burden of debt on students, it is anticipated that in future they will behave more like consumers in a free market. Providers, both private and institutional, should expect to see increased levels of competition as student consumers shop around to find best value for money.

As with any market, student consumers are likely to exert demand for a diverse range of accommodation products, as some focus on finding basic standard rooms that are more affordable, whereas others will seek out added extras, for example social programmes, additional facilities and different styles of accommodation. Providers will need to consider how they can best meet the differing needs of consumers.

The impact on the consumer

The burden of higher debt faced by students currently will inevitably have a negative effect on some groups of applicants. The independent Institute for Fiscal Studies (IFS) has estimated that students in receipt of the enhanced loans would leave university with debts of £53,000 each for the poorest 40 per cent of students.^{vi}

Recent NUS research^{vii} into attitudes towards debt for recently graduating students found that:

- 77 per cent of graduates were worried about their student debt
- 66 per cent thought that the repayment of their student loan would mean it would take longer for them to save up for a deposit on a house
- one in 20 graduates said that if they could go back, they would not have gone to university at all, citing cost of study and level of debt as the main reason
- 52 per cent of students who currently receive

a maintenance grant to help with their cost of living deem it essential to their attendance at university

- one in ten students was almost put off attending university because of concerns over their level of debt.

Imposing growing levels of debt on students from lower income households is a misconceived solution to decreasingly affordable accommodation. The challenge of affordability is a long-standing one, and seems to grow more severe with each cycle of this survey. It is apparent that private providers – and, increasingly, institutions – have decoupled their rent setting strategy from notions of affordability as a function of available student finance, and instead are basing their rates on wider market forces.

Previous iterations of this survey have entreated institutions to take proper account of affordability considerations in their rent setting, and in particular to give due regard to the impact of rent prices on

students from the lowest income backgrounds. It is disappointing therefore to discover through the survey that only just over half (52 per cent) of institutions claim they recognise the need for an agreed policy on a range of affordable accommodation. Institutions need to join up the rent setting process with corporate strategies and objectives on widening participation and build in an appropriate performance indicator within this wider agenda.

The plans to remove grants and replace them with loans will inevitably change the dynamic between students and their institutions and accommodation providers, as students are increasingly regarded as consumers of their experience at university. Against this background, providers should bear in mind that creating high end products which many students cannot afford will result in lower demand and lower revenue, and should fully consider whether their accommodation offers the best value for money for potential students, who may decide, in the end, that the debt is not worth it.

Student engagement

5

Application, welcome, care and support

Overall, 79 per cent of respondents offer an online application system for their accommodation. By provider type, this disaggregates to 84 per cent of institutions, with commercial operators some way down on this level at 65 per cent.

On arrival, to help settle students in, 85 per cent of institutions laid on a welcome event, compared to 69 per cent of private providers. Institutions similarly came out on top in providing online induction (66 as against 43 per cent). In inviting providers to comment on other care and support offered at the time of letting, the survey managed to elicit some limited additional information and supply at least some further insight. Institutional respondents tended to highlight peer-to-peer support networks for students pre-arrival, scheduling social opportunities and supplying a welcome pack, whilst private providers commented on one-to-one support, targeted help from local managers and, again, a welcome pack.

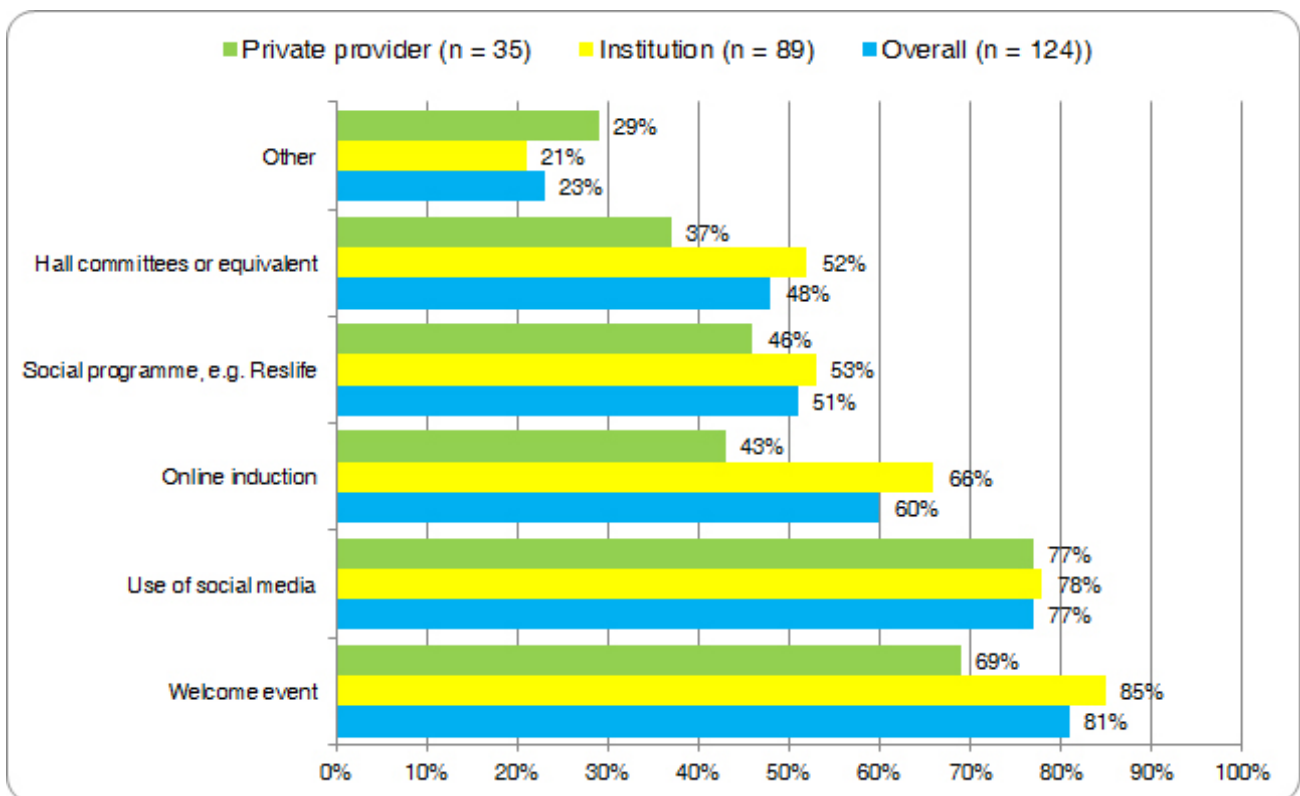
In-tenancy, beyond arrival and welcome arrangements, institutions are again more active in giving care and support than private providers. Just over half (51 per cent) of institutional respondents reported that they ran a social programme (e.g. ResLife) from start to end of tenancy. The figure for private providers is 46 per cent. Over three quarters of both provider types reported using social media to support this set of activities.

Alongside the more traditional social events and group initiatives, which continue to have high value, social media are ever more important as a communication method and feedback tool.

Consultation with student representatives (institutions only)

Survey responses reveal a mixed picture on the involvement of student representatives in the

Figure 18: Provision of care and support



shaping of services, products, business processes and rental structures within the institutional sector. Although, in varying degrees, students are consulted and given the opportunity to influence a range of decisions, they are more likely to be shut out of the processes for making strategic and business-critical decisions that directly affect their accommodation experience. Figure 19 shows high levels of student engagement in environmental initiatives and residential life activities, but significantly lower levels in planning for future developments and rent setting.

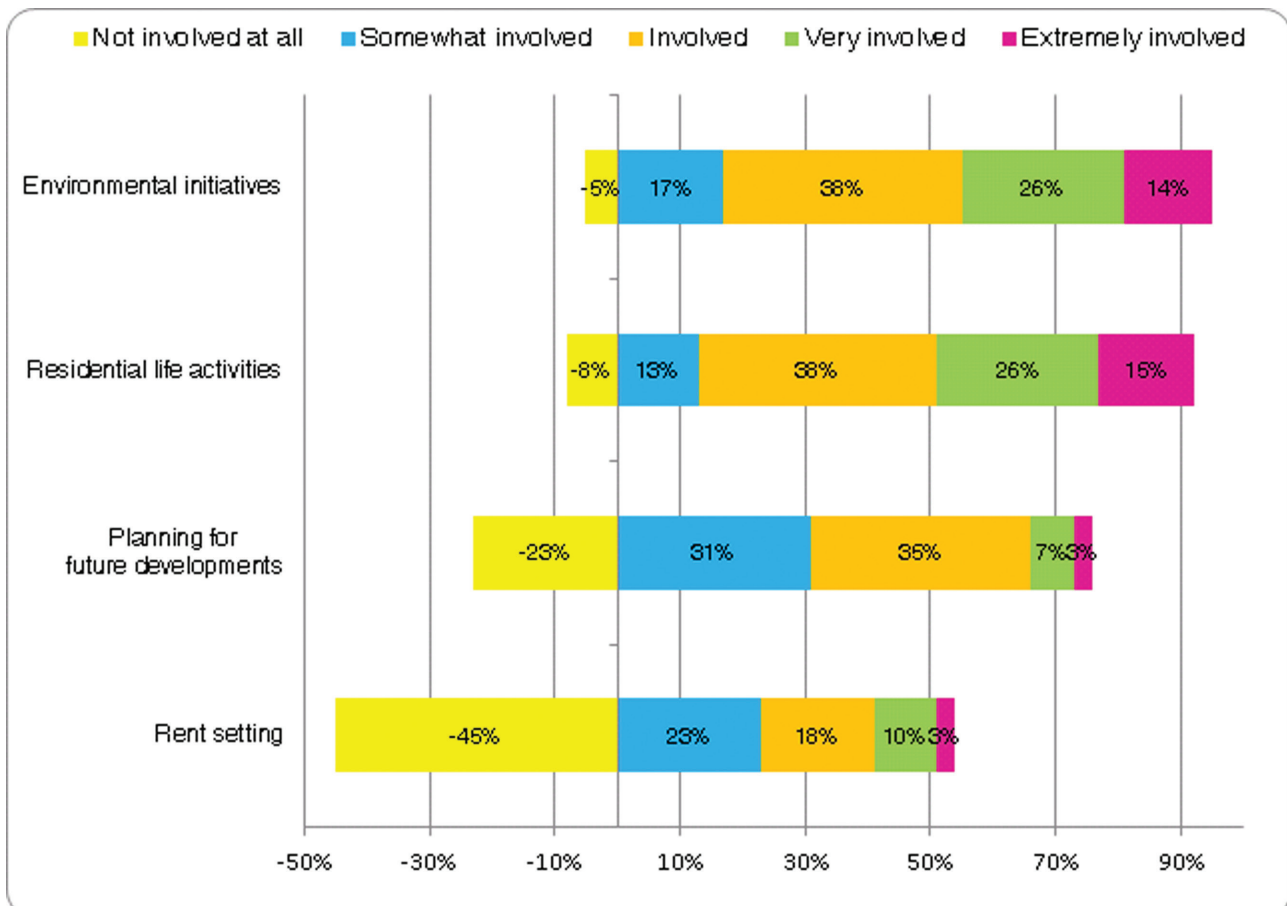
Policy making on affordability

Similar proportions of institutions (52 per cent) and private providers (54 per cent) claim they recognise the need for an agreed policy on a range of affordable accommodation to suit the needs and demands of students. When respondents were asked to give more detail on their policy, the main themes that emerged:

Figure 20 explores student representative involvement in rent setting in more detail. Twenty-nine per cent of institutions indicate that they consult their students' union to some extent, and a similar proportion say their students' union is actively involved in the process to some degree. However, 54 per cent of respondents report that their students have no involvement with the rent setting process at all.

- amongst institutions were:
 - making a range of accommodation options available, at varying rent bands and levels of affordability
 - keeping rents as low as possible while covering costs
- amongst private providers were:
 - pricing competitively
 - giving student tenants more facilities for their money.

Figure 19: Consultation of student representatives

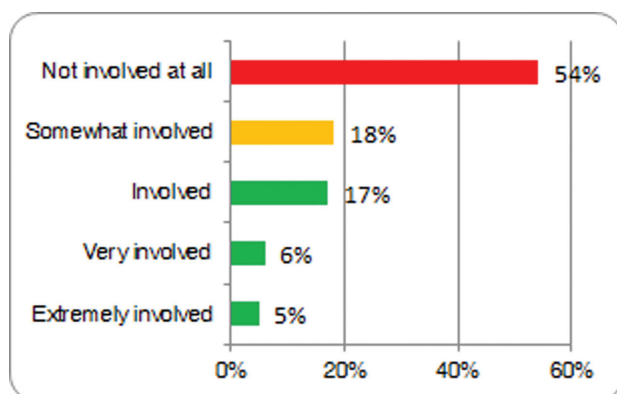


It is disappointing that a majority of institutions are not joining the dots highlighted in Chapter 4 between affordability and access to higher education and the role that students' unions could play in formulating this policy and advising on rent setting.

Student satisfaction

A high proportion of accommodation providers conduct student satisfaction surveys (84 per cent of institutions and 100 per cent of private providers). Nonetheless, it is regrettable that 16 per cent of institutions do not undertake any survey of any kind. (It is worth noting, however, in this connection that for some institutions students' unions conduct annual satisfaction surveys and get higher response rates.)

Figure 20: Engagement of students' unions in rent setting



Annual surveys are conducted by 56 per cent of institutions and 75 per cent of private providers. Nineteen per cent of institutions run two surveys a year, and 11 per cent of private providers run more than three a year.

Institutions and private providers follow broadly similar patterns of tenant engagement: 55 per cent of respondents opt to survey their tenants at the midpoint and 45 per cent at the end of the tenancy. A smaller number of respondents survey

their tenants at the point of sign-up (four per cent), at the beginning of the tenancy (24 per cent) and after the tenancy has finished (six per cent). Around a quarter of providers make their survey data publically available.

Financial assistance

Just over half of respondents offer some form of financial assistance to tenants, although the balance is uneven at 70 per cent of institutions as against 11 per cent of private providers.

There is a range of financial support available to students from institutions, including:

- bursaries (75 per cent of respondents)
- widening participation scholarships (49 per cent)
- loans (38 per cent)
- grants (28 per cent).

Some institutions and private providers also offer a fee waiver (16 and 25 per cent respectively).

When students fall behind on their rent payments, 83 per cent of respondents agree that creating payment plans is the preferred approach. For 11 per cent of respondents, there is no fixed policy in place, whilst for some institutions unresolved outstanding rent can carry a significant penalty: 16 per cent permit their students to graduate but forbid them from attending the ceremony, and an additional six per cent do not let them graduate at all. This contravenes the 2014 ruling of the Office for Fair Trading^{viii} that policies preventing students in debt from graduating could breach consumer protection laws.

When students fall into serious rent arrears, provider responses vary. For institutions, these often include debt collection or referral to a collection agency; possible eviction or notice to quit; legal action and holding a deposit; plus more institution-specific consequences such as the cancellation of bus passes. The approaches of private providers are broadly similar, although with stronger recourse to rent guarantors.

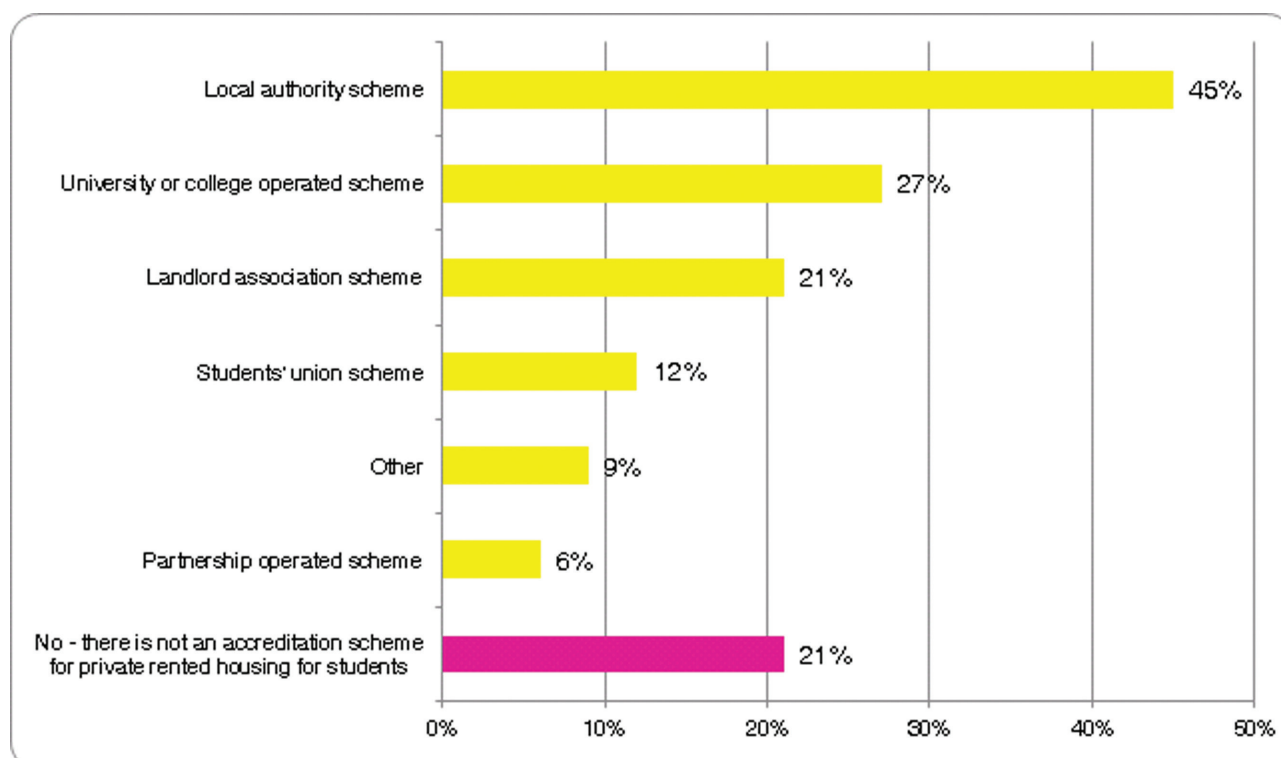
Accreditation

Four institutions disclosed having entered a partnership with a provider that is not a member of the ANUK/Unipol National Code. Although a small number, this is nonetheless disappointing.

Beyond purpose-built student accommodation, accreditation schemes of various kinds cover private housing for many institutions' students. Forty-five per cent of respondents report that such coverage is through local authority schemes. Figure 21 sets out the detailed breakdown of accreditation arrangements elicited through the survey.

Over a fifth of respondents (21 per cent) indicated that there was no accreditation scheme for privately rented housing for students in their area. Moving into a shared house is still a rite of passage for the majority of undergraduate students, yet the standard of private rented housing varies widely and can be problematic in areas with either particularly high and low demand. Institutions concerned with the student experience throughout the whole university lifecycle should be taking an active role in trying to improve private rented standards, whether by giving meaningful support to local authority or students' union-led accreditation schemes or by establishing their own.

Figure 21: Accreditation schemes for private rented housing for students



Energy

6

Inclusion of energy costs in rent

Historically, this survey has commented on the level of providers that include energy costs in the rental cost. Now, however, the position is fast approaching the point where exclusion of energy costs from the rent is becoming the exception, both in private and institutional accommodation (see Figure 22). Currently, only four per cent of providers set their rent net of energy costs.

Inclusive rent benefits the consumer to the extent that they know more fully what they will have to pay out and are, accordingly, better equipped to budget. There are, however, some potential demerits to this practice, which need addressing.

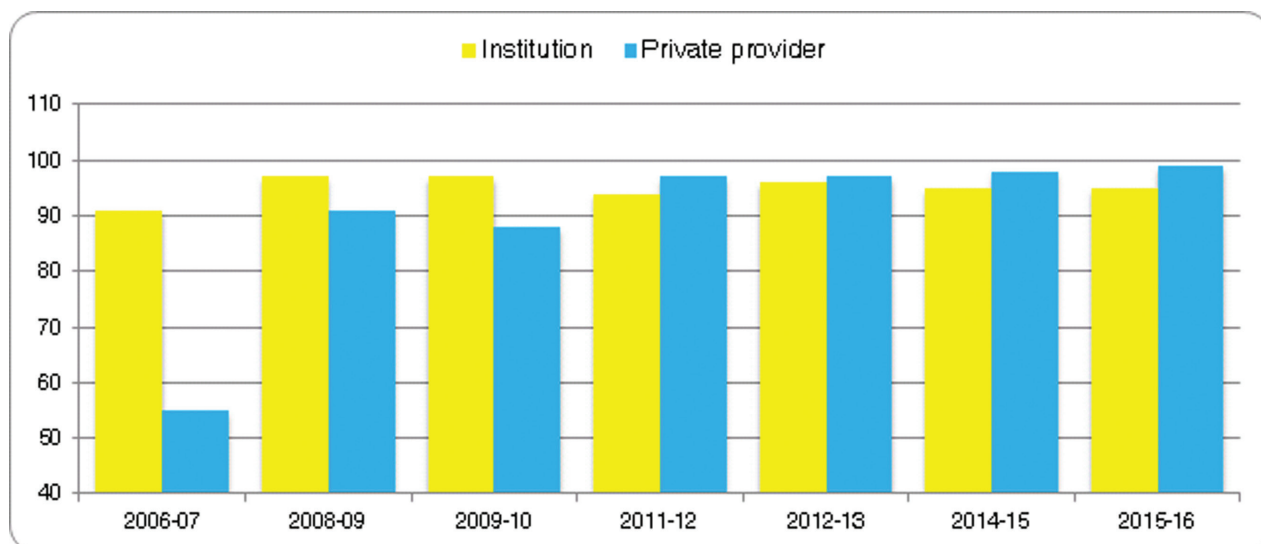
Rent inclusion obscures the real cost of energy to the consumer. The survey found that where utilities are included in the rent, the overwhelming majority of respondents do not give students any estimate of the costs of the utilities they use. Ninety-four per cent of institutions provide no information on energy usage. The remaining six per cent offer students guidance figures or charts detailing the breakdown of their rents. Private providers have performed rather better: 17 per cent give students price-per-week information, statements, and in some instances, different utility packages with a range of costs. The other 83 per cent, however, do nothing

in this regard.

Where all-inclusive energy is provided, charges are likely to be higher as a hedge against the risk of overuse. This raises the question of possible rebates to the consumer where they have used less energy than they have paid for. The survey has produced the disappointing finding that no institutional respondents give students any rebates or reductions on rent where payment turns out to exceed usage. Although an improvement on this zero result, private providers who offer a refund or rebate amount to only six per cent of respondents in this category. Overall, the sector is poor at providing incentives and rewards for using utilities carefully and sparingly.

A further downside to energy-inclusive rents is their tendency to remove the tenant's sense of responsibility for energy usage, or at least their awareness and understanding of usage. This is not only important environmentally and educationally, but also does not serve students well in preparing them for entering the private rented sector, where they are likely to need to budget for energy costs over and above rent. In this connection, the survey found that a significant number of providers run environmental and energy-saving initiatives in partnership with their tenants. The willingness of some private providers to offer information and in some cases different packages indicates a greater level of transparency and capacity for tenants to self-manage their usage and their money. These serve as examples of good practice worthy of universal adoption across the sector.

Figure 22: Inclusion of energy in rent by provider type 2006-07 - 2015-16 (percentage)



Energy Performance Certificates

The 2015-16 findings show a slight improvement in providers making EPCs available to tenants. It is a legal requirement for public buildings to display an EPC, so it is disappointing that over

30 per cent of institutions are failing to do so and universities should take action to rectify this. In the private sector, EPCs are only needed where the whole property is rented. Therefore, most halls with rooms let on an individual basis will fall outside this requirement. Nonetheless, it is good practice to display an EPC, so it is heartening to see private providers increasing their provision from 17 per cent in the previous survey to nearly a third in the current survey.

Figure 23: Availability of EPCs to tenants by provider type 2012-13 and 2015-16



The future of purpose-built student accommodation



The return of confidence

Things change rapidly in the world of higher education. At the time of the last survey in 2012-13 the introduction of higher tuition fees was followed by an abrupt fall in student numbers of around 54,000 and the sector was rightly concerned about what might happen to student demand.

The summer of 2013 was a difficult one for accommodation suppliers and there were many empty beds, as the drop in recruitment immediately affected mainstream demand for purpose-built accommodation, still very much geared to first-year students (either from home or from overseas).

Now, in 2015-16, it is clear that student numbers have recovered and the UCAS End of Cycle Report 2014 reflects the current feeling that:

'In many ways, readers of this report might be forgiven for thinking that the 2014 cycle marks a return to "normality" after the sharp rise in demand at the end of the last decade and then the turbulence which followed the raising of tuition fees and partial exemption from number controls in England from 2012, and other concurrent HE reforms across the UK.'

Accommodation suppliers have seen demand recover and grow, even against a background of declining demographic demand from 18-25 year olds.

Confidence is high, buoyed by institutional and corporate investment and the acceptance of student purpose-built accommodation as a distinct asset class. In London, the rising price of real estate makes student accommodation even more attractive. (For a while student accommodation outperformed virtually all other forms of property investment.)

New-build/ acquisition and disposal plans

The sector continues to grow, as private providers aim to expand by 4.2 per cent next year.

Institutional respondents are planning to increase bed spaces by 5,437 and to shed only 374 in 2016-17, making a net gain of 5,063. Private providers are raising supply by 5,791 beds with no planned reduction.

Overall, this represents growth of 3.25 per cent or 10,854 beds. The private sector, although currently smaller than the university sector, is growing faster (4.2 per cent versus 2.5 per cent).

Intense investor appetite for student accommodation is reflected in a significant volume of transactions as portfolios are traded (£5.7 billions' worth predicted in 2015). This is not, however, resulting in a higher level of construction.

The dangers of the 'top end'

The decade-long golden age of student accommodation development now faces a number of new challenges.

Although higher education is expanding, its growth rate is likely to slow year-on-year until 2020. As this report references several times, while some institutions are increasing in size, others are contracting: there are winners and losers in the marketised higher education world. It is important to consider local markets and local needs when developing student accommodation.

Rents cannot go on rising indefinitely at the rates recently posted. Sustained increases in rent have been achieved by the development of new, higher specification products, particularly studio flats in London.

Some developments look more like hotels and are at the very height of designer fashion, but in only a few years' time they may look remarkably unfashionable – will rent levels really sustain a five-year refit of these buildings to keep them at the 'cutting edge' that their marketing claims would have the consumer buy into?

It is always more rewarding to build buildings with an interior 'wow factor', but developing the mid-range is significantly overdue in a sector that has become fixated on development in the top cost quartile of student accommodation. There is something inherently unappealing about developing the student equivalent of a 'Travelodge product' – but that is where future developments will need to concentrate. While affordability is a primary concern, it is also about catering for the whole market and not just the niche top end. As the private sector comes of age and emerges as a majority supplier of accommodation, it will need to accept this reality. There are only so many rich kid international students who want to pay around £300 a week for their rent, even if it is for a high quality product. The returning student market is still mostly about off-street properties: only an estimated 10-15 per cent of purpose-built accommodation currently houses returners. This low proportion is almost certainly attributable to a combination of high cost and a product that is not geared to returners' needs.

Here's one we did earlier

The accommodation sector needs innovation – not just variants of an existing product. The way things are going it would be easy to predict the shape of the sector in ten years' time as 25 per cent high end studios and 75 per cent expensive ensuite cluster flats. Catered accommodation will have withered away and the notion of a 'traditional hall' lost as the new replaces the old.

This almost unitary accommodation range will be a poor fit in the emerging HE environment of:

- a diversifying consumer profile
- fragmenting demand
- expectations of greater social support and Reslife provision
- technology-driven change in the student experience, including
 - more online learning
 - the burgeoning popularity among students of streaming 'lectures' in their rooms
 - the merging of the living and learning spheres.

Accommodation providers are already developing better social spaces and areas for recreational colonisation, because they know that student accommodation is increasingly about the people, not just about the buildings. This report identifies a level and range of care and support offered by accommodation providers in this survey. This reflects recognition – at least among some providers – that helping students to be sociable and to interact in their living environment is important.

There are some signs of innovation taking place:

- in London, Imperial College has deliberately linked living accommodation to a new campus in North Acton and has priced this at the relatively affordable level for London of £126 a week. The University of London is developing over 1,000 bed spaces at Cartwright Gardens in Bloomsbury, targeted at the middle market
- in Edinburgh, the University has developed two key buildings for postgraduates (Holyrood South and North) which offer distinctive types of accommodation in highly designed buildings by architects of note. Holyrood North is based on a traditional catered hall, except that student occupants self-cater in a shared kitchen for 500, encouraging social interaction around food preparation and consumption. Large shared communal areas within the building are linked together, enabling students to move between different social spaces and environments as the mood takes them
- in Nottingham the townhouse concept has been redefined to produce a new-build set of shared

12-bed non-ensuite houses, designed to appeal primarily to returning students who want to live in the popular student area of Lenton. In the second year of operation 70 per cent of residents were returning students. It is priced in line with the off-street student market but offers an inclusive rent with social programme.

These buildings are not all ‘top of the range’. In their design they pay heed to the diversity of the student cohort but at the same time feed into well-defined niche markets. Above all, they represent a radical departure from the ‘here’s one we did earlier’ refrain.

There is evidence that some institution-private provider partnership enterprises are predicated on a development philosophy of affordable innovation.

Better design

Design is not necessarily related to cost.

Despite rents rising, student accommodation has featured disproportionately in the well-known ‘Carbuncle’ awards.ⁱⁱ

Since the previous survey in 2013, University College London has won the main award for 465 Caledonian Road. In 2014 Unite was nominated for Stratford City and in 2015 Southampton University was nominated for City Gateway and Imperial College London for Woodward Hall in North Acton (hitting the affordability but not the design standard).

In spite of a welter of construction, not a single student accommodation building was nominated for the Stirling Prize over this period.

Perhaps awards are a flawed way of measuring design achievements, but there needs to be a greater emphasis on good design in the student living environment.

Consulting the consumer

If the consumer is king in higher education, there remains a long way to go in student accommodation. The involvement of students in design, management and rent setting has probably hit the lowest level since the 1960s. Students are not in a position to dictate everything, but their views are important and need to be taken into account.

The authors of this report know of no evidence that students want studio flats – and certainly not 14 per cent of students, which would mirror the level of purpose-built stock in London. This is a developers’ and not a consumers’ agenda.

Educational institutions carry the greatest burden of responsibility here: focus groups, surveys and input by student representatives must be an essential part of the mix in deciding these huge, long-term capital-intensive schemes. The buildings that are constructed must address real student needs and be sufficiently attractive, flexible and future-proof to withstand 50 years of transformation in higher education: the best buildings will do this.

Conclusion

The sector needs to be optimistic to overcome the many challenges it will have to grapple with, but optimism should not give ground to foolishness. Proper research into wants and needs, improved design, better architecture, due reference to affordability, an innovative and diversified set of responses to niche requirements – all these things will be integral to taking student accommodation forward over the next decade.

Schedules

Sector performance against 2012 survey recommendations

In the 2012 survey report a number of recommendations were made regarding affordability, provision and planning of accommodation, amongst other themes. Figure 24 maps survey-measurable performance against 2012 recommendations.

Figure 24: 2012-15 measurable performance mapped against 2012 survey recommendations

2012 recommendation	Performance commentary
<p>'Institutions should develop their own portfolio, either directly or in partnership, with a clear commitment to the student experience. A balanced pricing strategy, predicated on the importance of choice and real affordability at the lower end of the range, should take primacy over any commercial return flowing from accommodation. The institutions should also ensure that a "whole portfolio" strategy is in place that discourages a piecemeal building-by-building approach outside of that strategic framework.'</p> <p>(Ref: Recommendation 1)</p>	<p>This year's survey has shown that, as with previous surveys, the level of provision of typically less expensive rooms (primarily non-ensuite and twin rooms) has declined. The loss of these rooms is being mirrored by an increase in self-catering ensuite rooms and studio flats at the upper end of the price range. The cost baseline for affordable rooms is rising, resulting in fewer affordable properties at the lower end of the rental structure.</p>
<p>'The availability of affordable accommodation is crucial in ensuring that there is fair access and that students from lower income backgrounds are not excluded from a residential experience of higher education. Institutions must take this into account as a key component of their widening participation strategies and ensure that key decision-making processes about accommodation provision include those responsible for widening participation and properly take account of their views. Institutions should also adopt, within their policy framework, the definition of affordable housing used by the Housing Voice. This is "comfortable, secure homes in sound condition that are available to rent or buy without leaving households unable to afford their other basic needs (e.g. food, clothing, heating, transport and social life)." An approach grounded in this definition is more likely to be effective than basing affordability on comparisons with average rent levels.'</p> <p>(Ref: Recommendation 3)</p>	<p>Nearly half of private providers and institutions failed to claim that their organisation recognised the need for an agreed policy on affordable accommodation.</p>

2012 recommendation	Performance commentary
<p>'In the previous survey in 2009-10 it was recommended that 25 per cent of all rents charged by (or through) the institution should fall within the bottom quartile of the institution's rent structure. Significant progress has been made on maintaining range, but as this survey makes clear, lower cost rooms have seen their rent increase dramatically since that time. As a result, the affordability of what are now lower cost rents once again presents a problem. Increasing range is clearly not enough and institutions should work towards having an agreed policy statement (involving all stakeholders) that seeks to set out a policy on affordable accommodation that is relevant to the particular circumstances and location of their institution.'</p> <p>(Ref: Recommendation 4)</p>	<p>Around two thirds of institutions were not able to say that 25 per cent of all of the rents they charged were in the bottom quartile of their rent structure. The range of rents available was also strikingly different across institutions. Some appeared to charge a standard rent across their accommodation, whereas others had a wide range of prices, from £60 to £200per week</p>
<p>'Administration or "booking" fees should only cover the cost of actual work undertaken. Institutions should consider why they charge additional fees to students for this particular piece of administration and not for most other administrative support which they give students during their study lifecycle.'</p> <p>(Ref: Recommendation 7)</p>	<p>Forty-one per cent of institutions continue to charge a booking fee, and generally charge more than private providers. On average institutions charge £134 compared to £94 for private providers. Since 2012, private providers have reduced the amount they charge for booking fees by 28 per cent, whilst over the same period institutions have increased the amount they demand by 23 per cent. While private providers have scaled back their fee, institutions levy an amount incommensurate with real administrative cost.</p>
<p>'Where it is felt that upfront charges must be levied, these should be kept to a minimum and, where applicable, should not be required in advance of students receiving their first loan instalment.'</p> <p>(Ref: Recommendation 8)</p>	<p>Nearly a third of institutions and three quarters of private providers require students to make rent payments in advance. For the first term at least, providers require payment before the student gets their loan. On average institutions charge more than private providers.</p> <p>Most providers charge a deposit (81 per cent of private providers and 61 per cent of institutions). On average private providers charge more than institutions (£315 and £296 respectively).</p>
<p>'Institutions entering partnership arrangements of any sort should work only with those who are members of the ANUK/Unipol National Code.'</p> <p>(Ref: Recommendation 10)</p>	<p>In the 2015-16 survey four universities disclosed that they had entered a partnership with a provider who is not a member of the ANUK/Unipol National Code.</p>
<p>'In the previous report it was recommended that all students should have access to the information contained in Energy Performance Certificates, even though this is not a legal requirement for students renting individual rooms in a complex. Since that recommendation was made the situation has got worse – and has got worse in spite of many institutions and providers giving sustainability much greater emphasis through a variety of energy saving measures. The EPC should be readily accessible at the time of letting, regardless of whether this is a legal requirement.'</p> <p>(Ref: Recommendation 12)</p>	<p>The 2015-16 findings show a slight improvement in providers making EPCs available to tenants. It is a legal requirement for public buildings to display an EPC, so it is disappointing that over 30 per cent of institutions are failing to do so and universities should take action to rectify this. In the private sector, EPCs are only needed where the whole property is rented. Therefore, most halls with rooms let on an individual basis will fall outside this requirement. It is heartening to see private providers increasing their provision from 17 per cent in the previous survey to nearly a third in the current survey.</p>

2012 recommendation	Performance commentary
<p>'Providers should give each student in their accommodation an estimate of the cost of the utilities they pay, where this is included in the rent. It is essential that students, most of whom are favourably disposed to energy saving measures, should have a clear idea of the cost of utilities that they are paying and that the notion of energy being "free" is counteracted.'</p> <p>(Ref: Recommendation 13)</p>	<p>The survey found that where utilities are included in the rent, the overwhelming majority of respondents do not give students any estimate of the costs of the utilities they use. Ninety-four per cent of institutions provide no information on energy usage. The remaining six per cent offer students guidance figures or charts detailing the breakdown of their rents. Private providers have performed rather better: 17 per cent give students price-per-week information, statements, and in some instances, different utility packages with a range of costs. The other 83 per cent, however, do nothing in this regard.</p>
<p>'Initiatives to promote a reduction in energy usage should be implemented and the financial benefits of any behaviour change should be returned to the student as a rebate or be used to calculate a reduction in rent prices for the next cohort of students.'</p> <p>(Ref: Recommendation 14)</p>	<p>No institutional respondents give students any rebates or reductions on rent where payment turns out to exceed usage. Private providers fared marginally better (a six per cent positive response). Overall, the sector is poor at providing incentives and rewards for using utilities carefully and sparingly.</p>
<p>'In the rent setting process and in planning for future developments, providers of accommodation should make sure they properly consult and actively engage student representatives. Working with students' unions and resident groups on their expectations of accommodation and cost is an important way of ensuring that provision is appropriate and suitable to meet students' needs.'</p> <p>(Ref: Recommendation 15)</p>	<p>Fewer than three in ten institutions reported consulting their students' union in determining their rents. A similar proportion said that they were actively involved to varying degrees. Over half of private provider respondents (54 per cent) said that the students' union were not involved in any way in setting rent.</p> <p>Nearly a quarter (23 per cent) of institutions reported that their students were not involved at all in planning for future developments.</p>
<p>'Student accommodation satisfaction surveys should be undertaken regularly: each year if possible and not less than every two years. Ideally, these should be carried out at a timely point in the accommodation cycle (often towards the year-end) which provides a good lead-in time for follow-on actions to be taken. The results should be publicly available in summary form along the lines of a "you said ... we did" format.'</p> <p>(Ref: Recommendation 16)</p>	<p>All responding private providers reported conducting a satisfaction survey with their student tenants, at least once a year. Institutions fell some way short of this: 16 per cent reported not conducting surveys at least once a year (although this position is mitigated by students' unions doing the job instead – and reportedly getting higher response rates).</p> <p>Around three quarters of providers do not make their survey data publically available.</p>

Data tables

Table 1: Average weekly rent by category of accommodation

Institution	2011-12	2012-13	2014-15 Greater London	2014-15 Rest of UK	2015-16 Greater London	2015-16 Rest of UK	Actual increase/ decrease 2014-15 to 2015-16 (Greater London)	Actual increase/ decrease 2014-15 to 2015-16 (rest of UK)	Actual increase/ decrease 2011-12 to 2015-16 (Greater London)	Actual increase/ decrease 2011-12 to 2015-16 (rest of UK)
Flats	£104.80	£104.93	£251	£126	£258	£135	3.05%	7.42%	146.62%	28.75%
Full board double or twin rooms	£127.15	£133.33	£253	£123	£246	£129	-2.87%	5.45%	93.28%	1.77%
Full board double or twin rooms with adjoining bathroom	£144.56	£135.94	£284	£180	£277	£184	-2.46%	2.61%	91.62%	27.60%
Full board ensuite	£165.18	£171.72	-	£170	-	£175	-	3.13%	-	5.88%
Full Board Standard	£132.99	£143.82	£292	£144	£303	£147	3.68%	2.20%	127.78%	10.88%
Houses	£113.41	£115.00	£350	£112	£360	£112	2.86%	0.14%	217.43%	-1.33%
Part board double or twin rooms	£102.00	£102.60	£130	£111	£139	£120	6.52%	8.11%	36.08%	17.65%
Part board double or twin rooms with adjoining bathroom	£132.00	£117.27	£150	-	-	-	-	-	-	-
Part-board ensuite	£136.62	£141.82	£191	£154	£189	£167	-1.10%	8.37%	38.34%	22.12%
Part-board standard	£124.68	£121.56	£164	£119	£163	£123	-0.24%	3.36%	30.92%	-0.97%
Self- catering ensuite	£118.85	£122.81	£160	£123	£162	£134	1.19%	9.44%	36.32%	13.07%
Self- catering standard	£95.30	£97.08	£149	£100	£144	£104	-3.40%	3.39%	51.52%	8.87%
Self- catering twin or double	£100.43	£99.62	£137	£88	£142	£91	3.30%	3.99%	41.38%	-8.96%
Self- catering twin or double with adjoining bathroom	£108.56	£110.80	£215	£108	£256	£108	18.85%	0.70%	135.63%	-0.26%
Studio flat double	£153.16	£138.95	£242	£179	£251	£186	3.66%	3.94%	63.75%	21.75%
Studio flat standard	£153.60	£134.40	£231	£163	£228	£167	-1.36%	3.05%	48.55%	9.03%
Triple rooms	-	-	£105	-	-	-	-	-	-	-

Institution	2011-12	2012-13	2014-15 Greater London	2014-15 Rest of UK	2015-16 Greater London	2015-16 Rest of UK	Actual increase/ decrease 2014-15 to 2015-16 (Greater London)	Actual increase/ decrease 2014-15 to 2015-16 (rest of UK)	Actual increase/ decrease 2011-12 to 2015-16 (Greater London)	Actual increase/ decrease 2011-12 to 2015-16 (rest of UK)
Private										
Flats	£136.30	£139.33	£220.00	£97.72	£233.57	£143.23	6.17%	46.57%	71.36%	5.08%
Full board double or twin rooms	-	£96.00	£136.81	-	£140.89	-	2.98%	-	-	-
Full board double or twin rooms with adjoining bathroom	-	-	£179.41	-	£184.80	-	3.00%	-	-	-
Full board ensuite	-	£159.00	£224.36	-	£230.95	-	2.94%	-	-	-
Full Board Standard	£194.00	£136.17	£171.01	-	£176.11	£194.00	2.98%	-	-9.22%	0.00%
Houses	£88.50	£85.60	£130.33	£74.50	£202.00	£74.83	54.99%	0.45%	128.25%	-15.44%
Part board double or twin rooms	£211.00	£222.00	£242.00	-	£246.00	-	1.65%	-	16.59%	-
Part-board standard	£140.00	£148.00	£160.00	-	£162.00	-	1.25%	-	15.71%	-
Self-cater- ing ensuite	£118.74	£122.33	£199.22	£120.67	£210.78	£120.53	5.80%	-0.12%	77.51%	1.50%
Self- catering standard	£97.95	£98.31	£227.68	£132.64	£237.78	£117.42	4.43%	-11.47%	142.75%	19.88%
Self-cater- ing twin or double	-	-	£149.00	£163.14	£206.23	£130.00	38.41%	-20.32%	-	-
Self-cater- ing twin or double with adjoining bathroom	£77.50	£82.00	£228.00	-	£240.50	£132.33	5.48%	-	210.32%	70.75%
Studio flat double	£189.85	£157.43	£281.30	£168.57	£287.86	£156.28	2.33%	-7.29%	51.63%	-17.68%
Studio flat standard	£175.14	£188.09	£275.19	£173.67	£277.98	£169.71	1.01%	-2.28%	58.72%	-3.10%

Table 2: Average weekly rent by region

Region	2011-12	2012-13	2014-15	2015-16
Institution				
East Midlands	£110.47	£113.71	£147.87	£153.11
East of England	£136.86	£143.57	£133.39	£131.44
Greater London	£139.82	£135.70	£176.37	£181.62
North East	£110.83	£113.32	£107.18	£111.55
North West	£97.06	£103.29	£119.77	£122.80
Northern Ireland	£81.40	£84.57	£113.89	£118.67
Scotland	£111.57	£115.49	£120.35	£124.00
South East	£114.22	£116.50	£133.60	£138.99
South West	£118.59	£124.66	£129.18	£132.54
Wales	£90.13	£94.34	£101.07	£107.73
West Midlands	£103.47	£106.77	£129.12	£134.11

Region	2011-12	2012-13	2014-15	2015-16
Yorkshire	£112.60	£115.75	£120.05	£122.80
Private				
East Midlands	£107.86	£112.10	£115.48	£120.37
East of England	£111.56	£119.64	£158.49	£168.08
Greater London	£211.30	£220.97	£234.58	£250.67
North East	£107.76	£111.45	£140.33	£149.37
North West	£115.63	£120.83	£124.03	£128.11
Northern Ireland	-	-	-	-
Scotland	£141.36	£139.61	£149.10	£158.38
South East	£134.97	£134.47	£218.35	£148.47
South West	£124.11	£127.22	£141.36	£163.25
Wales	£99.25	£103.60	£134.23	£144.46
West Midlands	£111.81	£115.05	£129.68	£134.49
Yorkshire	£103.70	£104.90	£112.45	£119.93

Table 3: Number of bed spaces by category of accommodation

Region	2011-12	2012-13	2014-15	2015-16
Institution				
Flats	11,012	8,805	4,950	4,967
Full board double or twin rooms	1,746	1,274	682	630
Full board double or twin rooms with adjoining bathroom	947	1,468	710	716
Full board ensuite	6,862	6,220	6,206	6,283
Full Board Standard	17,325	15,821	10,597	10,524
Houses	4,773	5,745	3,103	3,777
Part board double or twin rooms	490	461	465	333
Part board double or twin rooms with adjoining bathroom	72	701	140	-
Part-board ensuite	2,489	3,027	2,638	2,967
Part-board standard	4,482	4,388	4,743	3,667
Self-catering ensuite	94,535	95,669	92,616	95,646
Self-catering standard	71,598	67,750	62,297	61,019
Self-catering twin or double	1,624	1,961	1,508	1,336
Self-catering twin or double with adjoining bathroom	537	278	200	167
Studio flat double	502	956	1,232	1,160
Studio flat standard	2,506	5,364	2,851	2,954
Triple rooms	-	-	42	-
Private				
Flats	6,792	7,059	789	2,880
Full board double or twin rooms	-	14	4	4
Full board double or twin rooms with adjoining bathroom	-	-	3	3
Full board ensuite	-	130	29	29
Full Board Standard	138	881	116	117
Houses	455	621	1,756	1,756
Part board double or twin rooms	29	31	12	10
Part-board standard	93	93	67	69
Self-catering ensuite	94,621	105,983	72,628	87,067
Self-catering standard	29,103	18,036	9,093	17,108
Self-catering twin or double	452	463	144	358
Self-catering twin or double with adjoining bathroom	7	5	20	41
Studio flat double	477	397	1,716	2,955
Studio flat standard	7,947	9,542	10,625	25,422

Table 4: Number of bed spaces by region

Region	2011-12	2012-13	2014-15	2015-16
Institution				
East Midlands	15,514	18,054	13,155	13,095
East of England	14,927	14,079	19,236	20,630
Greater London	40,613	33,750	24,399	21,519
North East	15,774	15,874	6,304	6,252
North West	19,399	20,814	21,236	21,264
Northern Ireland	4,331	4,588	2,243	2,247
Scotland	16,739	15,355	6,739	6,800
South East	27,635	31,145	30,888	31,115
South West	17,055	17,482	18,453	18,496
Wales	9,429	9,392	17,661	19,115
West Midlands	20,261	21,234	14,810	15,563
Yorkshire	20,037	18,344	19,856	20,050
Private				
East Midlands	18,010	17,883	9,595	11,087
East of England	3,335	2,837	2,084	3,221
Greater London	14,808	15,627	12,311	31,379
North East	3,128	3,129	4,793	5,094
North West	17,461	17,448	14,906	23,888
Northern Ireland	-	-	-	-
Scotland	5,401	5,925	7,427	12,268
South East	4,405	7,896	8,747	4,316
South West	11,701	12,235	10,169	15,351
Wales	3,043	3,043	3,910	4,117
West Midlands	8,369	8,357	9,196	11,323
Yorkshire	19,295	16,603	13,864	15,775

Table 5: Average length of contract by category of accommodation

Region	2011-12	2012-13	2014-15	2015-16
Institution				
Flats	43	42	43	41
Full board double or twin rooms	34	35	35	35
Full board double or twin rooms with adjoining bathroom	34	33	32	32
Full board ensuite	37	37	37	37
Full Board Standard	37	37	37	37
Houses	44	45	44	43
Part board double or twin rooms	37	35	35	39
Part board double or twin rooms with adjoining bathroom	37	38	37	-
Part-board ensuite	39	40	39	39
Part-board standard	37	38	38	39
Self-catering ensuite	41	41	42	39
Self-catering standard	41	41	41	41
Self-catering twin or double	41	38	42	42
Self-catering twin or double with adjoining bathroom	35	32	42	43
Studio flat double	44	45	44	45
Studio flat standard	43	42	45	45
Triple rooms	-	-	31	-

Region	2011-12	2012-13	2014-15	2015-16
Private				
Flats	46	46	37	46
Full board double or twin rooms	-	40	-	-
Full board double or twin rooms with adjoining bathroom	-	-	-	-
Full board ensuite	-	40	-	-
Full Board Standard	21	37	-	51
Houses	45	45	37	37
Part board double or twin rooms	52	52	-	-
Part-board standard	52	52	-	-
Self-catering ensuite	44	44	44	45
Self-catering standard	43	43	44	45
Self-catering twin or double	-	-	41	47
Self-catering twin or double with adjoining bathroom	44	44	33	40
Studio flat double	48	48	47	47
Studio flat standard	46	47	46	46

Table 6: Average length of contract by region (number of weeks)

Region	2011-12	2012-13	2014-15	2015-16
Institution				
East Midlands	40	40	35	35
East of England	46	46	43	40
Greater London	41	40	41	41
North East	41	42	44	44
North West	42	42	42	42
Northern Ireland	38	38	38	38
Scotland	40	39	43	43
South East	41	41	41	40
South West	41	41	41	41
Wales	42	42	41	41
West Midlands	39	39	41	41
Yorkshire	40	41	43	43
Private				
East Midlands	45	45	45	46
East of England	48	48	46	47
Greater London	48	48	42	44
North East	44	44	44	48
North West	44	43	44	46
Northern Ireland	-	-	-	-
Scotland	43	45	45	46
South East	43	43	45	44
South West	43	44	46	46
Wales	43	43	46	46
West Midlands	44	45	45	48
Yorkshire	45	45	45	46

Table 7: Rent inclusion by category of accommodation

Category	2011-12					2012-13				
	Internet	Wi-Fi	Energy	Insurance	Parking	Internet	Wi-Fi	Energy	Insurance	Parking
Institution										
Flats	77%	29%	91%	97%	39%	77%	61%	92%	95%	30%
Full board double or twin rooms	83%	58%	95%	53%	13%	90%	61%	94%	39%	16%
Full board double or twin rooms with adjoining bathroom	100%	31%	85%	38%	46%	94%	56%	88%	50%	19%
Full board ensuite	95%	41%	85%	67%	24%	99%	76%	83%	65%	21%
Full Board Standard	94%	27%	93%	71%	13%	92%	62%	92%	65%	21%
Houses	77%	34%	73%	54%	43%	78%	76%	80%	61%	44%
Part board double or twin rooms	100%	40%	100%	87%	7%	100%	0%	100%	30%	20%
Part board double or twin rooms with adjoining bathroom	100%	71%	100%	100%	0%	100%	9%	100%	82%	0%
Part-board ensuite	96%	23%	100%	73%	35%	89%	25%	100%	68%	39%
Part-board standard	89%	38%	100%	86%	19%	88%	25%	100%	69%	22%
Self-catering ensuite	87%	30%	97%	85%	13%	84%	47%	97%	85%	13%
Self-catering standard	73%	30%	97%	85%	18%	73%	45%	99%	85%	15%
Self-catering twin or double	75%	39%	96%	93%	0%	79%	21%	97%	86%	0%
Self-catering twin or double with adjoining bathroom	89%	22%	67%	78%	22%	80%	80%	40%	80%	40%
Studio flat double	62%	46%	95%	95%	32%	76%	49%	1%	81%	19%
Studio flat standard	85%	38%	97%	82%	6%	83%	48%	98%	78%	9%
Triple rooms	-	-	-	-	-	-	-	-	-	-
Private										
Flats	79%	15%	97%	88%	3%	97%	37%	97%	83%	17%
Full board double or twin rooms	-	-	-	-	-	100%	0%	100%	100%	0%
Full board double or twin rooms with adjoining bathroom	-	-	-	-	-	-	-	-	-	-
Full board ensuite	-	-	-	-	-	100%	0%	100%	100%	0%
Full Board Standard	100%	100%	100%	0%	0%	100%	17%	100%	83%	0%
Houses	50%	0%	100%	100%	0%	80%	20%	100%	80%	80%
Part board double or twin rooms	100%	100%	100%	0%	0%	100%	100%	100%	0%	0%
Part-board standard	100%	100%	100%	0%	0%	100%	100%	100%	0%	0%
Self-catering ensuite	91%	11%	100%	95%	0%	93%	27%	99%	96%	1%
Self-catering standard	87%	8%	91%	89%	7%	89%	32%	89%	87%	7%
Self-catering twin or double	100%	0%	100%	100%	0%	-	-	-	-	-
Self-catering twin or double with adjoining bathroom	-	-	-	-	-	100%	100%	100%	100%	0%
Studio flat double	82%	18%	100%	98%	2%	74%	48%	100%	97%	3%
Studio flat standard	90%	14%	96%	95%	2%	89%	32%	96%	95%	1%

Category	2014-15					2015-16				
	Internet	Wi-Fi	Energy	Insurance	Parking	Internet	Wi-Fi	Energy	Insurance	Parking
Institution										
Flats	95%	98%	95%	95%	7%	85%	89%	88%	86%	3%
Full board double or twin rooms	73%	88%	88%	69%	12%	67%	83%	71%	63%	8%
Full board double or twin rooms with adjoining bathroom	87%	93%	93%	93%	13%	86%	93%	93%	93%	0%
Full board ensuite	97%	89%	91%	82%	7%	95%	94%	86%	80%	7%
Full Board Standard	92%	91%	95%	80%	7%	88%	92%	84%	79%	5%
Houses	81%	55%	85%	30%	12%	95%	88%	97%	17%	2%
Part board double or twin rooms	100%	100%	100%	58%	0%	100%	100%	100%	100%	0%
Part board double or twin rooms with adjoining bathroom	100%	100%	100%	0%	0%	-	-	-	-	-
Part-board ensuite	95%	100%	100%	76%	10%	95%	100%	100%	84%	11%
Part-board standard	96%	98%	98%	71%	2%	95%	98%	98%	85%	2%
Self-catering ensuite	82%	87%	92%	72%	9%	87%	92%	93%	51%	5%
Self-catering standard	83%	91%	93%	76%	10%	84%	93%	89%	76%	9%
Self-catering twin or double	88%	92%	94%	63%	5%	84%	90%	75%	67%	3%
Self-catering twin or double with adjoining bathroom	75%	75%	83%	42%	8%	67%	67%	78%	67%	0%
Studio flat double	83%	72%	80%	66%	5%	85%	76%	83%	60%	5%
Studio flat standard	80%	83%	75%	56%	8%	80%	83%	75%	55%	6%
Triple rooms	100%	100%	100%	0%	0%					
Private										
Flats	50%	100%	100%	50%	0%	52%	86%	100%	60%	3%
Full board double or twin rooms	0%	100%	100%	0%	100%	0%	100%	100%	0%	100%
Full board double or twin rooms with adjoining bathroom	0%	100%	100%	0%	100%	0%	100%	100%	0%	100%
Full board ensuite	0%	100%	100%	0%	100%	0%	100%	100%	0%	100%
Full Board Standard	0%	100%	100%	0%	100%	50%	100%	100%	50%	100%
Houses	67%	100%	100%	0%	0%	67%	100%	100%	0%	0%
Part board double or twin rooms	100%	100%	100%	0%	0%	100%	100%	0%	0%	0%
Part-board standard	100%	100%	100%	0%	0%	100%	100%	0%	0%	0%
Self-catering ensuite	98%	98%	99%	42%	2%	96%	96%	99%	50%	1%
Self-catering standard	98%	95%	94%	45%	4%	71%	96%	95%	47%	9%
Self-catering twin or double	100%	79%	100%	43%	0%	86%	86%	100%	82%	0%
Self-catering twin or double with adjoining bathroom	50%	100%	100%	50%	0%	80%	100%	100%	80%	0%
Studio flat double	95%	100%	100%	82%	3%	82%	97%	100%	74%	6%
Studio flat standard	98%	98%	98%	35%	2%	68%	93%	99%	62%	5%

About the survey

Survey context

The Accommodation Costs Survey has been undertaken by the National Union of Students in collaboration with Unipol Student Homes. NUS Services Ltd, the NUS's commercial arm, carried out the primary research.

The research was conducted into purpose-built accommodation across the UK to understand:

- the profile of the sector
- the cost of accommodation to students
- contract types
- additional costs
- regional variation in cost
- reasons for cost variance
- type of accommodation provided
- year on year trends.

An online survey was sent to both institutional and private providers to capture data on the range of purpose-built provision and associated services, policies, processes and uses. They were also issued with a workbook in which to set out the detail of their rent structures for 2014-15 and 2015-16.

Together with its sector contacts, Unipol promoted the survey and secured the following sample:

- completed workbooks
 - institutions: 87 portfolios
 - private providers: 32 portfolios
- online survey completions
 - institutions: 91 respondents
 - private providers: 37 respondents.

This sample represents 291,982 bed spaces in 2014-15 and 333,965 bed spaces in 2015-16. The sample for the 2015-16 represents 66 per cent of the target population.

Category definitions

Type of provider

In this survey, we again chose to distinguish institutional and private providers' accommodation.

'Institutional' accommodation is accommodation that is covered by the ANUK Code for Larger Developments for Student Accommodation Managed by Educational Establishments or the UUK Code of Practice for University-managed Student Accommodation, or accommodation owned and managed by the institution.

'Private provider' accommodation is accommodation owned and managed by the non-educational provider, and likely to be signed up to the ANUK Code for Larger Accommodation (non-educational).

Accommodation categories

We understand that there may be differences in the way institutions and organisations categorise their accommodation. To help overcome this, the following definitions of the 16 categories have been

used:

Self-catering standard

Blocks of accommodation containing 15 or more students 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. In the text this category is also referred to as 'self-catering non-ensuite'.

Self-catering ensuite

Similar to the other self-catering 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.

Self-catering twin

Blocks of accommodation containing 15 or more students in which students occupy a twin 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.

Self-catering twin with adjoining bathroom

Similar to the other self-catering categories, except

washing and toilet facilities are for the exclusive use of the occupant/s of the twin 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.

Studio flat double

A two-bed self-contained apartment or flat.

Full board standard

One person occupies a study bedroom and at least two meals a day, for between five and seven days a week, are provided. Some may have access to a shared kitchen for the preparation of snacks.

Full board ensuite

Full board accommodation that includes either/or private shower/bathroom/WC.

Full board double or twin rooms

Two people occupy a study bedroom and at least

two meals a day, for between five and seven days a week, are provided. Some may have access to a shared kitchen for the preparation of snacks.

Full board double or twin rooms with adjoining bathroom

Same definition as above but also includes either/or private shower/bathroom/WC.

Part-board standard

One person occupies a study bedroom and at least one meal a day, for between five and seven days a week, is provided. Some may have access to a shared kitchen for the preparation of snacks.

Part-board ensuite

Same definition as above, but also includes either/or a private bathroom/shower/WC.

Part-board double or twin rooms

Two people occupy a study bedroom and at least one meal a day, for between five and seven days a week, is provided. Some may have access to a

Calculations used

Actual percentage increase

(Latest rent – previous rent) / previous rent = actual increase / decrease

Average rent 2014-15 = A

Average rent 2015-16 = C

C – A = E

(E/A) x 100 = actual increase / decrease

Real percentage increase

This is extended from the real percentage increase table in the 2012 report.

Annual rent

For each variable, the average weekly rent was multiplied with the contract length to calculate their individual annual rent.

Year	2006	2012	2013	2014	2015*
RPI	198.11	242.73	250.13	256.05	257.45
Normalised RPI	1.000	1.2252	1.2626	1.2925	1.2995
Calculation of normalised RPI		2012 RPI/2006 RPI	2013 RPI/2006 RPI	2014 RPI/2006 RPI	2015 RPI/2006 RPI
Formula for normalised rent figure		=2006 rent x 2012 normalised RPI	=2006 rent x 2013 normalised RPI	=2006 rent x 2014 normalised RPI	=2006 rent x 2015 normalised RPI
Relative % increase or decrease		=(actual rent – normalised rent)/normalised rent			

*provisional figures at time of year, according to Office for National Statistics (<http://www.ons.gov.uk/ons/index.html>)

Abbreviations used

ANUK	Accreditation Network UK
ASRA	Association for Residential Student Accommodation
BME	black and minority ethnic
CUBO	College and University Business Officers
DCLG	Department for Communities and Local Government
EPC	Energy Performance Certificate
HEI	higher education institution
IFS	Institute of Fiscal Studies
OFT	Office for Fair Trading
NUS	National Union of Students
RPI	Retail Prices Index
UUK	Universities UK

Schedule of respondents

Institutions	Private and charitable providers
Aberdeen University	A2Dominion
Aberystwyth University	Accommodation Essex
Anglia Ruskin University	Aldwyck Housing Group
Arts University Bournemouth	Ashwell House
Aston University	Axo Student Living
Bangor University	Britannia Student Services
Bath Spa University	Campus Living Villages
Birmingham City University	Cass and Claredale Halls of Residence Association Ltd
Bishop Grosseteste University	Chapter 1
Blackpool and the Fylde College	Chester House
Bournemouth University	Cleaves Hall Student Accommodation
Brunel University London	Code Students
Buckinghamshire New University	CRM
Cardiff University	Dawcliffe Hall Educational Foundation
Churchill College	Downing Students
Corpus Christi College, University of Oxford	Ducane Housing Association
Cranfield University	Fresh Student Living
Darwin College, University of Cambridge	Goodenough College
De Montfort University	Hamstead Campus Ltd
Glyndwr University	International Lutheran Student Centre
Harper Adams University	iQ Student Accommodation
Homerton College, University of Cambridge	Kexgill Bradford Ltd
Jesus College, University of Cambridge	Kexgill Group
Keele University	Kexgill Hull Ltd
King's College, University of Cambridge	Kexgill Leeds Ltd
Kingston University	Kexgill Liverpool Ltd
Lancaster University	Kexgill Middlesbrough Ltd
Leeds Beckett University	Kexgill Nottingham Ltd
Leeds Trinity University	Kexgill Preston Ltd
Liverpool Hope University	Kexgill Salford Ltd
Liverpool John Moores University	Kexgill Stockton Ltd
London School of Economics and Political Science	Liberty Living
London South Bank University	Malhotra Property Ltd
Loughborough College	Manor Villages Ltd
Manchester Metropolitan University	Parrish Court Student Accommodation
Middlesex University	Primo Property Management
Murray Edwards College	Prodigy Living
Newcastle University	Sanctuary Students
Norwich University of the Arts	Signpost Homes Ltd
Nottingham Trent University	Six Degrees
Oxford Brookes University	Spectrum Housing Group

Institutions	Private and charitable providers
Queen Mary University of London	The Stay Club @ London
Queen's College, University of Cambridge	The Student Housing Company
Queen's University Belfast	Towers Lettings and Block Management Ltd
Richmond University	Ty Glyn
Royal Agricultural University	U Student Group Ltd
Sheffield Hallam University	Unilife
Southampton Solent University	Union House Management Company Ltd
St Anne's College, University of Oxford	Unipol Student Homes
St Chad's College, University of Durham	Unite Students
St Cross College, University of Oxford	Universal Student Living
St John's College, University of Cambridge	UPP Broadgate Park
St Mary's University	UPP Reading
Swansea University	Varcity Living Ltd
University of Buckingham	Victoria Hall
University of St Mark and St John	Victoria Hall Management Ltd
University College Birmingham	Viridian Housing
University College London	YPP Lettings
University of Bath	Zebra Housing Association
University of Bedfordshire	
University of Birmingham	
University of Bolton	
University of Bradford	
University of Brighton	
University of Bristol	
University of Cambridge	
University of Cambridge Accommodation Service	
University of Central Lancashire	
University of Chichester	
University of Derby	
University of East Anglia	
University of East London	
University of Essex	
University of Exeter	
University of Greenwich	
University of Hertfordshire	
University of Kent	
University of Leeds	
University of Leicester	
University of Lincoln	
University of Manchester	
University of Nottingham	
University of Oxford	
University of Reading	

Institutions	Private and charitable providers
University of Roehampton	
University of Sheffield	
University of South Wales	
University of Stirling	
University of Strathclyde	
University of Sunderland	
University of Surrey	
University of Sussex	
University of the Arts London	
University of Wales Trinity St David, Carmarthen Campus	
University of Wales Trinity St David, Lampeter Campus	
University of Wales Trinity St David, Swansea Campus	
University of Westminster	
University of Winchester	
University of Wolverhampton	
University of York	
Warwickshire College	
Wolfson College, Cambridge	
Writtle College	

Endnotes

- i. Meet the Parents, National Union of Students (2008), p16
http://www.nus.org.uk/global/nus_sp_report_web.pdf/
- ii. Student Housing Quarterly Bulletin, JLL (2015)
<http://www.jll.co.uk/united-kingdom/en-gb/Documents/property-sectors/alternative-investments/JLL-Student-Housing-Quarterly-Bulletin-Q3-2015.pdf>
- iii. Accommodation Costs Survey 2012-13, Figure 11, p24
- iv. The Guardian, 28 September 2015
- v. There is evidence to suggest that high living costs, coupled with course fees, are having a direct impact on the choices made by low income and BME students. Callender and Jackson found that students from these backgrounds were more likely than their 'more advantaged' peers to try and avoid substantial debt by choosing to live near or at the parental home whilst studying. This in turn limits their access to certain courses or institutions. Does the Fear of Debt Constrain Choice of University and Subject of Study?, Claire Callender & Jonathan Jackson (2008) in *Studies in Higher Education*, 33:4, 405-429, DOI: 10.1080/03075070802211802.
- vi. Estimating the public cost of student loans, IFS Report R94, Crawford, Crawford & Jin (2014)
<http://www.ifs.org.uk/comms/r94.pdf>
- vii. Debt in the First Degree, National Union of Students (2015)
<http://s3-eu-west-1.amazonaws.com/nusdigital/document/documents/16867/0212d732f9742d75af05907fe70f27dc/Debt%20In%20The%20First%20Degree%20-%20Graduates%20Survey%202015%20Report.pdf>
- viii. The OFT closed in April 2014 – now, for these purposes, the Competitions and Markets Authority

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